



Office of the  
Deputy Prime Minister  

---

Creating sustainable communities

# *Government Proposals for a New Firefighters' Pension Scheme*

---

Government Response to the Consultation

September 2005

A response issued by the  
Office of the Deputy Prime Minister, the Scottish Executive  
the Department of Health, Social Services and Public Safety for Northern Ireland, and  
the Welsh Assembly Government

Office of the Deputy Prime Minister  
Eland House  
Bressenden Place  
London SW1E 5DU  
Telephone: 020 7944 4400  
Web site: [www.odpm.gov.uk](http://www.odpm.gov.uk)

© Crown copyright 2005.

*Copyright in the typographical arrangement rests with the Crown.*

*This publication, excluding logos, may be reproduced free of charge in any format or medium for research, private study or for internal circulation within an organisation. This is subject to it being reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the publication specified.*

*For any other use of this material, please write to HMSO Licensing, St Clements House, 2-16 Colegate, Norwich NR3 1BQ. Fax: 01603 723000 or e-mail: [licensing@hmsso.gov.uk](mailto:licensing@hmsso.gov.uk).*

Further copies of this publication are available from:

ODPM Publications  
PO Box 236  
Wetherby  
West Yorkshire  
LS23 7NB  
Tel: 0870 1226 236  
Fax: 0870 1226 237  
Textphone: 0870 1207 405  
E-mail: [odpm@twoten.press.net](mailto:odpm@twoten.press.net)  
or online via [www.odpm.gov.uk](http://www.odpm.gov.uk)

Printed in Great Britain on material containing 75% post-consumer waste and 25% ECF pulp (cover) and 100% post-consumer waste (text).

September 2005

Product Code 05 FPD 03365 (b)

---



---

**ISSUE 1: CLOSURE OF EXISTING SCHEME**

*The existing Firefighters' Pension Scheme (FPS) should be closed to new members once the new scheme has been finalised and no later than 1 April 2006 and new entrants to the Fire and Rescue Service (FRS) should join the new pension scheme from that date. (paragraphs 1.2 and 4.1 – 2)*

- 
- |       |  |  |
|-------|--|--|
| 1.1   | The existing scheme is too expensive and inflexible. The new Scheme will harmonise with the Local Government Pension Scheme (LGPS) and give greater flexibility in employment terms.   | We welcome these comments.   |
| 1.2   | Trainee firefighters joining the service from 2006 will know exactly what pension they are entitled to and should have no cause for complaint.   |  |
| <hr/> |  |  |
| 1.3   | Existing firefighters should have the flexibility to transfer to the new scheme if they wish or to retain preserved retirement benefits.   | Members of the FPS will have the option to join the new scheme if they wish after it comes into operation on 6 April 2006. The details of transfer arrangements will be subject to consultation before the new scheme order is made.   |
| <hr/> |  |  |
| 1.4   | The introduction of any new pension scheme should not impact upon the existing FPS and the benefits that the existing scheme provides for existing members.  | Amendments to the existing FPS are the subject of separate consultation. Changes as a consequence of the new tax regime must be reflected in the FPS. The same will apply in respect of any future legislation e.g. amendments to tax and social security requirements, which have an impact on the structure of occupational pension schemes. |
| <hr/> |  |  |
| 1.5   | What is the likelihood of new entrants exercising their option of contributing towards a more attractive pension scheme of their choosing, and not necessarily joining the FPS? Danger of existing scheme continuing its free fall into deficit due to the lack of any income from new entrants. | Firefighters may already opt out of the FPS and few do so. The new scheme will be a final salary one and will therefore also be attractive to members of the FPS. In consequence it is not anticipated that many potential members will opt not to join.   |

