



Department for  
Communities and  
Local Government

# Consultation on transitional arrangements for the Firefighters' Pension Scheme 2015 and the Firefighters' Compensation Scheme 2006, and amendments to the retained section of the New Firefighters' Pension Scheme 2006



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# 1. The consultation process and how to respond

## Scope of the consultation

<b>Topic of this consultation:</b>	<p>This consultation covers:</p> <ul style="list-style-type: none"><li>• amendments to the Firefighters' Pension Schemes to provide transitional arrangements for members who transfer to the Firefighters' Pension Scheme 2015 ("the Transitional Regulations")</li><li>• amendments to the Compensation Scheme to make provision for members of the Firefighters' Pension Scheme 2015 ("the Compensation Order"), and</li><li>• amendments to the New firefighters' Pension Scheme 2006 in respect of special members of the modified section of that scheme.</li></ul>
<b>Scope of this consultation:</b>	<p>This consultation seeks responses from interested parties on the draft Transitional Regulations and associated policy, and the Compensation Order and associated policy, to come into force on 1 April 2015.</p> <p>The Transitional Regulations will cover the detailed transitional arrangements for those current firefighter members who transfer across from either the Firefighters' Pension Scheme 1992 ("the 1992 Scheme") or the New Firefighters' Pension Scheme 2006 ("the NFPS") to the Firefighters Pension Scheme 2015, ("the 2015 scheme"), either on 1 April 2015 or in the subsequent 7 years. In particular the Regulations cover:</p> <ul style="list-style-type: none"><li>• retirement pension</li><li>• ill-health benefits</li><li>• survivor benefits</li><li>• refunds of contributions</li><li>• transfers between different pension schemes</li></ul> <p>The Firefighters' Compensation Scheme and Pension Scheme (Amendment) Order amends the Firefighters' Compensation Scheme (England) Order (2006/1811) to provide compensatory injury payments for members of the Firefighters' Pension Scheme 2015 who suffer an injury on duty. It also amends the Firefighters' Pension Scheme (England) Order 2006 (2006/3432) in respect of special members of the modified section of the 2006 Scheme.</p>

	A copy of the principle Regulations for the 2015 Scheme can be found at: <a href="https://www.gov.uk/government/consultations/firefighters-pension-scheme-from-april-2015">https://www.gov.uk/government/consultations/firefighters-pension-scheme-from-april-2015</a> .
<b>Geographical scope:</b>	This consultation applies to England only.
<b>Impact Assessment:</b>	The Department does not intend to produce an Impact Assessment in relation to this consultation.
<b>Equality Statement:</b>	An Equality Statement covering the introduction of the 2015 Scheme has previously been published <sup>1</sup> and is being kept under review in respect of the changes proposed in this consultation.

## 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 4 weeks, from 22 January to 19 February.
<b>Enquiries:</b>	For any enquiries, please contact the Firefighters' Pension Team on <a href="mailto:philip.perry@communities.gsi.gov.uk">philip.perry@communities.gsi.gov.uk</a> .  Alternatively, please call: Philip Perry on 0303 444 2174  Any complaints about the way this consultation is being handled should be addressed to: <a href="mailto:consultationcoordinator@communities.gsi.gov.uk">consultationcoordinator@communities.gsi.gov.uk</a> .
<b>How to respond:</b>	Please respond by email to: <a href="mailto:philip.perry@communities.gsi.gov.uk">philip.perry@communities.gsi.gov.uk</a> Alternatively, please send postal responses to:  Firefighters' Pension Team SE Second Floor Fry Building 2 Marsham Street London SW1P 4DF

	Responses should be received by close on 19 February 2015.
<b>Confidentiality and data protection</b>	<p>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).</p> <p>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.</p> <p>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 responses will not be acknowledged unless specifically requested.</p>
<b>Additional ways to become involved:</b>	Key interest groups, including fire and rescue authorities, employer representatives, and relevant unions, will be engaged directly.
<b>After the consultation:</b>	A summary of responses to the consultation will be published within three months of the end of the consultation period.
<b>Compliance with the Consultation Principles guidance:</b>	The consultation complies with the Consultation Principles guidance.

