



Department for
Communities and
Local Government

Consultation on the regulations to introduce a new Firefighters' Pension Scheme from April 2015

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The consultation process and how to respond

Scope of the consultation

Topic of this consultation:	Firefighters' Pension Scheme Regulations 2014.
Scope of this consultation:	<p>This consultation seeks responses from interested parties on the draft regulations for the new Firefighters' Pension Scheme to come into force on 1 April 2015. This consultation covers membership and the benefits in the new scheme.</p> <p>Separate consultation exercises will follow in relation to detailed transitional provisions (for those current firefighter members who transfer across to the 2015 scheme) and on the proposed increase in employee contribution rates from 1 April 2014 for members of the Firefighters' Pension Scheme (1992) ("the 1992 scheme") and Governance and Valuation arrangements.</p>
Geographical scope:	This consultation applies to England only.
Impact Assessment:	The Department does not intend to produce an Impact Assessment in relation to this consultation. The employer contribution of the firefighters' pension scheme 2015 will be determined by the valuation of the scheme, which is ongoing.
Equality Statement:	The Equality Statement published in September 2012 has been updated and published alongside this consultation. The Statement will be updated following responses to this consultation exercise.

Basic information

- To:** This consultation is primarily aimed at fire and rescue authorities, members of the firefighters' pension schemes, and key employer and employee representative bodies.
- Body responsible for the consultation:** The Department for Communities and Local Government.
- Duration:** This consultation will run for 12 weeks, from Wednesday 18 December 2013 to Wednesday 12 March 2014.
- Enquiries:** For any enquiries, please contact the Firefighters' Pension Team on firepensions@communities.gsi.gov.uk.
- Alternatively, please call:
- Andrew Cornelius: 0303 444 2171, or
- Sharon Mayers: 0303 444 3565
- Any complaints about the way this consultation is being handled should be addressed to:
- consultationcoordinator@communities.gsi.gov.uk.
- How to respond:** Please respond by email to: firepensions@communities.gsi.gov.uk.
- Alternatively, please send postal responses to:
- Firefighters' Pension Team
Zone 5/F6, Eland House
Bressenden Place
London
SW1E 5DU
- Responses should be received by **Wednesday 12 March 2014**.

Confidentiality and data protection

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000, the Data Protection Act 1998 and the Environmental Regulations 2004).

If you want the information that you provide to be treated as confidential, please be aware that, under the Freedom of Information Act 2000, there is a statutory code of practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, in itself, be regarded as binding on the department.

DCLG will process your personal data in accordance with the Data Protection Act 1998 and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties. Individual response will not be acknowledged unless specifically requested.

Additional ways to become involved:

Key interest groups, including the fire and rescue authorities and relevant unions, will be engaged directly.

After the Consultation:

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.

Compliance with the Consultation Principles guidance:

The consultation complies with the Consultation Principles guidance.

Background

Getting to this stage:

The Government commissioned Lord Hutton to chair the Independent Public Service Pensions Commission to review public service pension schemes to make them affordable and sustainable in the long-term, and fair to both public sector workers and the taxpayer. Lord Hutton's final report was published on 10 March 2011. In that report he made clear that change is needed to "make public service pension schemes simpler and more transparent, fairer to those on low and moderate earnings". The Government accepted Lord Hutton's recommendations as a basis for reforming public service pension schemes.

On 23 May 2012, a Proposed Final Agreement was published on the scheme design for the Firefighters' Pension Scheme in England to be introduced from April 2015 ("the 2015 scheme"). The Government made clear that this set out their final position on the main elements of the scheme design.

Previous engagement:

The Government held a series of meetings with representative bodies, including unions and employers, to discuss the reforms to the firefighters' pension scheme, prior to the publication of the Proposed Final Agreement.

The Department has engaged with key stakeholders, including employer and union representatives, during 2013 to discuss the detail of the scheme.

Contents

Section 1	Introduction	6
Section 2	Policy Context	7
Section 3	Timing and Related Proposals	11
Section 4	Proposals for Consultation	16
Section 5	Next steps	45

Section 1

Introduction

- 1.1 People are now living much longer and, as a result, the cost of public service pensions have increased by around a third. Despite recent reforms, most of these increased costs are being met by taxpayers. As a result, all public service pension schemes, including the firefighters' pension scheme, are being reformed.
- 1.2 Currently for every £1 paid into the Firefighters' Pension Schemes by the employee, the taxpayer contributes £5. The reforms to the Firefighters' Pension Scheme will therefore ensure a fairer balance between what firefighters' pay and what other taxpayers contribute.
- 1.3 Under the reforms, firefighters will continue to get one of the most generous public service pensions – with guaranteed levels of benefit and inflation proofing. A firefighter who earns £29,000 and retires after a full career aged 60, will get a £19,000 a year pension. The total pension that a firefighter will receive rises to £26,000 when they become entitled to their state pension.
- 1.4 This document commences a period of statutory consultation on the new Firefighters' Pension Scheme 2015 which will come into effect from 1 April 2015.
- 1.5 Comments on the proposals and draft regulations are now invited and should preferably be sent by email to 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
- 1.6 The closing date for responses is Wednesday 12 March 2014.
- 1.7 During the consultation the draft regulations will be discussed with the Technical Working Group, consisting of employer representatives and pension administrators. The Department would also welcome discussion with key stakeholders including Employer and Union representatives.
- 1.8 The details of the draft regulations are explained in Section 4.

Section 2

Policy context

Why Reform?

- 2.1 This consultation on the Firefighters' Pension Scheme regulations, which are to come into force from April 2015, represents a key step in the process of reform that began with the commitments given in the Government's programme to review the long term affordability and sustainability of public service pension schemes. The regulations cover the main membership benefits in the Firefighters' Pension Scheme 2015.
- 2.2 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.
- 2.3 The Independent Public Service Pensions Commission published its final report on 10 March 2011. This set out a number of recommendations which the Commission made to the Government. These recommendations included that a new career average revalued earnings (CARE) scheme should be adopted for general use in the public service schemes, that members should have a greater choice when to start drawing their pension benefits and flexible retirement should be encouraged. The Commission also recommended that a Normal Pension Age of 60 should be set for the uniformed services (armed forces, police and firefighters), which was in line with the Normal Pension Age for members of the New Firefighters' Pension Scheme 2006.
- 2.4 In addition, the Commission recommended that the Government should honour in full the pension promises of accrued rights and maintain the final salary link for past service.
- 2.5 Following the publication of the final report, the Government and the Trades Union Congress held a series of meetings to discuss public service pension scheme reform. One outcome of these discussions was that there should be scheme level discussions alongside the central process to ensure a fuller understanding of the implications of reform for each individual scheme.

Reforms to the Firefighters' Pension Scheme

- 2.6 Extensive and constructive scheme level discussions took place between the Department and employer and union representatives to discuss a set of high level principles for the reformed firefighters' pension scheme. The future service cost of the Firefighters' Pension Scheme 2015 had to be reconciled by the Government Actuary's Department to fall within the overall agreed gross cost ceiling of 27%.

- 2.7 Following discussions, a Proposed Final Agreement on the scheme design for the Firefighters' Pension Scheme 2015 in England was published on 23 May 2012. The Government made clear that this set out their final position on the main elements of the scheme design, which unions were then to take to their Executives. A full version of the Proposed Final Agreement can be found at (<https://www.gov.uk/government/publications/firefighters-pension-scheme-proposed-final-agreement>).
- 2.8 The 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.
- 2.9 Under the reforms firefighters will continue to get one of the most generous public service pensions – with guaranteed levels of benefit and inflation proofing. A firefighter who earns £29,000 and retires after a full career aged 60, will get a £19,000 a year pension. The total pension that a firefighter will receive rises to £26,000 when they become entitled to their state pension. A firefighter would need to contribute double to a private pension pot to get an equivalent pension.
- 2.10 Currently for every £1 paid into the Firefighters' Pension Schemes by the employee, the taxpayer contributes £5. The tax payer funding is through two routes: the contributions paid by individual fire and rescue authorities into the pension schemes and through the Government "top-up" grant. The Firefighters' Pension Schemes are unfunded schemes which means that current scheme income (through employee and employer contributions) pays for current scheme expenditure, with the difference between the two topped up by a Government grant. The grant for the Firefighters' Pension Scheme in 2012-13 alone was £370 million (up from £260 million in 2008-09), with a further £187 million paid by employers. Firefighters contributed £106 million during this period.
- 2.11 The reforms to the firefighters' pension scheme will therefore ensure a fairer balance between what firefighters' pay and what other taxpayers contribute.

