



Department for  
Communities and  
Local Government

# Firefighters' Pension Scheme (1992) and New Firefighters' Pension Scheme (2006)

Proposed increases to employee contribution rates, effective  
from 1 April 2013 - consultation

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# The consultation process and how to respond

## Scope of the consultation

|                                    |   |
|------------------------------------|---|
| <b>Topic of this consultation:</b> | Employee contributions rates in the Firefighters' Pension Schemes.  |
| <b>Scope of this consultation:</b> | This consultation seeks views on the proposed increase in employee contribution rates from 1 April 2013 for members of the Firefighters' Pension Scheme (1992) ("the 1992 scheme") and New Firefighters' Pension Scheme (2006) ("the 2006 scheme"). |
| <b>Geographical scope:</b>         | This consultation applies to England only.  |
| <b>Equality Statement:</b>         | A partial Equality Statement has been completed and will be updated following responses to this consultation exercise   |

## Basic information

|   |   |
|---|---|
| <b>To:</b>                                    | This consultation is primarily aimed at fire and rescue authorities, members of the firefighters' pension schemes, and key employer and employee representative bodies. |
| <b>Body responsible for the consultation:</b> | The Department for Communities and Local Government.  |
| <b>Duration:</b>                              | This consultation will run for 8 weeks, from 29 November 2012 to <b>25 January 2013</b> .   |

|   |  |
|---|--|
| <p><b>Enquiries:</b></p>  | <p>For any enquiries, please contact the Firefighters' Pension Team on <a href="mailto:firepensions@communities.gsi.gov.uk">firepensions@communities.gsi.gov.uk</a>.</p> <p>Alternatively, please call:<br/>         Andrew Cornelius: 0303 444 2171, or<br/>         Sharon Mayers: 0303 444 3565</p> <p>Any complaints about the way this consultation is being handled should be addressed to:<br/> <a href="mailto:consultationcoordinator@communities.gsi.gov.uk">consultationcoordinator@communities.gsi.gov.uk</a>.</p> |
| <p><b>How to respond:</b></p>                                       | <p>Please respond by email to:<br/> <a href="mailto:firepensions@communities.gsi.gov.uk">firepensions@communities.gsi.gov.uk</a>.</p> <p>Alternatively, please send postal responses to:<br/>         Firefighters' Pension Team<br/>         Zone 5/F6, Eland House<br/>         Bressenden Place<br/>         London<br/>         SW1E 5DU</p>   |
| <p><b>Additional ways to become involved:</b></p>                   | <p>Key interest groups, including the fire and rescue authorities and relevant unions, will be engaged directly.</p>   |
| <p><b>After the consultation:</b></p>                               | <p>A summary of responses to the consultation will be published on the Department's website within three months of the end of the consultation period.</p>   |
| <p><b>Compliance with the Consultation Principles guidance:</b></p> | <p>The consultation complies with the Consultation Principles guidance.</p>  |

## Background

|                               |  |
|-------------------------------|--|
| <b>Getting to this stage:</b> | <p>The Government commissioned Lord Hutton to review public service pension schemes to make them affordable and sustainable in the long-term. In his interim report, Lord Hutton recommended that, if the Government wanted to make short term savings, then raising employee contributions would be the most effective way. The Government accepted Lord Hutton's rationale and announced at the Spending Review the intention to raise employee contributions in public service pension schemes equivalent to 3.2 percentage point increase of pensionable pay, to be phased in over three years from April 2012.</p> <p>On 19 July 2011, the Chief Secretary to the Treasury announced that scheme specific consultations should begin on the first phase of contribution increases for 2012-13, delivering 40% (or a 1.28 percentage point average increase) of the planned increase. The remaining increases would be subject to separate consultation at a later date.</p> <p>A consultation paper proposing contribution increases from April 2012 in the firefighters' pension schemes was published on 9 September 2011, and closed on 2 December 2011. The summary of responses was published on 29 March 2012 and announced the Department's intention to seek to generate an increased yield of 0.64 percentage points from the two firefighters' pension schemes, rather than the originally proposed 1.28 percentage points.</p> |
| <b>Previous engagement:</b>   | <p>Prior to publishing this consultation, the Department has engaged with key stakeholders including Employer and Union representatives.</p>   |