## Background

<b>Getting to this stage:</b>	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 service 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
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	<p>moderate earnings”. The Government accepted Lord Hutton’s recommendations as a basis for reforming public service pension schemes.</p> <p>On 23 May 2012, a Proposed Final Agreement was published setting out the scheme design for a new Firefighters’ Pension Scheme to be introduced in England from April 2015. The Agreement included the proposed approach for the calculation of certain, specified benefits for firefighters who transferred from the 1992 scheme to the 2015 scheme and the protection of all accrued rights.</p>
<p><b>Previous engagement:</b></p>	<p>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.</p> <p>The Department engaged with key stakeholders, including employer and union representatives during 2013 to discuss the detail of the scheme, including the treatment of benefits for firefighters who transfer from an existing scheme to the 2015 scheme.</p> <p>Starting in December 2013 and subsequently in May 2014, the Department conducted two statutory consultations on new draft regulations covering the principal elements of the 2015 scheme. Once all consultation responses had been fully considered and taken into account, the Statutory Instrument, The Firefighters’ Pension Scheme (England) Regulations 2014, on 23 October 2014, (S.I. 2014/2484) (“the 2014 Regulations”) was laid in Parliament. The Regulations can be found at: <a href="http://www.legislation.gov.uk/uksi/2014/2848/made">http://www.legislation.gov.uk/uksi/2014/2848/made</a>.</p>

## 2. Introduction

### 2015 scheme transitional arrangements

- 2.1. All public service pension schemes are being reformed in line with recommendations from Lord Hutton's independent report into public service pension schemes. These reforms include changes to Normal Pension Ages for existing and new members, replacing existing final salary schemes with new schemes operating on a career-average basis, while ensuring that any pension already built up prior to the introduction of new schemes will be honoured in full, with a final salary link to the member's ultimate retirement for pension earned in a final salary scheme.
- 2.2. The Government is protecting those members who, as at 1 April 2012, were within 10 years of their current scheme's Normal Pension Age. These members will remain in their existing pension scheme until they retire. There is also taper protection for those members who are up to a further 4 years from their scheme's Normal Pension Age. These members will remain in their existing pension scheme until their taper protection date, at which point they will transfer to the 2015 scheme. The protections are set out in Schedule 2 of the 2014 Regulations.
- 2.3. The Transitional Regulations (attached at **Annex A**), which form part of this subject of this consultation deal only with those firefighters who are accruing pension in one of the existing schemes and who will move into the 2015 Scheme, either on 1 April 2015 or at a later stage, the latest possible date being 31 March 2022.
- 2.4. The Compensation Scheme provides compensatory benefits for transitional members and 2015 scheme members who are injured on duty. In calculating a firefighter's entitlement, the Scheme makes reference to the terms of the pension scheme to which the firefighter is a member. The Compensation Scheme is being amended to ensure that it takes into account the terms of the 2015 scheme. Draft regulations are contained at Schedule 1 of the attachment at **Annex B**.

### Modified pension scheme

- 2.5. The Department introduced a bespoke section of the New Firefighters' Pension Scheme 2006 to provide pension benefits for firefighters employed as a retained firefighter between 1 July 2000 and 5 April 2006 inclusive. These pension benefits are equivalent to those available to firefighters employed as a regular firefighter during the same period and as provided for in the Firefighters' Pension Scheme 1992. The modified scheme was brought into force on 1 April 2014. Draft regulations contained at **Annex B** include draft amendments to the modified pension scheme.

