

Consultation draft 18/12/07 – Old Scheme

2008 No.

FIRE SERVICES

PENSIONS

The Firefighters' Pension Scheme Amendment (Scotland) Order 2008

<i>Made</i> - - - -	2008
<i>Laid before Parliament</i>	2008
<i>Coming into force</i> -	2008

The Scottish Ministers make the following Order in exercise of the powers conferred by section 26(1) to (5) of the Fire Services Act 1947(a), sections 12 and 16 of the Superannuation Act 1972(b), and all other powers enabling them to do so.

Citation, commencement, effect and extent

1.—(1) This Order may be cited as the Firefighters' Pension Scheme Amendment (Scotland) Order 2008.

(a) 1947 c.41, repealed by section 52 of, and Schedule 2 to, the Fire and Rescue Services Act 2004 (c.21) ("the 1947 Act"). Subsections (1) to (5) of section 26 continue to have effect for the purposes of the scheme established under that section as the Firemen's Pension Scheme and set out in the Firemen's Pension Scheme Order 1992 (S.I. 1992/129), by article 3 of S.I. 2004/2306. The name of the scheme was changed to the Firefighters' Pension Scheme by article 4(1) of S.I. 2004/2306. Section 26 of the 1947 Act was amended by section 1 of the Fire Services Act 1951 (c.27), section 42 of the Reserve and Auxiliary Forces (Protection of Civil Interests) Act 1951 (c.65), section 33 of, and Schedule 3 to, the Theft Act 1968 (c.60), sections 16 and 29 of, and Schedule 8 to, the Superannuation Act 1972 (c.11), section 100 of, and Schedule 27 to, the Social Security Act 1973 (c.38), section 1 of, and Schedule 1 to, the Social Security (Consequential Provisions) Act 1975 (c.18), section 32 of the Magistrates' Courts Act 1980 (c.43), article 2 of the Social Security (Modification of Fire Services Act 1947) Order 1976 (S.I. 1976/551), section 1 of the Police and Firemen's Pensions Act 1997 (c.52) and section 256 of, and Schedule 25 to, the Civil Partnership Act 2004 (c.33). The functions of the Secretary of State as regards Scotland were transferred to the Scottish Ministers by virtue of the Scotland Act 1998 (Transfer of Functions to the Scottish Ministers etc.) Order 1999, article 2 and Schedule 1 (S.I. 1999/1750) and the Scotland Act 1998 (Transfer of Functions to the Scottish Ministers etc.) Order 2006, article 2 and the Schedule (S.I. 2006/304).

(b) 1972 c.11; section 12 was amended by section 10 of the Pensions (Miscellaneous Provisions) Act 1990 (c.7). The functions of the Secretary of State as regards Scotland were transferred to the Scottish Ministers by virtue of the Scotland Act 1998 (Transfer of Functions to the Scottish Ministers etc.) Order 1999, article 2 and Schedule 1 (S.I. 1999/1750). Section 16 applies section 12 with the necessary modifications to orders under section 26 of the Fire Services Act 1947. Section 16 is repealed by section 52 of, and Schedule 2 to, the Fire and Rescue Services Act 2004 (c.21) but continues to have effect, for the purposes of the Firefighters' Pension Scheme, by virtue of article 3 of S.I. 2004/2306.

- (2) This Order shall come into force on [XXX] 2008, but—
- (a) the amendment made by article 2 and paragraph 1 of Schedule 1 (new rule B5A: entitlement to two pensions) shall have effect from 1st April 2007; and
 - (b) the other amendments made by article 2 and Schedule 1 shall have effect from 1st July 2007.
- (3) This Order extends to Scotland only.

Amendment of the Firefighters' Pension Scheme Order 1992

2. Schedule 1 to the Firefighters' Pension Scheme Order 1992(a) as it has effect in Scotland shall be amended in accordance with the Schedule to this Order.