---

1.6 How would the two schemes be paid for?	<p>The arrangements in England for financing both the FPS and the new pension scheme are the subject of separate consultation. The proposed new arrangements would mean that authorities would be charged pension contributions, in respect of current employees, to cover the accruing cost to the employer of the pension scheme. The pension contributions would not be invested in a fund as the judgement is that payments to scheme pensioners would not need to be financed out of a fund but could be met from general revenue – ultimately backed by the ability of governments to raise revenue.</p> <p>In Northern Ireland (NI) the financial arrangements differ from those in England, because of structural variations in the respective fire services. However, consideration is being given to whether any of the proposed changes in England could be applicable in NI and, if changes are deemed necessary, a separate consultation will take place. In Scotland and Wales, separate financing arrangements are in place.</p>
1.7 The two schemes will operate in parallel, which may cause additional administrative burden.	Some additional burdens are inevitable but we aim to minimise these.
1.8 It is wrong to create a situation where two firefighters working together are paying different pension contributions and accruing different benefits.	<p>This is inevitable if any change is to be made to the pension arrangements. The alternative would be to close the existing scheme and transfer members into the new scheme for future service. We do not think that this would be welcomed.</p>
1.9 A new scheme effective from a specified date creates a “cliff edge”: a member joining a day later than a colleague finds himself or herself in a different scheme.	<p>This is inevitable and unavoidable. Recruits to the FPS will be aware of the new arrangements before joining.</p>

---

---



---

## ISSUE 2: MEMBERSHIP OF SCHEME

*Membership should be limited to firefighters, whatever duty system they work (regular or retained). (paragraphs 2.1 – 2)*

---

- |     |  |   |
|-----|--|---|
| 2.1 | This is positive for retained firefighters and might assist in overcoming recruitment and retention problems. It will also contribute to the general, and desirable, erosion of barriers that exist between wholetime and retained firefighters.   | We welcome these comments which are supportive of the proposals.  |
| 2.2 | At long last, pension provision is to be made for retained, volunteer and auxiliary firefighters.  |   |
| 2.3 | The incorporation of retained personnel into the new FPS is to be welcomed given the current disproportionate benefits received from the current scheme in relation to non pensionable service for those retired as a result of injury sustained on duty and the financial burden this places on Fire and Rescue Authorities (FRAs). |   |
| 2.4 | Thought should be given to what the definition of a 'firefighter' will be in the future given that many FRAs are making the case for non operational jobs to be undertaken by staff who would currently be covered by the LGPS.  | As the pension arrangements become more closely aligned with those for members of the Local Government Pension Scheme (LGPS) there is a case for all FRS employees to be able to join one scheme. However, this is not expected to be the case for a considerable time. |
| 2.5 | In keeping with the thematic review on equalities, shouldn't all employees of the Fire and Rescue Services (FRS) be allowed admittance to the scheme? This is made possible by the firefighters' scheme more closely matching the LGPS both in terms of benefits and contributions.  |   |

---

<p>2.6 What about a rural fire authority with a large proportion of firefighters on the retained duty system – will Central Government fully fund the additional cost arising from retained firefighters joining the scheme?</p>	<p>FRAs have been pressing for pension arrangements for firefighters on the retained duty system as an aid to recruitment and retention and some of the costs should be offset by these benefits. In addition the risk carried by the existing arrangements which give retained duty firefighters pensions and injury benefits linked to those of wholetime regular firefighters, if injured on duty, will be removed. Under the new financing arrangements for England set out in the consultation document published on 8 February 2005 authorities' operating accounts will be charged pension contributions, in respect of current employees to cover the accruing cost to the employer of the pension scheme. Pensions will be paid from a separate local pension account, into which the employer and employee contributions will be paid. Central Government will top up any deficit and recoup any surpluses.</p>
<p>2.7 It is a great pity that part-time (retained) firefighters in the latter stages of their career will not benefit from the proposed scheme.</p>	<p>This is inevitable. Retained duty firefighters have been compensated for the absence of a pension scheme through bounty payments and non-contributory pensions if injured on duty. They will be able to purchase additional service and transfer in from other pension schemes in certain circumstances.</p>
<p>2.8 Control room staff should be able to join the FPS. The difficulty of their jobs has been ignored for too long</p>	<p>The new FPS will continue to reflect the fitness requirements of the firefighter's job and, therefore, it is not considered that membership of the new FPS would be appropriate at this time. Control room staff are entitled to membership of the LGPS.</p>
<p>2.9 It will increase the membership of the Scheme which will impact on authorities' ability to fund the Scheme. Whilst the number of contributions would rise, so would the costs.</p>	<p>The new financing arrangements will smooth the impact on English FRAs' budgets as authorities will pay pension contributions, in respect of current employees to cover the accruing cost to the employer of the pension scheme. Pensions will be paid from a separate local pension account, into which the employer and employee contributions will be paid. Central Government will top up any deficit and recoup any surpluses.</p>