## 3. Policy context

### 2015 scheme transitional arrangements

- 3.1. The 2014 Regulations, which have been laid and come into force on 1 April 2015, provide transitional protection as follows:
- All accrued rights are protected and past benefits will be linked to the individual's final salary when the member leaves the Firefighters' Pension Scheme 2015, subject to satisfying certain conditions.
  - All active members who, as of 1 April 2012, have 10 years or less to their current Normal Pension Age will remain in their existing schemes and not transfer to the 2015 Scheme.
  - 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 time limited protection. On average for every month of age they are within 14 years of their Normal Pension Age, they gain about 53 days of protection, before they transfer to the Firefighters' Pension Scheme 2015.
- 3.2. Discussions on detailed aspects of the 2015 Scheme took place during 2013 and 2014 between the Department, employer and union representatives, and other interested parties.
- 3.3. In developing the transitional regulations, the Department has sought to ensure that transition members should be treated, with respect to their accrued rights, on a consistent basis compared to the way that they would be treated had there been no reforms. Further detail on the principle policy drivers is set out below.

#### *Re-joiners policy*

- 3.4. Government policy is that any member of the 2015 scheme who rejoins a public service pension scheme after a period of deferment of less than 5 years can link their new service with previous service, as if they had always been an active member.

#### *Final salary link*

- 3.5. All benefits accrued under final salary arrangements in the 1992 and 2006 scheme will be linked to the members' final salary when they leave the reformed scheme

#### *1992 scheme*

- 3.6. The 1992 scheme was closed to new members and rejoiners on 6 April 2006. Currently, if a member opts out of the 1992 scheme, they cannot rejoin that scheme at a subsequent date. If the former 1992 scheme member wishes to join a pension scheme for firefighters, they are eligible to join the 2006 scheme as a new member



and remain a deferred member of the 1992 scheme. The *Firefighters' Pension Scheme: Proposed Final Agreement*<sup>2</sup> also set out the following policy for the treatment of accrued 1992 scheme rights at paragraph 1:

- “b. 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
- “c. members to be able to access their 1992 scheme benefits when they retire at that scheme’s ‘ordinary pension’ age (i.e. 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
- “d. members of the 1992 scheme will continue to have access to an actuarially assessed commutation factor for benefits accrued under that scheme”

#### *2006 scheme*

3.7. The 2006 scheme is currently open to new members and rejoiners. This means that where a firefighter opts out of the scheme they can join their new service with their old service.

#### *Compensation scheme*

3.8. In determining a firefighter’s eligibility for a payment or calculation of that payment under the compensation scheme, the scheme makes reference to the 1992 and 2006 scheme for determining a firefighter’s qualifying service, pensionable pay and other items relevant to making a determination. The policy objective is to ensure that, where possible, the same type of reference used for an existing scheme is updated and modified to refer to the relevant reference in the 2015 scheme in respect of 2015 scheme members. Where there is no equivalent reference in the 2015 scheme, either an appropriate reference is substituted, or an alternative provision is made. The intention is to ensure that firefighters who suffer a qualifying injury receive comparable compensation benefits to those currently available, with modifications made to take account of the new, career average scheme.

#### *Consequential provisions*

3.9. In addition to the transitional regulations, the Firefighters’ Pension Scheme (Consequential Provisions) Regulations 2015 have now been laid. These are affirmative regulations and will be debated in Parliament before they become law. These Regulations concern such matters as contracting-out from the state second pension and modifications of the tax regime. They can be found here: <http://www.legislation.gov.uk/id/ukdsi/2015/9780111125748>.

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<sup>2</sup> Firefighters’ Pension Scheme: Proposed Final Agreement, May 2012, [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/14943/120524\\_-\\_Final\\_Agreement\\_-\\_Fire\\_-\\_FINALv2.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/14943/120524_-_Final_Agreement_-_Fire_-_FINALv2.pdf)

## Modified pension scheme

### *Options exercise*

- 3.10 On the 1 April 2014, a new modified pension scheme was introduced for retained firefighters. Fire and rescue authorities had until the 1 April 2015 to undertake, and conclude, an Options exercise to identify all those former and current employees with an entitlement to join the modified scheme; inform them of this entitlement to join; provide a quote advising them of the costs of purchasing their past service; and ultimately enrol those individuals who elect to join into the modified scheme. The Department has been approached by a number of authorities who believe that they will not meet the 1 April 2015 deadline. The Department is proposing to provide authorities with an additional 6 months to conclude the exercise.