Public Service Pensions Act 2013

- 2.12 The Public Service Pensions Act received Royal Assent on 25 April 2013. The Act makes the general provision for public service pension schemes, and connected purposes. The Act sets out that defined benefits schemes must be a career averaged revalued earnings scheme (or a defined benefits scheme of such other description as HM Treasury regulations must specify) and that the Normal Pension Age for the uniformed services (armed forces, police and firefighters) must be aged 60. The Act can be found at: <http://www.legislation.gov.uk/ukpga/2013/25/contents/enacted>.
- 2.13 Regulations for each public service pension scheme, including the Firefighters' Pension Scheme 2015, will be made under the relevant powers in the Public Service Pensions Act 2013.

Overall Firefighters' Pension Scheme design

2.14 The main elements of the scheme design were set out in the Proposed Final Agreement and these are the main parameters for forming the basis of the statutory consultation on member benefits as set out below:

- A pension scheme based on career average revalued earnings
- An accrual rate of 1/58.7th of pensionable earnings each year
- There will be no cap on how much pension can be accrued
- A revaluation rate of active members' benefits in line with average weekly earnings
- Pensions in payment and deferred benefits to increase in line with the Prices Index (currently the Consumer Prices Index)
- Flexible retirement from the scheme's minimum pension age of 55 built around the scheme's Normal Pension Age of 60, with members being able to take their 2015 scheme benefits as follows:
 - for all active members who are aged 57 or more at retirement, 2015 scheme benefits taken before Normal Pension Age will be actuarially reduced with reference to the 2015 scheme's Normal Pension Age, rather than the deferred pension age.
 - all other members will have their 2015 scheme benefits actuarially reduced on a cost neutral basis from the scheme's deferred pension age
- Authority initiated early retirement for members of the 2015 scheme from age 55 to be in accordance with the arrangements set out in Part 3, Rule 6 of the New Firefighters' Pension Scheme 2006
- Late retirement factors for members retiring from active service to be actuarially neutral from the Normal Pension Age
- A deferred pension age equal to the individual's State Pension Age
- Optional lump sum by commutation at a rate of £12 for every £1 per annum of pension foregone in accordance with HMRC limits and regulations
- Ill-health retirement benefits to be based on those contained in the New Firefighters' Pension Scheme 2006
- All other ancillary benefits to be based on those contained in the New Firefighters' Pension Scheme 2006
- Members rejoining after a period of deferment of less than 5 years can link

new service with previous service, as if they had always been an active member

- Members transferring between public service schemes would be treated as having continuous active service

There will be transitional protection in respect of:

- All accrued rights are protected and those past benefits will be linked to final salary when members leave the Firefighters' Pension Scheme 2015.
- All active members who, as of 1 April 2012, have 10 years or less to their current Normal Pension Age will see no change in when they can retire, nor any decrease in the amount of pension they receive at the current Normal Pension Age. This means members will remain in their existing schemes and not transfer to the Firefighters' Pension Scheme 2015.
- There will be a further 4 years of tapered protection for scheme members. This means that members who are up to 14 years from their current Normal Pension Age, as of 1 April 2012, will have limited protection so that on average for every month of age they are beyond 10 years of their Normal Pension Age, they gain about 53 days of protection, before they transfer to the Firefighters' Pension Scheme 2015.

2.15 Discussions on detailed aspects of the Firefighters' Pension Scheme 2015, prior to the draft regulations being produced, have also taken place at 2015 scheme working group meetings held between the Department, employer and union representatives, and other interested parties.

2.16 Further guidance on the Firefighters' Pension Scheme in England to be introduced from April 2015 can be found in published guidance located at <https://www.gov.uk/government/publications/firefighters-pension-scheme-reforms>

Section 3

Timing and Related Proposals

Timing

- 3.1 The reformed firefighters pension scheme will come into force on 1 April 2015. The intention is to give authorities sufficient time to make the necessary arrangements to ensure that IT/payroll systems and information is in place prior to the regulations coming into force on 1 April 2015.
- 3.2 The Department is planning to hold meetings with the Technical Working Group, consisting of pension administrators, during the consultation period to seek early views on the draft regulations. It will also discuss the regulations with the Firefighters' Pension Committee and bilaterally with key interested parties.

Related Proposals

- 3.3 The Department is also planning to hold further separate consultations on other aspects of the 2015 scheme design during 2014. The consultations will cover the following areas.

Valuations, employer contribution rates and the employer cost cap

- 3.4 Regulations for the Firefighters' Pension Scheme 2015 will also need to provide for regular valuations of the firefighters' pension schemes.
- 3.5 The regulations will also need to provide for an employer contribution rate for the Firefighters' Pension Scheme 2015 and also an employer cost cap. Both the employer contribution rate and the employer cost cap will be determined by the valuation of the firefighters' pension schemes which has commenced. As set out in the Proposed Final Agreement the employer cost cap will be introduced to cover unforeseen events and trends that significantly increase scheme costs. The intention of the employer cost cap is to provide backstop protection to the taxpayer and will be based on cap and share principles, so that any changes to rates due to member costs (for example due to actual or assumed longevity, or age and gender mix of the workforce) will be controlled by the cap. There will be a 2% ceiling above and 2% floor below the cost cap and where, following scheme valuations, the reductions in member benefits fall below the 2% floor then member benefits will be improved. Where costs rise above the 2% ceiling, then member representatives will be consulted on how to reduce the costs.
- 3.6 The Firefighters' Pension Scheme 2015 regulations will set out a mechanism for reaching agreement, where costs fall 2% above or below the cost cap, so that the costs of the scheme are returned to the level of the employer cost cap.

Employee Contributions in the Firefighters' Pension Scheme 2015

3.7 The Firefighters' Pension Scheme 2015 regulations will also need to provide for the employee contribution rates that are payable for members of the scheme. The employee contribution rates will be consulted on during 2014, but the intention is that the employee contribution rate across all firefighters' pension schemes will average 13.2%. Brandon Lewis MP, the Fire Minister, wrote to the Fire Brigades Union on 19 June 2013 setting out that based on current projections on pensionable pay from April 2015, it was estimated that the contribution rate in the 2015 scheme would need to average 12.6% in 2015, 12.7% in 2016, and 12.8% in 2017. The Minister wrote to the other unions (the Fire Officers' Association; the Association of Principal Fire Officers; the Retained Firefighters' Union) on similar terms.

3.8 Indicative rates for the 2015 scheme are set out in the table below. These are based on a number of assumptions which will be reviewed when the Government consults on the employee contribution rate to apply in the 2015 scheme.

Pensionable pay range for an employment	Contribution rate 1 April 2015 - 31 March 2016	Contribution rate 1 April 2016 - 31 March 2017	Contribution rate 1 April 2017- 31 March 2018
Tier 1	12.0%	-	-
Tier 2	12.6%	-	-
Tier 3	13.0%	-	-
Tier 4	13.5%	-	-
Average yield	12.6%	12.7%	12.8%

3.9 The Proposed Final Agreement set out that tariffs in the 2015 scheme are likely to provide for lower rates for new recruits, with some tiered progressive increases for middle, high, and higher income earners. On this basis, tier 1 might apply to those members of the firefighters' pension scheme earning up to £27,000, tier 2 might apply to those members earning over £27,000 up to £50,000, and with tiers 3 and 4 possibly applying to those earning over £50,000 and up to £100,000, and over £100,000, respectively.

3.10 Further information on what these proposals mean for firefighters can be found in the recently published consultation document on contribution rates in the firefighters' pension schemes from April 2014 (<https://www.gov.uk/government/consultations/firefighters-pension-scheme-1992-and-new-firefighters-pension-scheme-2006>).

3.11 There are alternative approaches which will be discussed with unions and employers, including a single contribution rate per tier throughout the period April 2015 to March 2019, or providing further protections to 2006 scheme members who transfer to the 2015 scheme. Further details will be included when the Government consults in due course.

3.12 It should be noted that the Government will also consult on the uprating of the tiered bands, which will be uprated in line with an external metric, to ensure that the

average employee contribution rate is maintained in the long term.

Finance

- 3.13 Provisions will need to be made in the regulations regarding the financing arrangements for the scheme. The intention is that the Firefighters' Pension Fund established and maintained by the authority for the purposes of the Firefighters' Pension Scheme 1992 and the New Firefighters' Pension Scheme 2006, shall also be used for the purposes of payment and receipts in respect of the Firefighters' Pension Scheme 2015. The Department will also give consideration to the treatment of payments and transfers into and out of the Firefighters' Pension Fund in respect of this scheme, and the treatment of surpluses and deficits. This will be consulted on separately.
- 3.14 It should be noted that the draft member benefit regulations allow for an authority to initiate a member's retirement. Where this is the case, the authority will be required to meet the costs of the authority initiated retirement. The finance provisions will specify how this is to be calculated, but the intention is that the costs will be calculated with reference to the member's deferred pension age.