---

2.10	There has been a failure to guarantee and consult on the new death and injury provisions at the same time as the proposed changes in pension arrangements. It's not right to remove these long-held injury and death benefits.	Injury benefits are separate from pension arrangements and are non-contributory: they provide a top-up to any occupational pension scheme entitlement. We will be publishing proposals for new compensation arrangements.
------	--	---

---

### ISSUE 3: NO COMPULSORY RETIREMENT AGE

*There should be no compulsory retirement age. (paragraphs 2.4 – 5)*

---

3.1	This is in line with age discrimination law expected to come into effect in October 2006 and in line with general Government policy to keep people at work longer.	These comments are welcome.
3.2	The removal of a compulsory retirement age would enable late entrants into the Service to improve their potential pension benefits.	
3.3	There should be a competency/fitness based approach to firefighters remaining operational and, as a consequence, the removal of any compulsory retirement age.	
3.4	The scheme should be flexible enough to allow employees to gradually reduce their service towards the end of their employment without detrimental impact on pension benefits.	It is the intention to provide flexibility so that members may step down or make other changes to their working arrangements during the course of their service.
3.5	It is envisaged that Fire and Rescue Authorities will have additional costs arising from the increased use of occupational health services.	Authorities are already expected to have adequate occupational health arrangements. For people joining the service now such arrangements will enable their fitness to be monitored throughout their working life. This will be beneficial and should ensure that costs do not increase disproportionately.

<p>3.6 There is a likelihood that ill-health retirements will increase as older firefighters find themselves unable to meet the appropriate fitness standards, with no opportunity for redeployment. Further actuarial studies should be undertaken to ascertain the potential costs to the pension scheme of an increase in ill-health retirements, due to older firefighters being unable to meet the required fitness standards.</p>	<p>This point will be factored into our consideration of normal pension age. The new pension scheme will provide sufficient flexibility to reduce the risk of an increase in ill-health retirements. Changes in the firefighters' role and wider job opportunities, plus more flexible options for retirement should ensure that the FRS can continue to work towards reducing ill-health retirements.</p>
<p>3.7 There must be a set of definitive, national standards to determine fitness for role put in place before the compulsory retirement age is removed. Continued active operational service beyond age 50 should be subject to meeting agreed minimum medical standards through periodic medical examination.</p>	<p>As has been made clear during preparations for the application of the Disability Discrimination Act to the FRS, and subsequently, it is no longer possible to set definitive, prescriptive medical standards. It has always been a requirement that a firefighter should demonstrate appropriate role related competency/fitness levels in order to remain operational. The removal of the compulsory retirement age will not affect that requirement.</p>
<p>3.8 What is in issue is the age at which a firefighter is able to retire without having an actuarial reduction applied to his or her immediate pension.</p>	<p>At a firefighter's request, and subject to the FRA's consent, a scheme member will be able to retire before normal pension age, from age 55, with an actuarially reduced pension. If the FRA wants to retire a firefighter in the interest of the efficiency of the Fire and Rescue Service, then the FRA meets the actuarial cost of paying an unreduced early pension.</p>
<p>3.9 Where is the evidence that supports the suggestion that front-line fire service work will become more akin to that of control room and support staff?</p>	<p>The range of duties of a firefighter is now wider than in the past; and some of the roles undertaken by firefighters are also done by other staff.</p>
<p>3.10 No compulsory retirement age will lead to an increased number of ill health retirements.</p>	<p>Fitness for duty is the determining factor under discrimination legislation and not age. The broadening of the role of the firefighter will also create additional job opportunities.</p>



---

3.11	There should be a compulsory retirement age at 65 and/or aligned to the qualifying age for accessing state pension.	If FRAs and other stakeholders consider there should be a compulsory retirement age, this would be more appropriate to conditions of service than to the pension scheme.
------	---	--

---

#### ISSUE 4: NORMAL PENSION AGE

*The normal pension age: there are arguments for age 65, although we need to be satisfied that the roles which firefighters may be expected to carry out in the future will allow members to continue working to that age. Other possibilities are 55 and 60 (paragraphs 2.6 – 11). The deferred pension age should be age 65 (paragraph 2.12).*