### *Interest payable*

- 3.11 The modified scheme requires the application of interest to any retrospective pension or lump sum paid, and on any employee contributions paid in respect of purchasing past service. The Department has identified an omission in the current provisions where individuals who elect to convert special service to their standard membership and are required to buy any break in scheme membership between 6 April 2006 and the date they joined the standard 2006 Scheme do not have interest applied. The Department intends to amend the 2006 Scheme regulations to correct this omission in line with the original policy.

### *Commutation factors for special members*

- 3.12 The amendments to the 2006 Scheme will also correct a number of small errors in the commutation factor tables that apply to special members who retire. These corrections will ensure that the original policy intention to provide special members with fixed commutation factors that reflect those in the 1992 Scheme as at 31 March 2014 is achieved.

# 4. Proposals for Consultation

## 2015 scheme transitional arrangements

### *Transitional Regulations*

4.1. The draft Transitional Regulations, at **Annex A**, form part of this consultation. The regulations amend either the 1992 scheme Order, the 2006 scheme Order, or the 2014 Regulations. The attached draft Regulations are currently incomplete. Where the regulations do not fully set out the policy intention, the policy objective is set out below.

### **Deferred membership (New paragraphs 36 and 37 of Schedule 2 of the 2014 Regulations, Rule 1C of Part 2 of the 2006 Order and rules 3 and 4 of Part 3 of the 2006 Order)**

4.2. A “transition member”, for the purpose of this consultation, means a member who has been moved from one of the existing Schemes to the 2015 Scheme. If such a member leaves active membership but returns after a gap not exceeding 5 years, or has been a member of another public service pension scheme within that 5 years, that individual’s new 2015 scheme service status will be treated as continuous with their previous 2015 scheme service. If the gap in membership exceeds 5 years and the member has not been in another public service scheme, the earlier 2015 scheme membership is treated as “deferred” and the new membership is treated entirely separately.

4.3. In respect of 2006 scheme transition members, if they qualify as an active member for their linked 2015 scheme membership, they will be treated as an active member in respect of their linked 2006 scheme membership. The final salary link will apply to their 2006 scheme membership. Where the member is deferred for their linked 2015 scheme membership, their 2006 scheme membership will also be deferred. This would mean that “final salary” for 2006 scheme purposes would be calculated at the point of deferral from the 2015 scheme.

4.4. A different approach applies in respect of 1992 scheme transition members as that scheme is closed to rejoiners. Due to this, the member cannot re-activate their linked 1992 scheme pension if they have a break in service while a member of the 2015 scheme. In such instances they would become deferred for their 1992 scheme pension. However, the final salary link will apply to their 1992 scheme pension where the member rejoins their linked 2015 scheme membership.

### **III-Health (Amended Regulations 51, 65, 66 and new Regulation 69A of the 2014 Regulations, new paragraphs 22, 23, 24, 25, 38 and 39 of Schedule 2 of the 2014 Regulations and amended rule 2 of Part 3 and Annex 1 of the 2006 Order)**