Public Service Transfer Club

- 3.15 The Government has confirmed that the public service transfer club will continue to operate. The club arrangements ensure that the treatment of pension savings is not a barrier to individuals moving across the public service. Discussions are on-going with HM Treasury and the other public service schemes on the detail of how the club can best operate in light of the reformed schemes. Further details will be available soon and consultation on these issues will then take place. Following consultation, the appropriate provisions will then be added to these regulations.

Transitional Arrangements

- 3.16 Detailed transitional provisions will be required for those existing firefighter members of the Firefighters' Pension Scheme 1992 and the New Firefighters' Pension Scheme 2006 who will transfer across to the Firefighters' Pension Scheme 2015 ("the transitional members") – either on 1 April 2015 or, for those with tapered protection, when their tapered protection period ends. The Proposed Final Agreement sets out that there will be full statutory protection for accrued rights for all members as follows:
- All benefits accrued under final salary arrangements will be linked to the members' final salary, in accordance with the rules of the members' current schemes, when they leave the reformed scheme
 - Full recognition of a members' expectation to double accrual for service accrued under the Firefighters' Pension Scheme 1992 ("the 1992 scheme") so that a members' full continuous pensionable service upon retirement will be used to calculate an averaged accrual rate to be applied to service accrued under the 1992 scheme
 - Members to be able to access their 1992 scheme benefits when they retire at that scheme's 'ordinary pension' age (ie from age 50 with 25 or more years pensionable

service), subject to abatement rules for that scheme. Pensionable service for the purpose of calculating the ordinary pension age will include any continuous pensionable service accrued under both the 1992 scheme and the 2015 scheme

- Members of the 1992 scheme will continue to have access to an actuarially assessed commutation factor for benefits accrued under that scheme

3.17 Members of the Firefighters' Pension Scheme 1992 and the New Firefighters' Pension Scheme 2006 (the existing schemes) who transfer to the Firefighters' Pension Scheme 2015 will be entitled to a two part pension (ie a "two pot" approach).

3.18 The two pot approach will mean that members will receive a pension accrued under the existing Firefighters' Pension Scheme 1992 or the New Firefighters' Pension Scheme 2006 plus the pension accrued in the Firefighters' Pension Scheme 2015. This will mean that any survivor pensions will also be based on a "two pot approach". Members of the existing schemes who transfer across to the Firefighters' Pension Scheme 2015 will have any entitlement to any ill health benefit or death grant considered under the rules of the new 2015 scheme. Further details on how ill health benefits are to be calculated for transitional members from the existing schemes to the 2015 scheme is set out at Section 4, under regulation 51.

3.19 Further guidance is available on the Gov.uk website for existing members of the firefighters pension schemes as follows:

Further guidance for firefighters:

[https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/226064/130731 - Further guidance for firefighters Combined Document.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/226064/130731_-_Further_guidance_for_firefighters_Combined_Document.pdf)

Frequently Asked Questions:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/224505/firefighters_pension_scheme_reforms.pdf

Pension Scheme Calculator:

<https://www.gov.uk/government/publications/firefighters-pension-scheme-reforms-pension-scheme-calculator>

Governance

3.20 Section 5 of the Public Service Pensions Act 2013 requires public service pension schemes to establish a pension board. The pension board will be required to assist the scheme manager in securing the effective and efficient governance and administration of the pension scheme and any statutory scheme connected with it, and ensure that they are operated to an appropriate standard. Pension boards will have oversight of the fire and rescue authorities' administration of the Firefighters' pension schemes 1992, 2006 and 2015. In addition the pension boards will ensure that schemes secure compliance with any requirements imposed by the Pensions Regulator, and will undertake any further matters as the scheme regulations may

specify.

- 3.21 The Public Service Pensions Act 2013 also specifies that scheme regulations must establish a scheme advisory board. The scheme advisory board will have responsibility for providing policy advice to the Secretary of State, at the Secretary of State's request, on the desirability of changes to the scheme. The regulations may provide for the scheme advisory board to provide advice to scheme managers or the scheme pension boards in relation to the management and administration of the firefighters' pension schemes and the firefighters' pension fund.
- 3.22 The arrangements for pension boards and scheme advisory boards will be consulted on in due course.

Record Keeping

- 3.23 Section 16 of the Public Service Pensions Act 2013 sets out that public service pension schemes may specify in regulations the records that scheme managers of the pension schemes will be expected to keep. These arrangements will be consulted on in due course.

Section 4

Proposals for Consultation

The draft Firefighters' Pension Scheme regulations are part of this consultation. This section provides information on the purpose of each regulation.

Part 1 Preliminary

This Part establishes the name of both the regulations and the scheme and determines the extent of the regulations.

In this Part:

Regulation 1 [Citation and Comment]

- establishes the name of the regulations and determines the date that they will come into force.

Regulation 2 [Establishment of the scheme]

- establishes the scheme for the payment of pensions and benefits to or in respect of firefighters in England.

Regulation 3 [Interpretation]

- provides the interpretation of the definitions in the regulations.

Part 2 Scheme Manager

This Part establishes fire and rescue authorities in England as the scheme managers for the scheme and for the existing final salary firefighters' pension schemes.

In this Part:

Regulation 4 [Scheme Manager]

- establishes that fire and rescue authorities in England will be the scheme managers for the scheme and will be responsible for the local administration of pensions and other benefits under these regulations.

Regulation 5 [Delegation]

- allows for the Secretary of State or the Scheme Manager to delegate any of the functions in the regulations.

Part 3 Scheme Membership

This Part is split into four chapters which covers different aspects of scheme membership. Chapter 1 provides for a definition of scheme employment; Chapter 2 provides criteria for general scheme membership; Chapter 3 sets out when a person is in pensionable service under the scheme and includes details of automatic enrolment under the Pensions Act 2008 and the associated secondary legislation; Chapter 4 explains when a person's earnings are pensionable and sets out the circumstances when a member is in receipt of assumed pensionable pay.

Chapter 1: Scheme Employment

In this Chapter:

Regulation 6 [Description of person in scheme employment]

- provides a definition of scheme employment used throughout this Part and confirms that a firefighter is in scheme employment if they took up employment with an authority and carried out a certain defined role on joining the scheme or if they are protected under the transitional arrangements.

Regulation 7 [Meaning of "full time" and "part time" employment]

- gives a meaning to full time and part time employment.

Chapter 2: Membership

In this Chapter:

Regulation 8 [Eligibility for active membership]

- sets out who is eligible to be an active member of the Firefighters' Pension Scheme 2015.

Regulation 9 [More than one employment]

- allows for dual membership of the scheme where a person has more than one contract of employment.

Regulation 10 [Deferred membership]

- sets out when a member becomes a deferred member of the scheme. This covers members who have qualified for potential benefits, have ceased to contribute or to be employed in scheme employment and who are not yet drawing pension.

Chapter 3: Pensionable Service

In this Chapter:

Regulation 11 [Interpretation]

- provides definitions used throughout this Chapter in relation to automatic enrolment and opt outs.

Regulation 12 [Pensionable Service]

- defines when an eligible person is in pensionable service in the reformed scheme.

Regulation 13 [Opting out of the scheme]

- allows for a person to opt out of the Firefighters' Pension Scheme 2015.

Regulation 14 [Opting within the first 3 months]

- sets out that a person who opts out of the scheme within the first 3 months of employment will be taken as not to have been a member of the scheme and any contributions paid shall be refunded to that person.

Regulation 15 [Opting out after the first 3 months]

- describes what happens when a person opts out of the scheme after the first 3 months and the point from which the opt out applies.

Regulation 16 [Opting into this scheme]

- makes provision for a person to opt to become a member of the scheme and the date at which this takes effect.

Chapter 4: Pensionable Earnings

In this Chapter:

Regulation 17 [Pensionable pay]

- provides a definition of pensionable pay, which will be the amount of salary, and other payments, used to determine the amount of pension a scheme member will accrue each year. This definition set out the types of payment of cash and other benefits which should be included in pensionable pay, and those that should be excluded.

Regulation 18 [Meaning of “assumed pensionable pay”]

- introduces the concept of assumed pensionable pay, which means that a member is protected from the effects of certain types of reductions in pay. The intention is that when pay is reduced in certain circumstances defined in this regulation, the actual

contribution amount paid by the employee alters accordingly, but the level of benefit being earned continues as before the pay reduction.