Authorised to sign by the Scottish Ministers

St Andrew's House,
Edinburgh
[] 2008

SCHEDULE

Article 2

AMENDMENT OF SCHEDULE 1 TO THE FIREFIGHTERS' PENSION SCHEME ORDER 1992

1. In Part B (personal awards), after rule B5 (deferred pension), insert—

“Entitlement to two pensions

B5A.—(1) A regular firefighter who—

- (a) on taking up a different role; or
- (b) becoming entitled to a different rate of pay in his existing role,

suffers a reduction in the amount of his pensionable pay such that the amount to be taken into account in the calculation of the pension to which he will be entitled at normal pension age is less than it would otherwise have been, is entitled to two pensions.

(2) The amounts of the pensions shall be those found by applying the formulae set out in paragraphs (3) and (4) but, where the aggregate of those amounts exceeds that of the single award to which the firefighter would be entitled under paragraph (6) if he were to give notice under that paragraph or under paragraph (7) if he were to make an election under rule G3, his entitlement shall be to an amount equal to the amount of that single award.

(3) The amount of the first pension is that found by applying the formula—

(a) S.I. 1992/129, amended by S.I. 1997/2309 and 2851, 1998/1010, 2001/3649 and 2005/3228, and S.S.I. 2001/310, 2004/385, 2005/566, 2006/342 and 2007/200. The Scheme was made under section 26 of the Fire Services Act 1947 (c.41). That Act was repealed by section 52 of, and Schedule 2 to, the Fire and Rescue Services Act 2004 (c.21). The Firefighters' Pension Scheme and subsections (1) to (5) of section 26 were continued in force, for the purposes of the scheme established under that section as the Firemen's Pension Scheme, by S.I. 2004/2306. The name of the scheme was changed by article 4(1) of S.I. 2004/2306.

$$\frac{A \times B \times D}{C \times 60}$$

where—

A is the firefighter's average pensionable pay for the year ending with his last day of service at the higher rate of pay;

B is the firefighter's pensionable service up to that day;

C is the firefighter's total pensionable service; and

D is the total number of 60ths that would have been used in the calculation of the firefighter's single award had he given the instruction referred to in paragraph (6).

(4) The amount of the second pension is that found by applying the formula—

$$\frac{E \times F \times D}{C \times 60}$$

where—

C and D have the same meanings as in paragraph (3);

E is the firefighter's average pensionable pay for the year ending with his last day of service; and

F is—

(a) where the aggregate of—

(i) the pensionable service used to ascertain the value of B in his case for the purpose of the formula in paragraph (3); and

(ii) his pensionable service for the period commencing with his first day of service at the lower rate of pay and ending with his last day of service,

exceeds 30, the difference between B and 30;

(b) in any other case, his pensionable service for the period commencing with the first day of service at the lower rate of pay and ending with his last day of service.

(5) Subject to paragraph (6), the pensions become payable on the date on which a pension would have become payable to the firefighter in whichever of the circumstances referred to in rules B1, B2, B3 and B5 applies in his case.

(6) A firefighter who is entitled to two pensions under this rule may, before leaving the employment of the fire and rescue authority by which he is employed, by written notice instruct the authority to make a single award which shall be calculated in accordance with whichever of rules B1, B2, B3 and B5 is applicable in his case.

(7) Where a firefighter who would be entitled to two pensions under paragraph (1) makes an election under rule G3, he shall be entitled instead to a single pension, calculated as if it were a deferred pension to which he was entitled under rule B5.

(8) In paragraph (1), "role", in relation to a firefighter, means the role in which he is for the time being employed, being a role set out in "Fire and Rescue Services Rolemaps" issued by the National Joint Council for Local Authority Fire and Rescue Services in August 2005(a).

Additional pension benefit: long service increment

B5B.—(1) A regular firefighter who—

(a) in respect of a period that includes 30th June 2007 is entitled to a long service increment or to an interim or transitional payment connected with long service, and

(b) on or after 1st October 2007—

(a) The document is accessible at <http://www.lge.gov.uk/lge/aio/52173>

(i) retires from employment as a regular firefighter, or
(ii) becomes entitled to a deferred pension under rule B5,
shall be credited with an amount of additional pension benefit.

(2) Subject to paragraph (3), the amount of additional pension benefit is that calculated in accordance with the formula—

$$\frac{A + (B \times 2) \times \pounds 990}{60}$$

where—

A is the number in years (counting part of a year as the appropriate fraction) by which the firefighter's pensionable service up to and including 30th June 2007 exceeds 15 but does not exceed 20; and

B is the number in years (counting part of a year as the appropriate fraction) by which his pensionable service up to and including 30th June 2007 exceeds 20.