- 4.5. The Regulations provide that where a transition member becomes entitled to a lower-tier ill-health pension, that entitlement only arises in respect of the 2015 Scheme pension only. The lower-tier pension, in respect of their originating scheme service, is calculated in accordance with the rules of that scheme and an 'equivalent portion' is added to the ill-health pension paid from the 2015 scheme. This is to compensate for the fact that the member is not entitled to any ill-health pension from that existing Scheme. The higher tier calculation in the existing scheme is turned off, and any entitlement to a higher tier pension is calculated entirely in accordance with the 2015 scheme, but taking account of the lower tier pension from the existing scheme. Added pension is not taken into account in calculating the lower-tier pension of the link member.
- 4.6. As the member's existing pension is left in their existing scheme, it is possible for that pension to be transferred to another pension scheme, even if payment of ill-health benefits has already commenced from the 2015 scheme in respect of their existing scheme service. However, if that pension is transferred out to another pension scheme, the 'equivalent portion' is removed from the calculation of the ill-health pension paid out of the 2015 scheme.
- 4.7. When the transition member reaches the Normal Pension Age in their originating scheme, the 'equivalent portion' ceases to be payable from the 2015 scheme and is replaced by a pension from the member's existing scheme.
- 4.8. There are special provisions to deal with the cases of members who are being considered for an ill-health award at the time of transition.

**Final pensionable pay (New paragraphs 33, 34, 43 and 44 of Schedule 2 of the 2014 Regulations; and Rule 2 of Part 11 and Rule 8 of Part 12 of the 2006 Order)**

- 4.9. Where a transition member is treated as "active" in the originating scheme, the end of a transition member's pensionable service under the existing scheme is taken as being the same as the end of pensionable service in the 2015 scheme. In the case of the 1992 Scheme this means continuous pensionable service. In the case of the 2006 scheme this means that the member is treated as active in the 2015 scheme without a gap of service exceeding five years.
- 4.10. Where the final salary link applies, there is a requirement in the 2013 Act that the 2015 scheme pensionable pay definition is not less generous than the existing scheme definition which would have applied. One element of the existing scheme definition is the protection of the pension when there is a reduction in salary. To ensure that the pensionable pay definition for the purposes of the final salary link provides for the same amount of pensionable pay as the existing scheme, where a transition member's pensionable pay decreases, there is provision to ensure that this does not disadvantage the member. When the decrease occurs before transition takes place and pay does not again rise above the high point, final pensionable pay is determined wholly on the basis of the member's originating Scheme. When the decrease occurs after transition, the member's pensionable pay is taken on the basis of the pensionable pay in the last year of service before the decrease occurs. The

definition of final pensionable pay to be used includes certain allowances and supplements which have previously been deemed to be pensionable.

- 4.11. Provided a member does not have a break in active membership exceeding 5 years disregarding any period in other pensionable service, benefits relating to the member's existing Scheme will be linked to their final salary when the member ceases active membership of the Firefighters' Pension Scheme 2015.
- 4.12. If a pension has been calculated using the final salary link and is in payment, if the member concerned resumes employment and membership of the 2015 scheme, this does not cause the existing scheme pension to be re-calculated as a result.

#### **Qualifying for benefits (New paragraphs 41 and 42 of Schedule 2 of the 2014 Regulations)**

- 4.13. In considering whether a transition member qualifies for benefits in either their originating scheme or the 2015 scheme, any linked 1992, 2006 and 2015 scheme service is to be taken into account. For qualifying purposes, transferred-in membership in an existing scheme is counted on the same basis as currently.

#### **Commutation**

- 4.14. Transition members with 1992 scheme benefits will continue to be able to commute those benefits under the same arrangements as currently applied (i.e. in accordance with actuarial neutral factors). A 2015 scheme service that is continuous for a 1992 scheme transition member will also count towards determining whether the member can commute the maximum 25% of their 1992 scheme pension if they retire before age 55.

#### **Accrual rate**

- 4.15. Transition members with 1992 scheme benefits will have those benefits calculated on the basis of an accrual rate that takes into account the member's lost double accrual by taking into account pensionable service in the 2015 scheme (so if they complete 30 years' continuous service, their 1992 scheme accrual rate is effectively calculated on the basis of 45<sup>ths</sup>).

#### **Additional pension (New paragraphs 32 and 35 of Schedule 2 of the 2014 Regulations and Rule 7 of Part 11 of the 2006 Regulations)**

- 4.16. A current election to purchase additional service or increased benefits in existing schemes will remain valid even after the member transfers to the 2015 scheme. Transition members will continue to pay additional contributions on the same basis as they did before transferring from their original Scheme.