Part 4 Pension Accounts

Part 4 is split into eight chapters which provides for the establishment of pension accounts for different types of members and the information that should be specified in each account. Chapter 1 (Preliminary) provides for the calculation of accrued pensions, the retirement index adjustment, and the age addition. Chapter 2 provides for the general establishment of one or more pension accounts. Chapters 3 and 4 deal specifically with active and added pension accounts, whilst Chapter 5 deals with deferred member accounts. Chapter 6 sets out that a full retirement account must be established when an active member fully retires from the service. Chapter 7 provides for the establishment of a pension account for surviving members and Chapter 8 provides for the establishment of a pension account for pension credit members.

Chapter 1: Preliminary

In this Chapter:

Regulation 19 [Calculation of amount of accrued pension for purposes of Chapters 5 and 6]

- sets out the various elements (including the value of pension earned each year, any transferred in pension, and any added pension purchased) that go to make up a scheme member's accrued pension and will be used to calculate a person's deferred pension and/or full retirement pension.

Regulation 20 [Calculation of "retirement index adjustment"]

- sets out how indexation will be applied on a pro rata basis when a scheme member leaves the scheme during the financial year.

In line with agreed Central Government policy, where a member retires part way through a year, receives their pension, and a latter retirement index adjustment is then made which reduces the amount of pension payable (because the pension has been subject to a negative revaluation adjustment), then the policy intention is that the scheme manager will reclaim the amount of pension that has been "overpaid". This will be carried out through deductions to the amount of pension payable until all the overpayment has been recovered.

Regulation 21 [Determination of "the age addition"]

- makes provision for a member's pension account to be further increased, in line with actuarial guidance, for each year that the member continues to accrue pension in the Firefighters' Pension Scheme 2015 after the age of 60 to reflect that the pension is being taken after the Normal Pension Age. It also provides for a vesting period of two years for those members who join the Firefighters' Pension Scheme 2015 after the age

of 58 in order to qualify for this age addition.

Regulation 22 [Determination of the “assumed age addition”]

- makes provision for a member’s pension account, where the member continues to accrue pension in the Firefighters’ Pension Scheme 2015 after the age of 60, to be increased in the last year before the member leaves the scheme to reflect that the pension is being taken after Normal Pension Age. It also requires that if a member leaves part way through the year then the increase should be calculated on a pro-rata’d basis.

Chapter 2: Pension Accounts: general

In this Chapter:

Regulation 23 [Establishment of pension accounts: general]

- requires the scheme manager to establish and maintain one or more pension accounts for each member of this scheme.

Regulation 24 [Closure and adjustment of pension accounts on transfer out or repayment of balance of contributions]

- makes provision for a scheme member’s account to be closed if the accrued benefits are transferred to another scheme or if contributions are repaid.

Chapter 3: Active member’s account

In this Chapter:

Regulation 25 [Establishment of active member’s accounts]

- explains when a pension account must be established for each active member and specifies that each scheme member may have more than one account.

Regulation 26 [Account to specify amount of pension for a scheme year]

- confirms the elements that must be included in the active account for each financial year that the account is open, including the standard earned pension, which accrues at 1/58.7th of pensionable earnings. Transferred pension will also be held in the active member’s account.

Regulation 27 [Accounts to specify opening balance, index adjustment and age addition]

- confirms, for each year that an active member’s account is open, what each account must specify including the opening balance and index adjustment and age addition if necessary.

Regulation 28 [Ill health award ceases to be payable]

- makes provision for a pension account to be closed and an active member's account to be re-established where an active member who retired with an ill health award, has their pension withdrawn and returns to pensionable service.

Chapter 4: Added pension account

In this Chapter:

Regulation 29 [Added pension]

- gives effect to Schedule 1 which sets out the procedure for purchasing added pension.

Regulation 30 [Establishment of added pension account]

- provides for the establishment of an added pension account, where an active member has elected to purchase added pension.

Regulation 31 [Account to specify amount of added pension]

- sets out what the added pension account must specify in the year that an added pension election is made.

Regulation 32 [Account to specify opening balance and Pensions Increase index adjustment]

- confirms, for each year that an active member's added pension account is open, what each account must specify including the opening balance and the index adjustment for the year. In line with all public service pension schemes, the Pensions Increase Act will be used to uprate added pension.

Regulation 33 [Ill health ceases to be payable]

- sets out that an added pension account must be re-established if a person becomes an active member following the cessation of an ill health award.

Chapter 5: Deferred member's account

In this Chapter:

Regulation 34 [Establishment of deferred member's account]

- provides for the establishment of a deferred member's account when an active member becomes a deferred member and specifies that the active membership account should be closed.

Regulation 35 [Account to specify provisional amount of deferred pension]

- confirms the elements that must be included in the deferred account for each financial year. The pensions increase is applied each year whilst the individual is in deferred membership.

Regulation 36 [Account established after ill health award ceases to be payable]

- makes provision for a deferred account to be re-established where an active or deferred member who retired on ill health, has their pension withdrawn and does not return to pensionable service.

Regulation 37 [Closure of deferred member's account on re-entering pensionable service]

- makes provision for a scheme member who returns to pensionable service after a break of not more than 5 years. In this case the scheme member's deferred benefits return to the active account and the break in service is re-valued in line with the revaluation rate for active members (ie average weekly earnings).

Chapter 6: Full retirement account

In this Chapter:

Regulation 38 [Establishment of full retirement account]

- provides for the establishment of a pension account when an active member becomes entitled to immediate payment of a full retirement or an ill health award.

Regulation 39 [Account to specify amount of full retirement pension]

- sets out what elements must be included in the description of a full retirement pension or full retirement added pension. Adjustments are made to the account in relation to any early payment of pension, allocation of pension, and lump sum commutation. The age addition will also apply if someone remains in pensionable service more than a month after reaching Normal Pension Age.

Chapter 7: Pension accounts for surviving members

In this Chapter:

Regulation 40 [Pension accounts for surviving members]

- provides for the establishment of a pension account where an active member, deferred member, or pensioner member has died and a surviving partner or eligible child is entitled to a pension. A pension account is established for each surviving partner and eligible child.

Chapter 8: Pension accounts for pension credit members

In this Chapter:

Regulations 41 and 42 [Pension Accounts for pension credit members/Other pension accounts]

- sets out that a pension account must be established for each pension credit member, and more than one account is permissible. The account will be in addition to any other account established if that person is also a member of the scheme in another capacity.

Part 5 Retirement Benefits

This Part has six chapters and sets out the basis for a member's entitlement to a full and partial retirement pension and the early reduction that will apply if the pension is taken before Normal Pension Age. It also makes provision, at Chapter 4, for the payment of ill health benefits, sets out when a member will be entitled to these and the procedures to be followed for the review of ill health. Chapter 5 allows for members to commute part of their pension, whereas Chapter 6 allows for members to allocate part of their pension, and the procedure to be followed in this instance.

Chapter 1: Interpretation

In this Chapter:

Regulation 43 [Qualifying Service]

- sets out what periods of membership should count as qualifying service and what will not count as qualifying service.

For transitional members, qualifying service under a previous/existing scheme shall also be included. The policy intention will be to ensure that where there is one type of employment (and therefore one membership) in the existing scheme and one type of employment (and therefore one membership) in the Firefighters' Pension Scheme 2015 then these employments should be linked. However, there may be multiple employments, and therefore multiple memberships in both existing and the Firefighters' Pension Scheme 2015. In these instances, qualifying service should be linked appropriately to those employments that have the most similar characteristics across the two schemes. However, if it is not obvious which has the most similar characteristics then it will be for the scheme member to select.

Chapter 2: Full retirement benefits

In this Chapter:

Regulation 44 [Entitlement to full retirement pension (members aged at least 55)]

- sets out the conditions that need to be met for a member to receive immediate payment for life of a full retirement pension (from age 55), and that the claim for this pension must be made to the scheme manager, in the format determined by the scheme manager.

Regulation 45 [Annual rate of full retirement pension (active members and deferred members)]

- sets out how the annual rate of a full retirement pension payable to an active member should be calculated.

Regulation 46 [Early payment reduction]

- makes provision for a reduction to be applied for those active members who choose to take their pension before the Normal Pension Age. The reduction will be calculated from State Pension Age for those members who take their pension between the ages of 55 and up to age 57, and from the Normal Pension Age for those members who take their pension from 57 and up to age 60. Deferred members who take their pension before the Deferred Pension Age can do so but the reduction will be calculated from the member's State Pension Age.

Regulation 47 [Authority initiated retirement]

- makes provision for an authority to pay a retirement pension to an active member who retires early or is dismissed by reason of business efficiency, and from age 55. The pension paid to the member would not be reduced for early payment.