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# Section 1

## Introduction

- 1.1 This document sets out the Government's proposed new employee contribution tariffs for the Firefighters' Pension Scheme and New Firefighters' Pension Scheme in England. Draft amending regulations which set out this proposal are included at **Annex A** and **Annex B** and are intended to take effect from 1 April 2013. Your comments on these proposed amendments are now invited and should preferably be sent by email to [firepensions@communities.gsi.gov.uk](mailto:firepensions@communities.gsi.gov.uk). Alternatively, postal replies may be sent to:

The Firefighters' Pension Team  
Zone 5/F6,  
Eland House,  
Bressenden Place  
London  
SW1E 5DU

- 1.2 The closing date for responses is Friday 25 January 2013.
- 1.3 The proposed amendments will be discussed with key stakeholders including Employer and Union representatives.
- 1.4 The details of the proposed amendments are explained in paragraphs 4.1 to 4.5 below.

## Section 2

### Policy context

#### Spending Review

- 2.1 The Government commissioned Lord Hutton to chair the Independent Public Service Pensions Commission to review public service pensions and to make recommendations on how they can be made sustainable and affordable in the long-term, and fair to both public sector workers and the taxpayer.
- 2.2 Lord Hutton published his interim report on 7 October 2010, in which he set out that the value and cost of public service pensions have increased by around a third because of longer life expectancy over the last fifty years, and that these costs had generally fallen to the taxpayer. Lord Hutton therefore recommended that if the Government wished to make short term savings, then raising contribution rates would be the most effective way to achieve that objective. This would also make for a fairer balance between what employees pay and what other taxpayers contribute.
- 2.3 At the Spending Review the Government accepted Lord Hutton's rationale and announced the intention to increase employee contributions by 3.2 percentage points, on average, to be phased in over the three years to 2014-15. The Chief Secretary to the Treasury's announcement on 19 July 2011 indicated that schemes would shortly begin formal consultations on the proposed increases in employee contribution rates for 2012-13 to deliver 40% of the 3.2 percentage point increase (i.e. 1.28 percentage points) and would hold further, separate discussions on delivering the savings for 2013-14 and 2014-15.

#### Firefighters' Pension Schemes

- 2.4 The statutory consultation paper proposing increases in the firefighters' pension schemes in England was published on 9 September 2011, and proposed tariffs designed to deliver a 1.28 percentage point increase, on average, across the two firefighters' pension schemes. The Government response to that consultation was published on 29 March 2012.
- 2.5 Ministers, in the light of the statutory consultation responses, decided that it was appropriate, in the specific case of the firefighters' pension schemes, to proceed with an altered contribution rate increase from April 2012. The approach sought to generate an increased yield of 0.64 percentage points from the two firefighters' pension schemes, rather than the originally proposed 1.28 percentage points and was implemented by Statutory Instrument 2012 No. 953 (for the Firefighters' Pension Scheme (1992)) and Statutory Instrument 2012 No. 954 (for the New Firefighters' Pension Scheme (2006)).



## Pension Reform

- 2.6 The Government is committed to providing public service pensions that are sustainable, fair and effective and has made clear that the proposed changes to public service pension schemes should ensure that they remain among the very best, providing a guaranteed pension level for all employees.
- 2.7 The Proposed Final Agreement, which set out the scheme design for the Firefighters' Pension Scheme in England to be introduced from April 2015 (<https://www.gov.uk/government/publications/firefighters-pension-scheme-proposed-final-agreement>), aims to strike a balanced deal between public service workers and the taxpayer. This will ensure that public service workers continue to have access to good pensions, while taxpayers benefit from greater control over their costs. Further details on the Firefighters' Pension Scheme in England to be introduced from April 2015 can be found in the published 'Frequently Asked Questions' document ([https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/15224/2099118.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/15224/2099118.pdf))

## Design Parameters

- 2.8 In relation to the consultation on increases from April 2012, the Government determined a number of design parameters to ensure that any proposed increases in contributions rates should protect low earners and be progressive, so that high earners pay proportionally higher increases to reflect their more generous pensions. The parameters outlined below were reflected in the increases to the firefighters' pension schemes announced on 29 March 2012.
- There should be no increase in employee contributions for those earning less than £15,000
  - There should be no more than a 1.5 percentage point increase in total by 2014-15 for those earning up to £21,000.
  - High earners will pay more, but no more than 6 percentage points (before tax relief) by 2014-15.
- 2.9 The proposals set out in this consultation for the Firefighters' Pension Schemes do continue to adhere to these design principles.