---

##### ***Increasing the retirement age***

4.1	We welcome the opportunity to retain staff with special skills/knowledge.	This comment is welcome.
4.2	The role of a firefighter is akin to that of a police officer. If a full career in the police service is 35 years then the same recognition ought to be made in the case of the fire service.	As was made clear in the consultation document, we believe that there are differences between the future career needs of the Police and FRS and that different pension arrangements are appropriate. For example, greater emphasis on fire safety will create a wider range of job opportunities where some experience of firefighting and other emergency work will be beneficial.
4.3	It is impossible to predict whether the volume of non operational jobs will arise sufficient to employ a significant proportion of persons no longer fit for operational duties.	It is clear from the responses that most parts of the service do not believe that there is yet any guarantee that there will be sufficient non-operational jobs available for firefighters who are no longer fit for firefighting and other emergency work to justify increasing the normal retirement age to 65. It appears to be accepted that a 40 year scheme based on a normal pension age of 60 is workable. New ill-health retirement arrangements and wider job opportunities will reduce the risk of the change resulting in a greater burden of early ill-health retirements.
4.4	Increasing the retirement age will not prevent firefighters retiring “early” on grounds of ill-health or otherwise.	

---

4.5 A way to offset the need to serve 40 years in the fire and rescue service before accruing a full pension could be the introduction of a scheme whereby new entrants can transfer any pension, including a private pension, into the new Firefighters Pension Scheme. This would not only offset the likelihood of staff retiring on ill-health grounds it could also be seen as a means of financing the new scheme.	Such arrangements will be available.
4.6 Changing the retirement age will create an aging fire service.	The average age of entry to the FRS is already rising and this trend is expected to continue. In addition, it is anticipated that more members of the service will take time out or spend part of their working life on part-time duties. It is desirable therefore, that members should be able to increase the value of their pensions. Provided that members satisfy fitness requirements this will not cause operational problems.
4.7 Integrated Risk Management Plans require the availability of personnel. If all members of the Service can be called out then there is sufficient flexibility in the system. That won't exist in an older workforce working in non-operational roles.	The new arrangements will give FRAs the opportunity to allow early retirement with immediate payment of pension without actuarial reduction for efficiency/structural reasons.
4.8 Setting the normal retirement age above age 55 may create equality issues as it is anticipated that one likely outcome of the modernisation programme is an increase in female operational personnel and there could develop a scenario whereby a significant proportion of the workforce will have a retirement age of 55 (i.e. those employed before 1 April 2006) and those employed thereafter (i.e. increased female members) will have a retirement age of 60 or 65.	Women have been under-represented in the FRS and changes to the FPS which came into operation in September 2004 and the new pension scheme may hasten the change in the composition of the workforce. It is possible that these changes, taken together, would result in a higher proportion of female firefighters than male having a higher retirement age of 60 rather than 55. But it is wrong to suggest that this would somehow discriminate against women. This is because the distinction would be on the basis of joining date, not gender.

***Retirement age 65***

- 4.9 We support the introduction of an NPA of age 65, but with a similar option as the LGPS, where the scheme member could choose to retire with actuarially reduced benefits from age 60, without the employers' consent.
- 4.10 The arguments presented for a normal pension age of 65 are sound. However, the assurance that there will be jobs available for a significant proportion of persons who are no longer fit for operational duties is difficult to quantify.
- 4.11 Very few personnel will be capable of full operational duties within that age bracket. There is limited opportunity to redeploy personnel into non operational roles especially within small to medium size fire and rescue authorities.

***Retirement age 60***

- 4.12 The option for the normal retirement age to be 60 and access to deferred pension at 65 years will help phase in the expectation of improved firefighters' performance set against ensuring that the age profile of the workforce remains fairly balanced.
- 4.13 We recommend that it would be wise to set an upper age limit at 60 years of age with staff being allowed to continue in service until 65 years of age subject to achieving full fitness.
- 4.14 We would support the option to provide a normal pension age of 60 although this should be subject to review.
- 4.15 Operational firefighting and other types of civil emergency work will continue to be arduous, demanding high levels of physical fitness from those engaged in such activities. It would be prudent to set a normal pension age of not more than 60.