If a member is retired on authority initiated grounds then the authority will be required to meet the costs of the authority initiated retirement. The finance provisions (which will be subject to a further consultation) will specify how this is to be calculated, but the intention is that the costs will be calculated with reference to the member's deferred pension age.

Chapter 3: Partial Retirement benefits

In this Chapter

Regulation 48 [Exercise of partial retirement option (members aged at least 55)]

- allows for active members aged over 55 to exercise a partial retirement option so that they can take their full retirement benefits accrued under the Firefighters' Pension Scheme 2015 and commence new active membership of the Firefighters' Pension Scheme 2015. Members who have benefits under the Firefighters' Pension Scheme 1992 and New Firefighters' Pension Scheme 2006 will not be able to take those benefits accrued under those schemes unless they fully retire from the service to reflect the current provisions of those schemes – the partial retirement option will only apply to benefits in the Firefighters' Pension Scheme 2015.

Regulation 49 [Annual rate of full retirement pension]

- entitles members who exercise the partial retirement option to have immediate payment of their full retirement pension.

Chapter 4: Ill health benefits

In this Chapter:

Regulation 50 [Entitlement to lower tier ill-health pension and higher tier ill-health pension]

- sets out when an active member will be entitled to immediate payment of a lower and higher tier ill health pension. In accordance with the Proposed Final Agreement the principles of ill health retirement provisions in the New Firefighters' Pension Scheme 2006 regulations have been carried across to the 2015 Scheme.

Regulation 51 [Annual rate of ill-health awards]

- provides detail on how the lower tier ill health pension and the higher tier ill health pension should be calculated. The lower tier ill health pension will be pension accrued in the 2015 scheme without an actuarial reduction for early payment.

For those transitional members the intention is that payment of the lower tier ill health pension will be the aggregate of the pension accrued in the Firefighters' Pension Scheme 1992 or the New Firefighters' Pension Scheme 2006 and the pension accrued in the Firefighters' Pension Scheme 2015 up to the point of retirement (ie a "two pot approach"). The pension accrued in the Firefighters Pension Scheme 1992 or New Firefighters Pension Scheme 2006 will be based on the member's final salary at the point of ill-health retirement, provided that continuity of service (ie less than a gap of 5 years in pensionable service) applies. For former Firefighters' Pension Scheme 1992 members, their lower tier ill health pension under that scheme will also be calculated on an element of double accrual which will reflect total pensionable service across both schemes. Further details on the lower tier ill health pension to be calculated for former Firefighters Pension Scheme 1992 and the New Firefighters Pension Scheme 2006 members will be set out in the transitional regulations which will be consulted on separately and in 2014.

The higher tier ill health pension will be based on a one pot approach under the Firefighters' Pension Scheme 2015. The higher tier ill health pension will be a proportion of the lower tier ill health pension (and for transitional members this will be the sum of lower tier ill health pensions accrued in both schemes) projected to the Normal Pension Age of 60.

Regulation 52 [Early Payment of pension to deferred member]

- makes provision for a deferred pension to be paid early, and without reduction, if the deferred member is incapable of undertaking regular employment due to an incapacity which is expected to last until deferred pension age.

Regulation 53 [Review of ill-health award]

- allows for the scheme manager to consider to review whether a person is still entitled to an ill health award or early payment of a deferred pension if that person has been in receipt of that ill health pension for less than 10 years and is younger than the State Pension Age.

Regulation 54 [Consequences of review]

- sets out the consequences of the outcome of the review and the circumstances where entitlement to the payment of the ill health pension shall cease.

Regulation 55 [Role of Independent Qualified Medical Practitioner in determinations by the scheme manager]

- sets out that a scheme manager must obtain the written medical opinion of an Independent Qualified Medical Practitioner before determining whether a member is entitled to payment of an ill health award or reviewing payment of the award, unless certain circumstances apply.

Regulation 56 [Review of medical opinion]

- sets out the circumstances in which a medical opinion can be reviewed and the process to be followed.

Regulation 57 [Appeals against decisions based on medical evidence]

- makes provision for a member to appeal against a scheme manager's decision on a medical issue and sets out the process to be followed once a decision has been reached.

Regulation 58 [Appeals on other issues]

- makes provision for a member to appeal against a scheme manager's decision, which does not relate to a medical issue.

Appeals to Board of Medical Referees

Regulation 59 [Notice of Appeal]

- sets out the timescales in which a member can appeal against a scheme manager's decision on a medical issue and the processes to be followed by the appellant.

Regulation 60 [Reference of appeal to the board]

- sets out the process to be followed by the scheme manager, Secretary of State, and the board of medical referees once a notice of appeal has been received.

Regulation 61 [Procedure where appeal to be pursued]

- makes provision for the procedures to be followed if an appeal is to be pursued.

Regulation 62 [The board's report]

- sets out that the Board of Medical Referees should provide a written report to the Secretary of State on the board's decision.

Regulation 63 [Reconsideration by the board]

- makes provision for the Board of Medical Referees to reconsider its decision where all parties agree that an error of fact has materially affected the board's initial decision.

Regulation 64 [Fees and allowances payable to the board]

- makes provision for fees and allowances to be paid to the board.

Regulation 65 [Expenses of each party]

- sets out that expenses in relation to an appeal should be borne by each party unless certain provisions in the regulations allow otherwise.

Regulation 66 [Notices etc]

- sets out that the appellant is treated as having received any notices under the review and appeals procedures if the documents had been posted, unless this can be proved otherwise.

The policy intention is to ensure that this regulation will also apply to documents that have been sent electronically.

Chapter 5: Payment of retirement benefits

In this Chapter:

Regulation 67 [commutation of part of pension]

- provides the facility for members to receive a lump sum in lieu of part of their pension. A maximum of a quarter of the pension may be commuted, provided that it doesn't exceed the permitted lump sum under the tax legislation at a rate of £12 for every £1 of annual pension given up by the member.

Chapter 6: Allocation of part of pension

In this Chapter:

Regulation 68 [meaning of beneficiary]

- provides for the meaning of a beneficiary of an allocation election.

Regulation 69 [Election to allocate pension]

- provides for an active or deferred member to elect to allocate up to one third of their annual pension to certain persons as defined and clarifies that the allocated portion of a member's pension must not exceed that portion of pension retained by the member.

Regulation 70 [Procedure for allocation election]

- sets out the procedure to be followed in order for part of a member's pension to be allocated.

Regulation 71 [Effect of allocation]

- sets out that an allocation will see a member's pension reduced, the limits to apply and how the allocation will be calculated. It also explains that when a beneficiary dies before the pensioner member, the failed allocation pension is paid to the pensioner member.

Regulation 72 [Adjustment of allocated benefit (members who have reached 75)]

- allows for the adjustment of benefits, in certain circumstances, where members die over age 75 to enable for the tax legislation to be complied with.

Part 6 Death Benefits

This Part is split into five chapters which provides for the payments of pensions and lump sums in the event of the death of different types of scheme members. Chapter 1 provides for the interpretation of surviving partner and Chapter 2 sets out the pensions payable to surviving partners. Chapter 3 deals with pensions payable to eligible children. The calculation of lump sum death benefits payable to survivors or eligible children in the event of a member's death are covered in Chapter 4, while Chapter 5 deals with the process involved in payment of death benefits.

Chapter 1: Interpretation

In this Chapter:

Regulation 73 [Meaning of surviving partner]

- provides for a definition of a surviving partner which includes the spouse or civil partner of a member or a person nominated by the member.

Regulation 74 [Meaning of “initial period”]

- provides for a definition of the initial period during which a bereavement pension is payable.

Chapter 2: Pensions for surviving partners

In this Chapter:

Regulation 75 [Surviving partner’s pension payable on death of active member]

- makes provision for half of a higher tier ill health pension to be paid to a surviving partner of an active member.

Regulation 76 [Surviving partner’s pension payable on death of deferred member]

- makes provision for half of a deferred member’s pension to be paid to their surviving partner.

Regulation 77 [Surviving partner’s pension payable on death of pensioner member]

- sets out that half of the pension (after commutation) that a pensioner member was in receipt of will be paid to their surviving partner, and that any reduction previously made will be ignored.

Regulation 78 [Bereavement pension: surviving partner]

- makes provision for a bereavement pension to be paid for 13 weeks following the death of an active or pensioner member.

Regulation 79 [Reduction in pensions in cases of wide age disparity]

- sets out that any pension payable to a surviving partner, who is more than 12 years younger than the member, will be reduced by 2.5% each year up to a maximum of 50% reduction.