## Section 3

### Contribution Increases

3.1 This consultation paper sets out the employee contribution tariffs designed to deliver a 1.28 percentage point increase, on average, across the two firefighters' pension schemes from 1 April 2013. The proposed increase for 2013-14 does not change the benefits provided by either of the firefighters' pension schemes, which remain among the best available. Longer-term reform of the firefighters' pension schemes from April 2015, as set out in the Proposed Final Agreement, will continue to be discussed with the trade unions and employer representatives before being consulted on.

### Opt out review

3.2 It was assumed that one per cent of the total salary bill, within the unfunded public service schemes, would opt out by 2014-15. This assumption has been scrutinised by the Office for Budget Responsibility. On 20 December 2011, the Chief Secretary announced that the Government would review the impact of the 2012-13 contribution changes, including the effect of membership opt-outs, before taking final decisions on how future increases would be delivered in 2013-14 and 2014-15. The intention was that interested parties would have a full opportunity to provide evidence and their views to the Government as part of the review.

3.3 Separately, at the 44<sup>th</sup> meeting of the Firefighters' Pension Committee on 28 March 2012, the Committee approved a data collection exercise to look at opt out levels following the April 2012 contributions increase and commissioned a series of focus groups to look at firefighter attitudes to their pension scheme in light of contribution increases and the broader pension reforms.

3.4 A report, recently circulated to the Firefighters' Pension Committee, provided information on the number of firefighters that have opted out of their pension scheme during the first six months of 2012-13. A summary of the conclusions of that report are set out below, and the data underpinning the report is included in Annex C.

#### *1992 scheme*

- The opt out rates of 1992 scheme members was uncharacteristically high between April and May 2012 in comparison to 2010-11 and 2011-12
- However, in June and July 2012, the opt out rates were consistent with the previous two years, and were lower than those years in both August and September 2012
- On an annualised basis, the opt out rates for 1992 scheme members in 2012-13 is higher than the annual rates in 2010-11 and 2011-12. However, if the number of opt outs in the remaining six months of the year follows the trend in September 2012, then the estimated annualised opt out rate is consistent with the previous two years.

- The actual numbers of 1992 scheme members who opt out of the scheme is still very small in comparison with overall membership numbers.

#### *2006 scheme – regular firefighters*

- For this group of members, the annualised rate of opt outs and non joiners reported between April and September 2012 was significantly higher than reported in 2010-11
- On an annualised basis, the opt out and non joiner rates in the first two months of the year was higher than the opt out rates reported in 2011-12, although from June 2012 onwards the annualised monthly rates are similar to, or lower, than the rate in 2011-12.
- If non joiners are excluded, then the estimated total annual rate of regular firefighters opting out of the 2006 Scheme is higher than the 2010-11 rate but on a similar scale to the 2011-12 rate.

#### *2006 scheme – retained firefighters*

- For this group of members, the opt out rates for retained firefighters are similar to, or significantly lower than, 2010-11 and 2011-12.

#### *Conclusion*

- The data received from fire and rescue authorities shows that, over the six month period, April 2012 was the month that had the highest level of opt outs. The rate of opt out dropped in each month between May and August 2012. The rate of total opts out in September 2012 is a third of the amount that opted out in April.
- For each of the schemes, the data suggests that the increase in contribution rates had an initial impact on members opting out of their pension scheme, but that effect has diminished in the meantime and there does not appear to be an ongoing material opt out effect.

- 3.5 The separate qualitative research into firefighters' attitudes to their pension scheme showed that older, career firefighters in the 1992 Scheme were strongly wedded to their pension scheme. However, younger 2006 Scheme members were more ambivalent about continuing in a pension scheme, with some considering whether current contributions could be invested elsewhere. When asked at what level firefighters would opt out, the majority said that real consideration to opting out would be given when contributions increased above 2% with a retirement age of over 56.

## Section 4

# Proposals for the Firefighters' Pension Scheme and the New Firefighters' Pension Scheme

## Proposed tariffs

- 4.1 The Government has concluded that there remains a rationale to proceed with contribution increases for 2013-14 to help rebalance costs. However, there appears a rationale to provide some protection for 2006 Scheme members who appear to be the workforce section most likely to opt out of their pension scheme.
- 4.2 In light of the results of the research into contribution increases, the Government is proposing that the employee contribution tariffs from 1 April 2013, should deliver a 1.28 percentage point increase, on average, across the two firefighters' pension schemes during 2013-14. This will lead to a cumulative 1.92 percentage point increase during 2012-13 and 2013-14. The Government will continue to review the effect of contribution rate increases, including on opt outs, before making any final decisions for contribution rate increases.
- 4.3 The following tables set out the proposed employee contribution tariffs to apply to the firefighters' pension schemes from 1 April 2013.