(3) Where the Retail Prices Index for the month of September preceding the relevant tax year is higher than it was for September 2007, the amount of additional pension benefit (as calculated in accordance with paragraph (2) and, if applicable, this paragraph) shall be increased by the same percentage as the percentage increase in the Retail Prices Index.

(4) Any increase in accordance with paragraph (3) shall be applied with effect from the first Monday of the relevant tax year.

(5) In this rule—

“relevant tax year” means a tax year in relation to which—

(a) the amount of a firefighter's pension benefits is calculated for the purposes of this Scheme; and

(b) he is not in receipt of a pension under this Scheme or entitled to a deferred pension under rule B3; and

“tax year” means the period of 12 months beginning with 6th April.

Additional pension benefit: continual professional development

B5C.—(1) A regular firefighter who, in any CPD year beginning with the year commencing on 1st July 2007, receives CPD payments, shall be credited with an amount of additional pension benefit in respect of that year.

(2) Subject to paragraph (3), the amount of additional pension benefit in respect of a CPD year shall be determined on 1st July immediately following the year in question in accordance with guidance and tables provided by the Scheme Actuary.

(3) Where the Retail Prices Index for the month of September preceding the CPD year is higher than it was for the month of September in the CPD year in question, the amount of additional pension benefit for that CPD year (as calculated in accordance with paragraph (2) and, if applicable, this paragraph) shall be increased by the same percentage as the percentage increase in the Retail Prices Index.

(4) Any increase in accordance with paragraph (3) shall be applied with effect from the first Monday of the relevant tax year.

(5) In this rule—

“CPD payments”, as regards a firefighter, means payments made to him by his employing authority in respect of his continual professional development;

“CPD year” means a period of 12 months beginning with 1st July in which a firefighter is in receipt of CPD payments;

“relevant tax year” means a tax year in relation to which—

(a) the amount of a firefighter's pension benefits is calculated for the purposes of this Scheme, and

(b) he is not in receipt of a pension under this Scheme or entitled to a deferred pension under rule B5;

and a tax year is a relevant tax year in relation to a particular CPD year if it is the tax year in which CPD payments for that CPD year are taken into account; and

“tax year” means the period of 12 months beginning with 6th April.

Additional pension benefit: supplementary provisions

B5D.—(1) Subject to paragraphs (2) and (3), additional pension benefit under rule B5B or B5C is payable from normal pension age or, in the case of a regular firefighter to whom rule B1 (ordinary pension) applies, from the date of his retirement.

(2) Where the firefighter resigns or is dismissed or makes an election under rule G3, additional pension benefit is payable at normal benefit age^(a); and paragraphs (4) and (5) of rule B5 (deferred pension) shall apply in relation to that benefit as if it were a deferred pension to which he was entitled under that rule.

(3) Where the firefighter is required to retire on grounds of permanent disablement (rule A15), his additional pension benefit is payable immediately.

(4) For the purposes of rules B7 and B8, additional pension benefit shall be treated as if it were a pension payable under this Part.

(5) For the purposes of determining the amount of any survivor’s pension under Part C, Part D or Part E or pension credit under Part N, additional pension benefit shall be treated as if it were a pension payable under this Part.”.

2. In Part G (pensionable pay and contributions)—

(a) in rule G1(pensionable pay and average pensionable pay)—

(i) for paragraph (1) substitute—

“(1) Subject to paragraph (2), the pensionable pay of a regular firefighter is the aggregate of—

(a) the amount determined in relation to the performance of the duties of his role (whether as a whole-time or part-time employee); and

(b) the amount (if any) paid to him in respect of his continual professional development.”;

(ii) in paragraph (3), for “paragraphs (5) to (7)”, substitute “paragraphs (5) to (7C)”;

(iii) after paragraph (7) insert—

“(7A) The average pensionable pay of a regular firefighter who—

(a) is entitled to a long service increment; and

(b) retires after 30th September 2006 and before 1st October 2007, or becomes entitled to a deferred pension under rule B5 within that period,

shall be calculated—

(i) as if his long service increment had accrued at the rate of £990 per annum (disregarding the reduction in the amount of the long service increment that had effect in relation to times on and after 1st October 2006), and

(iii) disregarding any LSI-related payment.