Chapter 3: Pensions for eligible children

In this Chapter:

Regulation 80 [Eligible child’s pension]

- states that an eligible child’s pension and, depending on the member’s circumstances, a bereavement pension is to be paid to an eligible child on the death of a member.

Regulation 81 [Meaning of “eligible child”]

- sets out the meaning of an eligible child.

Regulation 82 [Eligible child's pension on death of active member]

- makes provision for the specified proportion of half of a higher tier ill health pension to be paid to an eligible child of an active member.

Regulation 83 [Eligible child's pension payable on death of deferred member]

- makes provision for the specified proportion of half of a deferred member's pension to be paid to an eligible child.

Regulation 84 [Eligible child's pension payable on death of pensioner member]

- sets out that the specified proportion of a half of a pension (after commutation) that a pensioner member was in receipt of will be paid to an eligible child, and that any reduction previously made will be ignored.

Regulation 85 [Specified proportion]

- defines a "specified proportion" which is used to divide pension benefits amongst eligible children. Where there is more than one eligible child the amount will be divided equally amongst the eligible children. However, where there is only one eligible child 25% of the pension will be paid.

Regulation 86 [Increase in eligible child's pension where there is no surviving partner]

- sets out that the amount of an eligible child's pension is increased if at the date of the member's death there is no surviving partner.

Regulation 87 [Increase in eligible child's pension where member was pension debit member]

- sets out that any pension payable to an eligible child shall not be reduced by a pension sharing order if the member's benefits had been reduced due to them being a pension debit member.

Regulation 88 [Bereavement pension: eligible child]

- makes provision for a bereavement pension to be paid for 13 weeks to an eligible child, in the event that there is no surviving partner.

Regulation 89 [Children born after the member's death]

- makes provision for a pension to be paid to an eligible child who is born after the death of a member if the child's mother is pregnant with the child at the date of the member's death.

Chapter 4: Lump sum death benefits

In this Chapter:

Regulation 90 [Meaning of “final pay”]

- provides for a definition of final pay to be used in the calculation of lump sum death benefits. This is the pensionable pay that the member received in the last year or the average pensionable pay over the last three years, whichever is the greater.

Under the current arrangements for a lump sum death benefits in the New Firefighters' Pension Scheme, a member who has suffered a reduction in pay will have their lump sum death benefit calculated on a proportion of their pay before the salary reduction and a proportion of pay after the salary reduction. This proportion is based on the length of service that a person has in the scheme. The proposals for the Firefighters' Pension Scheme 2015 are slightly different in that a lump sum death benefit will only take into account a reduction of pay over the last three years before death.

Regulation 91 [Meaning of “annualised final pay”]

- provides for a definition of annualised final pay to be used in the calculation of death grant where a member was in service for less than a year.

Regulation 92 [Person to whom lump sum death benefit payable]

- provides that the scheme manager may pay the lump sum death benefit to the member's nominee, personal representatives or person appearing to the scheme manager to have been a relative or dependent of the member.

Regulation 93 [Lump sum payable on death of active member]

- sets out that on the death of an active member the lump sum death benefit payable is three times the member's final pay.

Regulation 94 [Lump sum payable on death of pensioner member (death out of service)]

- makes provision for the payment of a lump sum to a pensioner member, who is not an active member, who dies within 5 years of the pension coming into payment.

Regulation 95 [Lump sum payable on death of pension credit member]

- gives the power for a lump sum death benefit to be paid in the event that a pension credit member dies before any benefits derived from a pension credit have been payable to him/her.

Chapter 5: Payment of death benefits

In this Chapter:

Regulation 96 [Payment of pensions under this Part]

- sets out that a survivor or eligible child's pension is payable from the day after the member's death and the payment arrangements that apply when an eligible child is aged under 18.

Regulation 97 [Payment in respect of pension credit member]

- explains that if a person is entitled to two or more pension credits then each benefit under this scheme is paid separately.

Regulation 98 [Dependants' pensions and eligible child's pensions: suspension and recovery]

- makes provision for the scheme manager to recover a pension from a person who has been paid a survivor or eligible child's pension where payment has been made following a false declaration.

Regulation 99 [Provisional awards of eligible child's pensions: later adjustments]

- makes provision for a scheme manager to make later adjustments to pensions paid to eligible children where new evidence suggests that the number of eligible children has changed.

Regulation 100 [Adjustment of benefits to comply with the Finance Act 2004 where members dies over 75]

- allows for the adjustment of benefits, in certain circumstances, where members die over age 75 to enable for the tax legislation to be complied with.

Part 7 Benefits for pension credit members

This Part provides for a pension to be payable to a person who is entitled to a pension as a result of a pension sharing order. This person is known as a pension credit member.

In this Part:

Regulation 101 [Entitlement to pension credit members' pension]

- sets out the conditions when a pension (or pensions if there is more than one pension credit) may be paid to a pension credit member.

Regulation 102 [Annual rate of pension credit member's pension]

- sets out how the annual rate of the pension credit member's pension is to be calculated.

Regulation 103 [More than one pension credit]

- sets out that where a pension credit member is entitled to two or more pension credits, benefits will be payable as if the member was two or more members.

Regulation 104 [Reduction in pension debit member's benefits]

- sets out that a pension debit member's reduction to their benefits is made under the Welfare Reform and Pensions Act 1999.

Regulation 105 [Pension credit member's rights]

- states that pension credit benefits are not to be aggregated with other benefits that are payable to the pension credit member under the Firefighters' Pension Scheme 2015.

Regulation 106 [Commutation of part of pension]

- sets out when a pension credit member is able to commute part of their pension for a lump sum.

Part 8 Contributions

This Part is divided into two chapters. Chapter 1 deals with contribution rates payable by members, while Chapter 2 makes provision for the deduction and payment of these contributions.

Chapter 1: Members' and employers' contributions

In this Chapter:

Regulation 107 [Members' contributions]

- makes provision for active members to pay contributions to the scheme based on their pensionable pay. The policy intention is that employee contribution rates payable will be determined by a tiered band that the pensionable pay falls into, and that this tiered band will be updated in line with an external metric. The Department will consult on this issue separately.

The contribution rate applicable for retained and volunteer firefighters will be based on their reference pay (equivalent pay for a firefighter undertaking a similar role in a regular whole-time capacity) and the contribution rate for part-time regular firefighters will be determined based on the equivalent rate of a whole-time firefighter. Where a member suffers a reduction in pay in certain circumstances, for example child related leave, sick leave, then the contribution rate to be determined will be based on the pensionable pay that the member was in receipt of prior to the circumstance applying.

Regulation 108 [Contributions during absence from work other than child-related leave and reserve forces services leave]

- sets out the contributions to be paid when a member is away from work other than on child-related leave or reserve forces leave, due to an illness or injury, trade dispute or authorised unpaid absence.

Regulation 109 [Contributions during absence from work on reserve forces special leave]

- sets out that the contribution payable when an active member is on reserve forces special leave should be based on the member's assumed pay or where the total of the actual pay received and any amount payable by the authority is less, that amount.

Regulation 110 [Contributions during child related leave]

- sets out the contributions to be paid where a member is on child related leave.

Chapter 2: Deduction and payment of contributions

In this Chapter:

Regulation 111 [Deduction and payment of contributions]

- sets out how contributions are to be paid by the member, including in the circumstances where a member is on reserved forces special leave or has opted to pay contributions while on a period of unpaid leave.

Part 9 Transfers

This Part is divided into four chapters. Chapter 1 provides for definitions used throughout Part 9. Chapter 2 deals with entitlement to a member transferring out the benefits accrued in the Firefighters' Pension Scheme 2015 and the process to be followed, while Chapter 3 deals with a member who wishes to transfer benefits accrued in another pension scheme into the scheme. Chapter 4 sets out the process to be followed where a pension account is transferred from one English fire and rescue authority to another.

A further consultation will follow on transfers in relation to the public sector transfer club arrangements.

Chapter 1: Preliminary

In this Chapter:

Regulation 112 [Interpretation]

- provides definitions of terms used throughout this part.

Chapter 2: Transfers out

Regulation 113 [Right to require payment of a transfer value]

- provides the right for a deferred member, to whom the relevant provisions of the Pension Scheme Act 1993 apply and an additional right for a deferred member to whom these provisions do apply, to request the payment of a transfer value in respect

of benefits accrued under the Firefighters' Pension Scheme 2015.

Regulation 114 [Applications for statement of entitlement]

- makes provision for a deferred member who wishes for a transfer value payment to be made to apply to the scheme manager for a statement of entitlement.

Regulation 115 [Applications for a transfer value payment]

- sets out the process to be followed when a member wishes to apply for a transfer value payment.