### Earnings under £21,000

- 4.4 A new pensionable pay band of 'more than £15,000 and up to and including £21,000' has been introduced. Some representative groups have stated that as there are no firefighter members earning less than £21,000 the tariffs do not work. The Department's view is that the inclusion of tariffs for the pay bands below £21,000 are necessary to ensure that the proposals are in line with the parameters set out at paragraph 2.8. The Department is aware that no firefighter in their current role earns a salary below £21,000, but the inclusion of these pay bands and tariffs ensure that the tariffs are appropriate if new firefighter roles are introduced in the future.

## Firefighters' Pension Scheme (1992) in England

| Pensionable pay band                                | Current rate (%) | Proposed increase from 2013-14 (percentage points) | Increase net of tax relief (percentage points)*                  | Total contribution rate 2013-14 (%) |
|---|------------------|--|--|-------------------------------------|
| Up to and including £15,000                         | 11.0             | 0.0  | 0.0  | 11.0                                |
| More than £15,000 and up to and including £21,000   | 11.6             | 0.3  | 0.24   | 11.9                                |
| More than £21,000 and up to and including £30,000   | 11.6             | 1.3  | 1.04   | 12.9                                |
| More than £30,000 and up to and including £40,000   | 11.7             | 1.5  | 1.20   | 13.2                                |
| More than £40,000 and up to and including £50,000   | 11.8             | 1.7  | 1.36 (based on 20% tax relief) or 1.02 (based on 40% tax relief) | 13.5                                |
| More than £50,000 and up to and including £60,000   | 11.9             | 1.8  | 1.08   | 13.7                                |
| More than £60,000 and up to and including £100,000  | 12.2             | 1.9  | 1.14   | 14.1                                |
| More than £100,000 and up to and including £120,000 | 12.5             | 2.0  | 1.20   | 14.5                                |
| More than £120,000                                  | 13.0             | 2.0  | 1.20   | 15.0                                |

\* The specific rate of tax relief depends on the members' personal circumstances.

Example: A firefighter in the Firefighters' Pension Scheme 1992 earning £28,500 would pay an additional 1.3 percentage points in contributions – a revised rate of 12.9 per cent. However, with tax relief, the effective increase in the contribution rate is 1.04 per cent.

## New Firefighters' Pension Scheme (2006) in England

| Pensionable pay band                                | Current rate (%) | Proposed increase from 2013-14 (percentage points) | Increase net of tax relief (percentage points)*                  | Total contribution rate 2013-14 (%) |
|---|------------------|--|--|-------------------------------------|
| Up to and including £15,000                         | 8.5              | 0.0  | 0  | 8.5                                 |
| More than £15,000 and up to and including £21,000   | 8.8              | 0.3  | 0.24   | 9.1                                 |
| More than £21,000 and up to and including £30,000   | 8.8              | 0.8  | 0.64   | 9.6                                 |
| More than £30,000 and up to and including £40,000   | 8.9              | 1.0  | 0.80   | 9.9                                 |
| More than £40,000 and up to and including £50,000   | 9.0              | 1.1  | 0.88 (based on 20% tax relief) or 0.66 (based on 40% tax relief) | 10.1                                |
| More than £50,000 and up to and including £60,000   | 9.1              | 1.1  | 0.66   | 10.2                                |
| More than £60,000 and up to and including £100,000  | 9.3              | 1.2  | 0.72   | 10.5                                |
| More than £100,000 and up to and including £120,000 | 9.5              | 1.3  | 0.78   | 10.8                                |
| More than £120,000                                  | 9.7              | 1.4  | 0.84*  | 11.1                                |

\* The specific rate of tax relief depends on the members' personal circumstances.

Example: A firefighter in the New Firefighters' Pension Scheme 2006 earning £28,500 would pay an additional 0.8 percentage points in contributions – a revised rate of 9.6 per cent. However, with tax relief, the effective increase in the contribution rate is 0.64 per cent.

## Employee contributions for specific scheme members

4.5 The Department proposes that, as for 2012-13, the rate of contributions paid by retained firefighters' is based on their reference pay, with the rate then applied to their actual pensionable pay. For part time members, the rate of contributions payable will be determined based upon the full time equivalent salary for that member, with the actual amount payable based upon the full time equivalent salary for that member. This ensures that members pay the same rate of contributions on a per hour basis as Full Time Equivalent staff.