#### **Refunds of contributions (New paragraph 40 of Schedule 2 of the 2014 Regulations)**

- 4.17. If a transition member with existing 2006 scheme service ceases active membership after transferring to the 2015 scheme, their contributions are refunded if the member has a total of less than 3 months' qualifying service and further contributions for additional service ceases to be payable.

#### **Transfer of final-salary benefits (New paragraphs 45, 46 and 47 of Schedule 2 of the**

## **2014 Regulations)**

4.18. Where a person transfers in benefits from a final salary scheme upon joining the 2015 scheme, the appropriate amount is transferred into the 2006 scheme. This is because the 2015 Scheme is operated wholly on a career-average basis and does not provide for final salary pensions.

### **Authority-initiated early retirement (Rule 6 of Part 3 of the 2006 Order)**

4.19. Where a transition member is early retired on efficiency grounds under the 2015 Scheme, the employing authority must at the same time consider using the equivalent provisions in the 2006 Scheme.

### **Death benefits (New paragraphs 26, 27, 28, 29, 30 and 31 of Schedule 2 of the 2014 Regulations)**

4.20. Surviving partners of all transition members who die in pensionable service in the 2015 scheme will receive benefits under the 2015 Scheme, rather than under the member's originating scheme where that member is treated as "active" in the originating scheme. Similarly, where these members who die in service have eligible children, they will also receive benefits under the 2015 scheme, rather than under the member's originating scheme. Where the individual was a deferred member for their originating scheme, the survivor will receive deferred survivor benefits.

### **Transitional protections for modified scheme members**

4.21. The transitional regulations also apply the transitional protections to active members of the modified pension scheme. The Normal Pension Age for members of the modified pension scheme is age 55, and the transitional protections apply to members of that scheme who, as at 1 April 2012, were aged 55.

### **Employee contribution paybands for existing schemes**

4.22. Employee contribution rates in the 1992 and 2006 scheme will remain at their current rates. However, the Department is proposing to uprate the pensionable pay bands which are used to determine the contribution rate payable by the employee in 2015-16 and for subsequent years. The proposal is for the pensionable pay bands to be uprated on the same basis as the 2015 scheme pay bands, by 1% per annum, so for instance the current pay band range in the 1992 and 2006 scheme of £21,000 to £30,000 will become £21,210 to £30,300 in 2015-16, £21,422 to £30,603 in 2016-17 and so on.

## **Compensation Scheme**

4.23. The draft amendment order, set out in **Annex B**, forms part of this consultation ("the Amendment Order"). The Amendment Order contains provisions which amend the 2006 Compensation Scheme and the 2006 Scheme (in respect of special members). The proposals are set out below.

## **Eligibility**

4.24. The regulations relating to the 2006 Compensation Scheme apply to members of the 2015 Scheme who satisfy the qualifying conditions for entitlement to a compensatory award under the compensation scheme, in a similar way as it currently applies to members of the 1992 and 2006 Schemes.

## **Pensionable Pay and Reckonable Service (Amended Part 1, Rule 2)**

4.25. Pensionable pay, for the purposes of calculating an entitlement to an injury award, for 2015 Scheme members will be construed in accordance with the 2014 Regulations which sets out the provisions of the 2015 Scheme. For those individuals who failed to exercise an option to join the 2015 Scheme or who exercised an option not to join the 2015 Scheme, any injury award will be calculated in accordance with their pay that would have been pensionable under the 2015 Scheme had they not failed to opt in, or had not opted out.

4.26. For members of the 2015 Scheme, relevant service will be determined by the amount of pensionable service that they accrued under the 2015 Scheme's regulations. For those members of the 2015 Scheme who transition from one of the existing schemes, relevant service will also include any pensionable service accrued in the 1992 or 2006 Scheme, as the case may be, in relation to their employment as a firefighter.