Regulation 116 [Calculating amount of the transfer value]

- makes provision for an increase to be made to the transfer value where it is paid 6 months after a timescale set out in the Pension Act 1993. It also ensures that the transfer value is no less than a minimum, as defined.

Regulation 117 [Ways in which a transfer value payment may be used]

- specifies that a whole transfer value must be applied and sets out the restrictions on the type of schemes to which a transfer value payment can be made to.

Regulation 118 [Effects of transfers-out]

- provides that a member's accrued rights in the Firefighters' Pension Scheme 2015 are extinguished once a transfer has been made.

Chapter 3: Transfers in

In this Chapter:

Regulation 119 [Interpretation]

- provides for definitions of terms used within this Chapter.

Regulation 120 [Right to request acceptance of transfer value payment]

- provides that an active member may request that the scheme manager accepts payment of a transfer value of rights accrued under certain other pension schemes.

Regulation 121 [Procedure for making a transfer value request]

- sets out the procedure to be followed when a member wishes to make a transfer value request.

Regulation 122 [Amount of transferred pension]

- sets out that the amount to be transferred in will be calculated in accordance with actuarial guidance.

Chapter 4: Transfer of pension account to another scheme manager

In this Chapter:

Regulation 123 [Requirement for scheme manager to provide a certificate]

- makes provision for a scheme manager to provide a certificate to members who have ceased employment with that authority and taken up employment with another authority.

Regulation 124 [Request to confirm details on certificate]

- makes provision for a member to ask the scheme manager to confirm the accuracy of a certificate, where the member is dissatisfied with it.

Regulation 125 [Appeal concerning entries on the certificate]

- makes provision for a member to appeal to the scheme manager against the entries on the certificate.

Regulation 126 [Transfer of pension account]

- sets out the process to be followed when a member has been provided with a new certificate and the obligations of the new employer and the previous scheme manager in relation to the establishment and closure of pension accounts.

Part 10 Supplementary

This Part provides for supplementary provisions and is separated into 3 chapters. Chapter 1 makes provision for allowing small pensions to be commuted to a lump sum; Chapter 2 deals with forfeiture provisions and sets out when fire and rescue authorities should cease payment of pension benefits; Chapter 3 deals with the payment and deduction of tax; and Chapter 4 deals with general provisions.

Chapter 1: Payment of pensions

In this Chapter:

Regulation 127 [Late payment of retirement index adjustment]

- sets out that a retirement index adjustment payable in respect of the last active scheme year does not need to be paid during that year of retirement.

Regulation 128 [Commutation of small pensions]

- provides that what would be only very small ongoing pension payments can be commuted into a single lump sum. The regulation cites the various areas of legislation under which this is permitted.

Regulation 129 [Payments for persons incapable of managing their affairs]

- sets out that where a person, other than an eligible child, is incapable of managing their affairs then the scheme manager may pay benefits to another person as the scheme manager determines or apply them for the benefit of the person incapacitated.

Regulation 130 [Payments due in respect of deceased persons]

- allows for a scheme manager, following the death of a person, to pay to that person's personal representatives, or a beneficiary under the estate, the whole or part of the amount due to them under the scheme, providing that the amounts do not exceed the amounts specified in the Administration of Estates (Small Payments) Act 1965.

Regulation 131 [Limitation on assignment of benefits]

- prevents payment of an award, unless any part of the Firefighters' Pension Scheme 2015 or other over-riding legislation allows otherwise, to anyone else apart from a member of a member's dependant.

Chapter 2: Forfeiture

In this Chapter:

Regulation 132 [Forfeiture: offences committed by members]

- gives the power to a scheme manager to withhold pensions payable under the Firefighters' Pension Scheme 2015 to a member or any person in respect of that member when the member has been convicted of a relevant offence. The regulation sets out the relevant offences that apply and allows for authorities to restore any pension that has been withdrawn, as they see fit.

Regulation 133 [Forfeiture of pensions: offences committed by other persons]

- makes provision for an authority to withhold pensions payable to a survivor or an eligible child, where the survivor or eligible child has been convicted of murder or manslaughter. It also allows for pensions to be reinstated when the conviction has been quashed on appeal.

Regulation 134 [Forfeiture of lump sum death benefit: offences committed by other persons]

- makes provision for the scheme manager to withhold all of a lump sum death benefit payable to a survivor or an eligible child, where the survivor or eligible child has been convicted of a relevant offence. It also allows for all or part of the benefit to be restored when the conviction has been quashed on appeal.

Regulation 135 [Forfeiture: relevant monetary obligations and relevant monetary losses]

- gives the power to the scheme manager to withhold the payment of benefits to a member under the Firefighters' Pension Scheme 2015 if the member owes a relevant monetary obligation or has caused a relevant monetary loss to the authority. The regulation defines relevant monetary obligation or relevant monetary loss. The withholding of benefits will be subject to certain provisions.

Regulation 136 [Set-off]

- makes provision for an authority to set off a relevant monetary obligation against a member's entitlement to benefits under this scheme. The regulation defines the types of a relevant monetary obligation. The application of set off will be subject to certain provisions.

Regulation 137 [Forfeiture and set off: procedure]

- sets out the procedure that the authority must follow if they propose to withhold benefits or apply a set off.

Chapter 3: Payment and deduction of tax

In this Chapter:

Regulation 138 [Scheme administrator for the purposes of the Finance Act 2004]

- provides for the appointment of the scheme manager as the scheme administrator under the Finance Act 2004.

Regulation 139 [Payment on behalf of members of lifetime allowance charge]

- sets out the process to be followed when a member requests a scheme administrator to pay an amount that the member owes in respect of the lifetime allowance charge, under the Finance Act 2004.

Regulation 140 [Reduction of benefits where lifetime allowance charge payable]

- allows, where the member hasn't requested a scheme administrator to pay an amount in respect of the lifetime allowance charge, for a scheme administrator to pay an amount that a member owes in respect of the lifetime allowance charge, and for the administrator to reduce the member's benefits.

Regulation 141 [Information about payment of annual allowance charge]

- sets out the process that an authority must take to notify a member where the member's pension accrued for that year exceeds the annual allowance for that year.

Regulation 142 [Reduction of benefits where annual allowance charge paid by scheme manager]

- sets out the process to be followed by the scheme manager where the member has given valid notice to the scheme manager of joint and several liability for an annual allowance charge, the scheme manager has paid the charge and must reduce the benefits payable to the member under the pension scheme.

Chapter 4: General

In this Chapter:

Regulation 143 [General prohibition on unauthorised payments]

- sets out that the Firefighters' Pension Scheme 2015 does not authorise scheme managers to make payments, which would be unauthorised payments under the Finance Act 2004.

Regulation 144 [Calculation of periods of membership and service]

- sets out how periods of membership and service are to be expressed and calculated.

Regulation 145 [Annual benefit information statements]

- sets out that a scheme manager must provide annual benefit statements to each member before 31st August each year and that active members' statements should be provided in accordance with the Public Service Pensions Act 2013. HM Treasury will be making directions under that Act which set out the information which should be provided.

Regulation 146 [Evidence of entitlement]

- provides powers allowing the scheme manager to request evidence from a scheme member who is in receipt of benefits to ensure that that member is still eligible for those benefits.

Regulation 147 [Information to be provided to a member before reserve forces service leave]

- sets out the information that must be provided to a member by a scheme manager before they go on a period of reserve forces special leave.

Those firefighters who are members of the reserve forces may be both members of the Firefighters' Pension Scheme 2015 and also the Armed Forces Pension Scheme 2015. However, pension benefits will not be able to accrue in both schemes simultaneously in respect of the same service.

If a firefighter reservist is only a member of the Firefighters' Pension Scheme 2015 then during a period of reserve forces service leave, this person will continue to accrue pension benefits under the Firefighters' Pension Scheme 2015. However, if the Ministry of Defence is paying the salary of that person during the period of reserve forces service leave then it will be for the Ministry of Defence to pay the employer contribution rate for the

2015 scheme. The scheme manager will need to provide the member with certain scheme information so that this can be passed to the Ministry of Defence in order that they can make the necessary arrangements to pay the contributions.

If a firefighter is both a member of the Firefighters' Pension Scheme 2015 and the Armed Forces Pension Scheme 2015 then during a period of reserve special forces this person will only accrue benefits under the Armed Forces Pension Scheme 2015. No contributions will be payable to the Firefighters' Pension Scheme 2015 during that period, although that person will continue to be an active member of that scheme.

Regulation 148 [Transitional provisions]

- gives effect to Schedule 2 which sets out how transitional provisions apply to members of the existing firefighters' pension schemes in relation to membership of the Firefighters' Pension Scheme 2015.