## Equalities

- 4.6 The Department has considered the impact of the proposed 2013-14 pension contribution increases in the Firefighters' Pension Scheme (1992) and the New Firefighters' Pension Scheme (2006) on protected groups. The Department's view is set out in the published (partial) Equality Statement. The Department will continue to consider equality issues during the consultation period, taking account of any responses received from consultees on this issue.

## Section 5

### Next steps

5.1 The Department invites consultees' views and any evidence relating to all aspects of this statutory consultation, and in particular to the following key questions:

#### **Question 1**

Do the proposed tiered contributions meet the design parameters as set by the Government?

#### **Question 2**

Are there any consequences of the proposed contribution tiers that you consider have not been addressed?

#### **Question 3**

Do you consider that there are any equality issues, which the Department hasn't considered in the published (partial) Equality Statement which will result in individual groups being disproportionately affected by the proposed contribution tiers? If so, what do you consider to be the nature and scale of that disproportionate effect?

#### **Question 4**

Is there a tariff which you think will help to further minimise any opt outs from the firefighters' pension schemes, but will deliver the cumulative 1.92 percentage point increase across 2012-13 and 2013-14?



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 STATUTORY INSTRUMENTS
 

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2013 No.

**FIRE AND RESCUE SERVICES, ENGLAND**  
**PENSIONS, ENGLAND**
**The Firefighters' Pension Scheme (Amendment) (England) Order 2013**

|                               |         |                       |
|-------------------------------|---------|-----------------------|
| <i>Made</i>                   | - - - - | ***                   |
| <i>Laid before Parliament</i> |         | ***                   |
| <i>Coming into force</i>      | - -     | <i>1st April 2013</i> |

The Secretary of State, in exercise of the powers conferred by sections 26(1) to (5) of the Fire Services Act 1947(a), makes the following Order:

**Citation and commencement**

- 1.—(1) This Order may be cited as the Firefighters' Pension Scheme (Amendment) (England) Order 2013.
- (2) This Order shall come into force on 1st April 2013.

**Amendment of the Firemen's Pension Scheme Order 1992**

2. Schedule 2 to the Firemen's Pension Scheme Order 1992(b) (in which the Firefighters' Pension Scheme is set out), as it has effect in England(c), shall be amended in accordance with article 3 of this Order.
3. For the Table in paragraph 3 of Part A1 of Schedule 8 substitute the following Table—

- 
- (a) 1947 c.41, repealed by section 52 of, and Schedule 2 to, the Fire and Rescue Services Act 2004 (c.21). Subsections (1) to (5) of section 26 continue to have effect, in relation to England and Scotland, for the purposes of the scheme established under that section as the Firemen's Pension Scheme and set out in the Firemen's Pension Scheme Order 1992 (S.I. 1992/129), by article 3 of S.I. 2004/2306. The name of the scheme was changed to the Firefighters' Pension Scheme, by article 4(1) of S.I. 2004/2306. Section 26 of the 1947 Act was amended by section 1 of the Fire Services Act 1951 (c.27), section 42 of the Reserve and Auxiliary Forces (Protection of Civil Interests) Act 1951 (c.65), section 33 of, and Schedule 3 to, the Theft Act 1968 (c.60), sections 16 and 29 of, and Schedule 8 to, the Superannuation Act 1972 (c.11), section 100 of, and Schedule 27 to, the Social Security Act 1973 (c.38), section 1 of, and Schedule 1 to, the Social Security (Consequential Provisions) Act 1975 (c.18), section 32 of the Magistrates' Courts Act 1980 (c.43), section 1 of the Police and Firemen's Pensions Act 1997 (c.52), and Schedule 25 to the Civil Partnership Act 2004 (c.33), and article 2 of the Social Security (Modification of Fire Services Act 1947) Order 1976 (S.I. 1976/551).
  - (b) S.I. 1992/129; amended by S.I. 1997/2309 and 2851, 1998/1010, 2001/3649 and 3691, 2004/1912, 2006/1810 and 3433, 2008/214 and 2012/953. The Scheme was made under section 26 of the Fire Services Act 1947 (c.41).
  - (c) The Secretary of State's functions under section 26 of the Fire Services Act 1947, in so far as they were exercisable in relation to Scotland, were devolved to Scottish Ministers by section 63 of the Scotland Act 1998 (c.46) and article 2 of, and Schedule 1 to, the Scotland Act 1998 (Transfer of Functions to Scottish Ministers etc) Order 1999 (S.I. 1999/1750). The Secretary of State's functions under section 3(5) of the Fire Services Act 1947 are now vested in the Welsh Ministers so far as they are exercisable in relation to Wales. They were previously vested in the National Assembly for Wales by the National Assembly for Wales (Transfer of Functions) Order 1999 (S.I. 1999/672); see the entry for the Fire Services Act 1947 in Schedule 1 to that Order. By virtue of paragraphs 30 and 32 of Schedule 11 to the Government of Wales Act 2006 (c.32), they were transferred to the Welsh Ministers.