4.27. Where an individual makes an election not to join the 2015 Scheme, relevant service will be determined by reference to the period that they had an entitlement to join the 2015 Scheme.

## **Awards on Death (Amended Parts 3, 4 & 5)**

4.28. Where a 2015 Scheme member dies from the effects of a qualifying injury, any entitlement to an 'award on death' will also apply to surviving spouses/partners and children, in the same way as they currently apply to 1992 and 2006 Scheme members.

## **Review, withdrawal and forfeiture of awards (Amended Part 9)**

4.29. The current provisions for reviewing, withdrawal and forfeiture of an injury award will extend to 2015 Scheme members, in the same way as they currently apply to members of the 1992 and 2006 Schemes.

## **Prevention of duplication of awards (Amended Part 10, Rule 3)**

4.30. The current prevention of duplication of awards will, where applicable, cover payments made under the 2015 Scheme, in the same way as they currently apply to the 1992 and 2006 Schemes.

# Modified Scheme

## **Options exercise (Part 11, rule 6C)**

4.31. To facilitate the successful implementation of the Options exercise, the Department is proposing to amend the scheme so that all outstanding cases that are still being processed on 31 March 2015 will be provisionally enrolled to the modified scheme on that date. Provisionally enrolled members will only become special members of the modified scheme if they subsequently confirm that they wish to proceed with an election to join the scheme when the relevant authority has provided them with the required pension quote. The proposed amendment will provide authorities with an additional 6 months to finalise all those cases where the individual has been provisionally enrolled.

## **Commutation factors (Annex ZA)**

4.32. Following the identification of a small number of errors, the commutation factors that apply to special members of the modified scheme will be amended to correctly reflect those in the 1992 Scheme as on 31 March 2014, in line with the original policy.

## **Interest on past service employee contributions (Part 11, rule 13A)**

4.33. Individuals who elect to convert their special service in the modified scheme to standard service in the 2006 Scheme, and, by virtue of this election, is required to pay additional standard employee contributions in respect of any break in membership between 6 April 2006 and the point of they joined the 2006 Scheme, will have interest applied to the contributions owed.

## **Additional amendments**

4.34. In addition to the proposed amendments mentioned above, there are a number of other minor amendments proposed to correct legislative references included in the modified scheme. These proposed amendments are as follows:

- Part 1, Rule 2 to correct legal references to the definition of special deferred member; special eligibility conditions; special firefighter member; and special pensioner member;
- Part 2, Rule 2A to remove superfluous wording; and to clarify the specific Part that the provision is referring to;
- Part 11, Rule 5A(1) to remove superfluous wording; and
- Part 11, Rule 6A(2) to insert a missing “to”.



## 5. Next steps

5.1. The Department invites consultees' views on the following questions:

### Question 1

Does the draft Transitional Regulations meet the policy commitments for transitional arrangements set out in the Proposed Final Agreement and other published policy documents?

### Question 2

Does the draft Transitional Regulations correctly calculate the benefits (including on ill-health) for transition members?

### Question 3

Do the draft amendments to the Compensation Scheme ensure that new and transition members of the 2015 scheme will be eligible for compensatory benefits and that they will be correctly calculated?

### Question 4

Do you agree that all eligible members of the modified pension scheme who have yet to be enrolled by their employer should be provisionally enrolled into modified scheme until they have completed their options exercise? Do you agree that a further 6 months provides sufficient time for authorities to conclude the exercise?

### Question 5

Do the draft amendments to the modified section of the 2006 scheme deliver the policy objectives?

**Question 6**

Do you agree that the pensionable pay bands in the 1992 and 2006 scheme should be updated on the same basis that apply to the 2015 scheme?

**Question 7**

Do you consider that there are any further equality issues concerning these draft regulations, which the Department hasn't considered in the Equality Statement for the published 2015 scheme?<sup>3</sup>