(7B) The average pensionable pay of a regular firefighter who—

(a) is entitled to additional pension benefit under rule B5B (additional pension benefit: long service increment), and

(b) retires on or after 1st October 2007,

(a) By virtue of rule A2(1) of, and Part 1 of Schedule 1 to, the Scheme, “normal pension age” is 60.

shall be calculated on the basis of whichever of the following paragraphs yields the greater amount—

- (i) the calculation is made with regard to the amount credited to him under rule B5B, but without regard to his long service increment and any LSI-related payment, or
- (ii) the calculation is made with regard to his long service increment and any LSI-related payment, but without regard to the amount credited to him under rule B5B.

(7C) The average pensionable pay of a regular firefighter shall be calculated without reference to any additional pension benefit credited under rule B5C (additional pension benefit: continual professional development).

(7D) In paragraphs (7A) and (7B) “LSI-related payment” means an interim or transitional payment made to a regular firefighter in connection with his long service.”; and

(b) in rule G3 (election not to pay pension contributions)—

- (i) in paragraph (1), for “paragraph (8)”, substitute “paragraphs (1A) and (8)”; and
- (ii) after paragraph (1) insert—

“(1A) An election not to pay contributions may not be made solely in respect of contributions relevant to additional pension benefit under rule B5C (additional pension benefit: continual professional development).”.

EXPLANATORY NOTE

(This note is not part of the Order)

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

The amendments to the 1992 Scheme in terms of article 2 and the Schedule to this Order have effect from 1st July 2007 except for the amendment in terms of paragraph 1 of that schedule (new rule B5A: entitlement to two pensions) which has effect from 1st April 2007. The power to give retrospective effect is conferred by section 12 of the Superannuation Act 1972, as applied by section 16(3) of that Act.

The amendment that introduces new rule B5B relates to the discontinuance, with effect from the end of June 2007, of long service increments payable to firefighters who have at least 15 years' continuous service at that point. The amount of the increment, which was pensionable, was frozen, with effect from 7th November 2003, at the annual rate of £990 and reduced, with effect from 1st October 2006, to an annual rate of £495 (but some fire and rescue authorities made compensatory interim or transitional payments). The effect of the amendment that introduces the related new rule G1(7A) is that the pension of a regular firefighter who was entitled to a long service increment and either retires or becomes entitled to a deferred pension after 30th September 2006 but before 1st October 2007 will be calculated (in accordance with rule G1(3)) without regard to the reduction in the annual rate. The effect of the amendment that introduces new rule G1(7B) is that the pension of a regular firefighter who was entitled to a long service increment (or a compensatory interim or transitional payment) and either retires or becomes entitled to a deferred pension on or after 1st October 2007 will be calculated (in accordance with rule G1(3)) either with regard to the amount credited under new rule B5B and without regard to his actual long service increment (and any compensatory interim or transitional payment) or with regard to his actual long service increment (and any compensatory interim or transitional payment) and without regard to the amount credited under new rule B5B, according to whichever rule produces the more beneficial result for the firefighter.

Other amendments are consequential on the introduction by the National Joint Council for Local Authority Fire and Rescue Services, with effect from 1st July 2007, of a new scheme of payments in respect of continual professional development. Under that scheme the payments are subject to annual review and therefore temporary in nature. For that reason, they would not ordinarily be regarded as pensionable for the purposes of the Scheme. However, the amendments have the effect of making the payments part of pensionable pay. This attracts, among other provisions, those of rule G2 of the Scheme, which require the making of pension contributions in respect of pensionable pay. But the amendment that introduces new rule G1(7C) provides for additional pension benefit credited in respect of continual professional development to be disregarded for the purposes of determining the amount of average pensionable pay (on which the amount of the ordinary pension is based).

The amendment to rule G3 of the Scheme ensures that a person cannot make an election to discontinue pension contributions only in respect of additional pension benefit under new rule B5C.

A full impact assessment has not been produced for this Order, as no impact on the private or voluntary sectors is foreseen.