| <i>Pensionable pay</i>                              | <i>Contribution rate from 1st April 2013</i> |
|---|--|
| Up to and including £15,000                         | 11.0 % of pensionable pay                    |
| More than £15,000 and up to and including £21,000   | 11.9 % of pensionable pay                    |
| More than £21,000 and up to and including £30,000   | 12.9 % of pensionable pay                    |
| More than £30,000 and up to and including £40,000   | 13.2 % of pensionable pay                    |
| More than £40,000 and up to and including £50,000   | 13.5 % of pensionable pay                    |
| More than £50,000 and up to and including £60,000   | 13.7 % of pensionable pay                    |
| More than £60,000 and up to and including £100,000  | 14.1 % of pensionable pay                    |
| More than £100,000 and up to and including £120,000 | 14.5 % of pensionable pay                    |
| More than £120,000                                  | 15.0 % of pensionable pay                    |

Signed by authority of the Secretary of State for Communities and Local Government

Address  
Date

*Name*  
Parliamentary Under Secretary of State  
Department for Communities and Local Government

#### **EXPLANATORY NOTE**

*(This note is not part of the Order)*

This Order amends the Firefighters' Pension Scheme 1992 (set out in Schedule 2 to the Firemen's Pension Scheme Order 1992) as it has effect in England.

The amendment is to provide a different rate for pension contributions payable by members of the Firefighters' Pension Scheme which increase according to the amount of pensionable pay which the member receives. The contribution rates are specified in the Table in paragraph 3 of Part A1 of Schedule 8.

In addition, a new band of pensionable pay has been created so that those firefighters who earn more than £15,000 and up to and including £21,000 will pay a lower rate than those earning more than £21,000 and up to and including £30,000.

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 STATUTORY INSTRUMENTS
 

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2013 No.

**FIRE AND RESCUE SERVICES, ENGLAND**  
**PENSIONS, ENGLAND**
**The Firefighters' Pension Scheme (England) (Amendment) Order 2013**

|                               |         |                       |
|-------------------------------|---------|-----------------------|
| <i>Made</i>                   | - - - - | ***                   |
| <i>Laid before Parliament</i> |         | ***                   |
| <i>Coming into force</i>      | - -     | <i>1st April 2013</i> |

This Order is made in exercise of the powers conferred by sections 34 and 60 of the Fire and Rescue Services Act 2004(a).

In accordance with section 34(5) of that Act, the Secretary of State for Communities and Local Government has consulted such persons as he considers appropriate before making the Order.

The Secretary of State makes the following Order:

**Citation, application and commencement**

- 4.—(1) This Order may be cited as the Firefighters' Pension Scheme (England) (Amendment) Order 2013.
- (2) This Order applies in relation to England only(b).
- (3) This Order shall come into force on 1st April 2013.

**Amendment of the Firefighters' Pension Scheme (England) Order 2006**

5. Schedule 1 to the Firefighters' Pension Scheme (England) Order 2006(c) (in which the New Firefighters' Pension Scheme (England) is set out) is amended in accordance with articles 3 and 4.

6. In Chapter 1 of Part 11 (pensionable pay, pension contributions and purchase of additional services), in rule 3(1) (pension contributions)(d) insert "percentage" before "rate".