Schedule 1: Contributions for added pension

This Schedule provides for members to purchase an amount of added pension and the limits that will apply. Part 1 provides for definitions of terms used within this Schedule. Chapter 1 of Part 2 sets out the process that needs to be followed by the member in order to exercise this option. Chapter 2 of Part 2 sets out the process to be followed where a member elects to purchase added pension contributions by periodical contributions and Chapter 3 the process where the member elects to purchase through a lump sum.

Part 1 - Interpretation

In this Part:

Paragraph 1 [Interpretation]

- provides for an interpretation of the terms used throughout this schedule.

Paragraph 2 [Meaning of "amount of added pension"]

- provides for the meaning of amount of added pension and Paragraph 3 [Meaning of "added pension limit"] provides for the meaning of overall amount of added pension.

Paragraph 4 [Amount of accrued added pension may not exceed limit]

- sets out that the amount of added pension in all of the active member's accounts must not exceed the limit on added pension.

Paragraph 5 [Actuarial advice]

- sets out that the scheme manager must have regard to actuarial guidance before determining amounts under this schedule.

Part 2 – Added pension contributions

Chapter 1 – Exercising the added pension election

In this Chapter:

Paragraph 6 [Election to pay contributions for added pension]

- provides that active members may elect to pay additional pension contributions, through periodical payments or lump sum arrangements, to increase their retirement and death benefits.

Chapter 2 – Payment of added pension contributions by periodical payments

In this Chapter:

Paragraph 7 [Application of Chapter]

- sets out that Chapter 2 relates to members who purchase added pension by periodical payments.

Paragraph 8 [Member's election to pay added pension contributions]

- sets out what the election notice for a member to pay added pension contributions by periodical payments should include. Members will have the choice to purchase via a fixed amount or a percentage of their pensionable earnings.

Paragraph 9 [Periodical payments]

- makes provision for periodical payments to be made by deductions from a member's earnings, and sets out when payments should commence, or by an alternative method as agreed with the scheme manager.

Paragraph 10 [Amount of added pension for a scheme year]

- sets out that the amount of added pension to be credited to an active members account each year will be determined by the scheme manager, using actuarial guidance.

Paragraph 11 [Discontinuance and resumption of periodical payments]

- makes provision for a member to stop paying periodical payments for a period of 6 months on the ground of financial circumstances, subject to scheme manager agreement.

Paragraph 12 [Periodical payments during periods of assumed pensionable pay or no pay]

- sets out the contributions to be paid when a member is on a period of assumed pay or reduced pay.

Chapter 3 – Payment of added pension contributions by lump sum

In this Chapter:

Paragraph 13 [Application of Chapter]

- sets out that Chapter 3 relates to members who purchase added pension by lump sum.

Paragraph 14 [Member's election to pay added pension contributions by lump sum]

- requires the member to specify the amount of the lump sum in notice of election and provides that if this sum is not paid within 3 months the notice of election is void.

Paragraph 15 [Amount of added pension to be credited to added pension account]

- sets out that the amount of added pension to be credited to an added pension account will be determined by the scheme manager, using actuarial guidance.

Schedule 2: Transitional provisions

This Schedule has four parts. Part 1 provides for definitions of terms used within this schedule, including definitions of active members of an existing scheme, persons who were eligible to be active members of existing schemes and continuity of service. Part 2 explains the definition of a full protection member and sets out that while a person is a full protection member they are not eligible to be a member of the Firefighters' Pension Scheme 2015. Part 3 provides for a definition of tapered protection members and sets out that while a person is a tapered protection member they are not eligible to be a member of the Firefighters' Pension Scheme 2015. Part 4 sets out when transition members can become active members of this scheme.

Part 1 - Interpretation

In this Part:

Paragraph 1 [Interpretation]

- provides for an interpretation of the terms used throughout this schedule.

Paragraph 2 [Meaning of "eligible to be an active member" of existing scheme]

- provides for the meaning of "eligible to be an active member" of an existing scheme (either the Firefighters' Pension Scheme 1992 or New Firefighters Pension Scheme 2006). This will be a person, at a given date, who is not an active member of the Firefighters' Pension Scheme 1992 or New Firefighters' Pension Scheme 2006 but was eligible to be an active member of the New Firefighters' Pension Scheme 2006, or was on a gap in pensionable service of less than 5 years. The regulation also defines when a person, who is eligible to be a member of the New Firefighters' Pension Scheme 2006 at 31 March 2015, ceases to be an eligible member of that scheme.

Paragraph 3 [Meaning of "active member" of existing scheme]

- provides for the meaning of an active member of an existing scheme. This will be a person, at a give date, who is an active member of the Firefighters’ Pension Scheme 1992 or the New Firefighters Pension Scheme 2006, or was on a gap in pensionable service of less than 5 years. The regulation also defines when a person, who is an active member of an existing scheme, ceases to be an active member of that scheme.

Paragraph 4 [Meaning of “continuity of service”]

- sets out that a transition member (a person who has membership of an existing scheme and membership of the Firefighters’ Pension Scheme 2015) will have continuity of service unless they have a gap in pensionable service which is greater than 5 years.

Paragraph 5 [Gap in service after scheme closing date]

- explains when a person is not in a gap in service after 31 March 2015.

Paragraph 6 [Meaning of “closing date” for a tapered protection member]

- sets out the calculation for the closing date of a tapered protection member.

Part 2 – Exceptions for full protection members

In this Part:

Paragraph 7 [Meaning of “full protection member”]

- provides for the meaning of a full protection member of an existing scheme. Where a person was an active member of the Firefighters’ Pension Scheme 1992 and an active member, or eligible to be a member, of the New Firefighters’ Pension Scheme on 31 March 2012 and 31 March 2015, and would have reached Normal Pension Age as defined in the existing schemes (55 for the Firefighters’ Pension Scheme 1992 and 60 for the New Firefighters’ Pension Scheme 2006) before 2 April 2022 then that person will be a full protection member. The paragraph also sets out when a person ceases to be a full protection member.

Paragraph 8 [Exception for full protection member during protection period]

- sets out the protection period for a full protection member, and gives the power for pensionable service to continue under an existing scheme during that protection period.

Paragraph 9 [Full protection member not eligible to join this scheme]

- sets out that while a person is a full protection member they are not eligible to join the Firefighters’ Pension Scheme 2015.

Part 3 – Exceptions for tapered protection members

In this Part:

Paragraph 10 [Meaning of “tapered protection member”]

- provides for the meaning of a tapered protection member. Where a person was an active member of the Firefighters’ Pension Scheme 1992 and an active member, or eligible to be a member, of the New Firefighters’ Pension Scheme on 31 March 2012 and 31 March 2015, and would have reached Normal Pension Age as defined in the existing schemes between 2 April 2022 and 31 March 2026 (inclusive) then that person will be a tapered protection member. The regulation also sets out when a person ceases to be a tapered protection member.

Paragraph 11 [Exception for tapered protection members during protection period]

- sets out the protection period for a tapered protection member, and gives the power for pensionable service to continue under an existing scheme during that protection period.

Paragraph 12 [Tapered protection member not eligible to join this scheme]

- sets out that while a person is a tapered protection member they are not eligible to join the Firefighters’ Pension Scheme 2015.

Part 4 – Transition members becoming active members of this scheme

In this Part:

Paragraph 13 [Transition members with continuity of service]

- sets out when transition members (those persons who are tapered protection members or who do not receive any protection) who have continuity of service become active members of the Firefighters Pension Scheme 2015.

Paragraph 14 [Transition members without continuity of service]

- makes provision for a transition member without continuity of service to become an active member of the Firefighters Pension Scheme 2015 when they enter pensionable service after 1 April 2015.

Section 5

Next Steps

5.1 The Department invites consultees' views and any evidence relating to all aspects of this statutory consultation by Wednesday 12 March 2014. In particular, comments are welcomed on the following key questions:

Question 1

Do the draft regulations meet the design parameters of the Firefighters' Pension Scheme 2015 as set out in the Proposed Final Agreement published on 24 May 2012?

Question 2

Do the benefits in the draft regulations sufficiently match those in the New Firefighters' Pension Scheme 2006, with sufficient adaptations for a career average revaluation earnings arrangement?

Question 3

Are the ill-health retirement benefits and other ancillary benefits in the Firefighters' Pension Scheme 2015 sufficiently based on the benefits currently contained in the New Firefighters' Pension Scheme 2006?

Question 4

Are the benefits for part-time, retained and volunteer firefighters in line with the benefits for these firefighters as contained in the New Firefighters' Pension Scheme 2006?

Question 5

Can you foresee any administrative challenges with the draft regulations?

Question 6

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