7. For the Table in paragraph 5 of Annex A1 substitute the following Table—

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(a) 2004c.21.  
 (b) Powers under sections 34 and 60 of the Fire and Rescue Services Act 2004 are now vested in the Welsh Ministers so far as they are exercisable in relation to Wales. They were previously vested in the National Assembly for Wales by section 62 of the Fire and Rescue Services Act 2004. By virtue of paragraphs 30 and 32 of Schedule 11 to the Government of Wales Act 2006 (c.32), they were transferred to the Welsh Ministers. Powers under sections 34 and 60 of the Fire and Rescue Services Act 2004 are now vested in Scottish Ministers so far as they are exercisable in relation to Scotland (S.I.2005/849).  
 (c) S.I.2006/3432; amended by the Firefighters' Pension Scheme (England) (Amendment) Order 2008 and 2012 (S.I. 2008/213 and 2012/954).  
 (d) Rule 3(1) of Chapter 1 of Part 11 of the Firefighters' Pension Scheme (England) Order 2006 was amended by article 3 of S.I. 2012/954.

| <i>Pensionable pay</i>                              | <i>Contribution rate from 1st April 2013</i> |
|---|--|
| Up to and including £15,000                         | 8.5 % of pensionable pay                     |
| More than £15,000 and up to and including £21,000   | 9.1 % of pensionable pay                     |
| More than £21,000 and up to and including £30,000   | 9.6 % of pensionable pay                     |
| More than £30,000 and up to and including £40,000   | 9.9 % of pensionable pay                     |
| More than £40,000 and up to and including £50,000   | 10.1 % of pensionable pay                    |
| More than £50,000 and up to and including £60,000   | 10.2 % of pensionable pay                    |
| More than £60,000 and up to and including £100,000  | 10.5 % of pensionable pay                    |
| More than £100,000 and up to and including £120,000 | 10.8 % of pensionable pay                    |
| More than £120,000                                  | 11.1 % of pensionable pay                    |

Signed by authority of the Secretary of State for the Department for Communities and Local Government

*Name*  
Parliamentary Under Secretary of State  
Department for Communities and Local Government

Date

#### **EXPLANATORY NOTE**

*(This note is not part of the Order)*

This Order amends the New Firefighters' Pension Scheme (England) ("the Scheme") set out in Schedule 1 to the Firefighters' Pension Scheme Order 2006.

Article 3 inserts the word "percentage" to clarify the meaning of a provision amended by the Firefighters' Pension Scheme (England) (Amendment) Order 2012 (S.I. 2012/954).

Article 4 amends the Scheme to provide a different rate for pension contributions payable by members of the Scheme which increase according to the amount of pensionable pay which the member receives. The contribution rates are specified in the Table in paragraph 5 of Annex A1.

In addition, a new band of pensionable pay has been created so that those firefighters who earn more than £15,000 and up to and including £21,000 will pay a lower rate than those earning more than £21,000 and up to and including £30,000.

## Annex C

### Historical information on 'opt outs'

Table 1

|                               | 2010-11                      |                                 | 2011-12                      |                                 |
|-------------------------------|------------------------------|---------------------------------|------------------------------|---------------------------------|
|                               | Number of 'opt outs' in year | Proportion of scheme membership | Number of 'opt outs' in year | Proportion of scheme membership |
| <b>1992 scheme</b>            | 50                           | 0.2%                            | 52                           | 0.2%                            |
| <b>2006 scheme (regular)</b>  | 39                           | 0.8%                            | 143                          | 2.8%                            |
| <b>2006 scheme (retained)</b> | 81                           | 1.1%                            | 131                          | 1.8%                            |
| <b>Total</b>                  | 170                          |                                 | 326                          |                                 |

Table 2 - proportion of paybill opting out in 2010-11

|   | Paybill information 2010-11 (£) | Total cost of firefighters opting out - 2010-11 (£) | Percentage cost of opt outs |
|---|---------------------------------|---|-----------------------------|
| Firefighters 1992                               | 873,447,159                     | 1,700,000   | 0.2%                        |
| Firefighters 2006 - regular, retained and other | 185,161,854                     | 1,662,900   | 0.9%                        |
| <b>Total</b>                                    | <b>1,058,609,013</b>            | <b>3,362,900</b>                                    | <b>0.3%</b>                 |

Table 3 - proportion of paybill opting out in 2011-12

|   | Paybill information 2011-12 (£) | Total cost of firefighters opting out 2011-12 (£) | Percentage cost of opt outs |
|---|---------------------------------|---|-----------------------------|
| Firefighters 1992                               | 777,954,832                     | 1,768,000   | 0.2%                        |
| Firefighters 2006 - regular, retained and other | 198,576,242                     | 4,935,300   | 2.5%                        |
| <b>Total</b>                                    | <b>976,531,074</b>              | <b>6,703,300</b>                                  | <b>0.7%</b>                 |

## Opt out and non-joiner data - April 2012 to September 2012

- 44 responses were received in April, May and June from fire and rescue authorities in England. 42 responses were received in July, August and September.
- The Firefighters' Pension Scheme 1992 (the 1992 Scheme) is a closed pension scheme, so any new recruits are only eligible to join the New Firefighters' Pension Scheme 2006 (the 2006 Scheme)
- Retained firefighters are only eligible to join the New Firefighters' Pension Scheme 2006
- Regular firefighters may also have a separate contract to work as a retained firefighter. FRAs will automatically enrol retained firefighters into the 2006 Scheme, irrespective of whether they are a member of a firefighters' pension scheme for their primary employment.

Table 4 - Number of Firefighters that have chosen to opt out

|               | 1992 Scheme<br>(annualised<br>rate) <sup>a</sup> | 2006<br>Scheme –<br>regular<br>(annualised<br>rate) | 2006 Scheme -<br>retained &<br>other<br>(annualised<br>rate) | Total<br>(annualised<br>rate) |
|---------------|--|---|--|-------------------------------|
| April         | 12   | 20  | 10   | <b>42</b>                     |
| May           | 9  | 13  | 4  | <b>26</b>                     |
| June          | 5  | 8   | 5  | <b>18</b>                     |
| July          | 4  | 7   | 3  | <b>14</b>                     |
| August        | 2  | 5   | 2  | <b>9</b>                      |
| September     | 3  | 7   | 2  | <b>12</b>                     |
| <b>Totals</b> | <b>35 (70)</b>                                   | <b>60 (120)</b>                                     | <b>26 (52)</b>   | <b>121 (242)</b>              |

Table 5 - Number of Firefighters that have chosen not to join the scheme

|               | 2006 scheme<br>– regular | 2006 Scheme<br>- retained and<br>other | Total     |
|---------------|--------------------------|--|-----------|
| April         | 3                        | 7                                      | <b>10</b> |
| May           | 3                        | 13                                     | <b>16</b> |
| June          | 5                        | 20                                     | <b>25</b> |
| July          | 2                        | 11                                     | <b>13</b> |
| August        | 2                        | 2                                      | <b>4</b>  |
| September     | 1                        | 15                                     | <b>16</b> |
| <b>Totals</b> | <b>16</b>                | <b>68</b>                              | <b>84</b> |

<sup>a</sup> This information excludes one firefighter, aged over 60, who remains in employment but has opted out of the 1992 Scheme having accrued maximum pension entitlement.

Table 6 - Number of Firefighters that have chosen to opt out **or** not join

|               | <b>1992 Scheme (annualised rate)</b> | <b>2006 Scheme – regular</b> | <b>2006 Scheme - retained &amp; other</b> | <b>Total</b>     | <b>No of authorities with zero opt-outs/non-joiners</b> |
|---------------|--------------------------------------|------------------------------|---|------------------|---|
| April         | 12 (144)                             | 23 (276)                     | 17 (204)                                  | <b>52 (624)</b>  | 27  |
| May           | 9 (108)                              | 16 (192)                     | 17 (204)                                  | <b>42 (504)</b>  | 26  |
| June          | 5 (60)                               | 13 (156)                     | 25 (300)                                  | <b>43 (516)</b>  | 23  |
| July          | 4 (48)                               | 9 (108)                      | 14 (168)                                  | <b>27 (324)</b>  | 26  |
| August        | 2 (24)                               | 7 (84)                       | 4 (48)                                    | <b>13 (156)</b>  | 31  |
| September     | 3 (36)                               | 8 (96)                       | 17 (204)                                  | <b>28 (336)</b>  | 30  |
| <b>Totals</b> | <b>35 (70)</b>                       | <b>76 (152)</b>              | <b>94 (188)</b>                           | <b>205 (410)</b> |   |

Table 7 - Number of and paybill percentage of firefighters opting out between April to September 2012-13

|                               | <b>Percentage of membership opted out (annualised)*</b> | <b>Percentage of pensionable paybill opted out*</b> |
|-------------------------------|---|---|
| <b>1992 scheme</b>            | 0.2% (0.4%)   | 0.14% (0.3%)  |
| <b>2006 scheme – regular</b>  | 1.2% (2.4%)   | 1.1% (2.2%)   |
| <b>2006 scheme – retained</b> | 0.4% (0.8%)   |   |
| <b>Weighted total</b>         | <b>0.4% (0.8%)</b>                                      | <b>0.3% (0.6%)</b>                                  |

\* Excludes those not joining the scheme