We accept that there is not widespread support for a normal pension age (NPA) of 65. The main argument against is uncertainty about the availability of non-operational jobs for those who no longer meet the fitness standards for firefighting and other emergency response work. Scheme design will allow those who wish, and for whom suitable work is available, to continue in FRS employment beyond age 60. Stepping down provision would also enable people to remain in employment and as members of the pension scheme beyond age 60. We will keep the arrangement under review and will propose changes if it becomes clear that a normal pension age of 65 is viable. It is proposed that those on the retained duty system should be treated like other part-time staff with the same entitlements to remain in service as long as they are fit for role and with the same access to ill-health pensions.

The new scheme will provide for a NPA of 60. It will also provide for payment of benefits from age 55 with actuarial reduction. If the person is required to retire by the FRA for efficiency/management reasons an unreduced pension will be paid.

- 4.16 This has not been fully thought through for Retained Duty System (RDS) personnel, for whom such alternative duties are unlikely to be widely available. Many RDS personnel do want to continue serving past the age of 55, and there is no reason why those that want to and are medically fit could not continue serving until aged 60 or even 65. RDS personnel should not be denied retirement benefits if there is no suitable alternative employment simply to avoid paying pension benefits.

***Retirement age 55***

- 4.17 We believe that the normal retirement age should be no higher than the proposed minimum of 55 for all roles.
- 4.18 The right to receive retirement benefits from age 55, with the employer's consent, should also be available, although an appropriate actuarial reduction should be applied.
- 4.19 We would dismiss the option of a normal pension age (NPA) of 55, as this does nothing to move the scheme on.

---

---

**ISSUE 5: SINGLE ACCRUAL**

*There should be single accrual. There is a range of options, the main ones being a pension based on 60ths with optional commutation or a pension based on 80ths with a fixed lump sum of 3 or 4 x pension. (paragraphs 2.13 – 18)*

- 
- 5.1 We very much appreciate proposals that the new scheme should move away from the existing commutation tables that discriminate between sexes. There was general support for single accrual.
- 5.2 A single accrual rate does not disadvantage people who join the service late and is therefore supported.
- 5.3 Fast accrual acts as a perverse incentive in ill-health cases, so single accrual must be introduced.

5.4 A revised accelerated accrual on the basis of what was suggested is administratively too complicated to administer, and we do not believe there is any merit in pursuing this further.	We agree.
5.5 Given the move toward a later retirement age, and the recognition that the role of the fire service is changing, it is logical that the accelerated accrual measures current within the existing scheme should not be transferred into any new arrangement.	
5.6 More financial information is required to answer this area. We would want to ensure that final pension benefits were attractive but affordable.	We do not believe that single accrual as proposed under this issue in the consultation impacts on the final value of the pension benefits.
5.7 We assume that any revision to commutation for ordinary pensions would apply equally to all other pension types, e.g. widows and children. We would, therefore, favour a single accrual rate that makes pension benefits directly proportional to completed years' pensionable service. Since we cannot support a 40 year pension scheme, we are not willing to suggest a preferred accrual rate. We do, however, suggest that accrual rates need not be expressed only in terms of 1/60th or 1/80th. We see no good reason why, if desired, an accrual rate could not be expressed as 1.3/60ths, 50ths or 70ths for example, to accommodate a particular length of service to accrue maximum benefits.	It is intended that pension benefits will be in proportion to pensionable service.
5.8 If the commutation option is retained at lower cost the gender based differential for the commutation factor should be removed.	There will be a single factor unrelated to the gender of the person.
5.9 We believe that a fair rate of return would be provided by a factor of £20:£1 rather than the suggested £12:£1.	£12:1 has been proposed but no final decision has been taken at this stage in determining the detailed design of the new scheme. Commutation will be optional and members will need to decide on the basis of what they would regard as best value for their own situation.
5.10 We believe that the suggested commutation factor may be subject to challenge as not providing a fair rate of exchange to the member.	

<p>5.11 We find it difficult to comment on the two options. We would prefer to see additional options based on differing accrual or contribution rates.</p>	<p>The two options were proposed as providing pensions of similar value.</p>
<p>5.12 The accrual rate should be one sufficient to provide an adequate pension for the employee and be affordable.</p>	<p>We believe that the alternatives proposed would provide good pensions at a cost which would be affordable to both employee and employer.</p>
<p>5.13 There should be no fast accrual. Additional risks for operational duties should only be recognised by appropriate salary level which will impact upon pension level indirectly.</p>	<p>We agree.</p>
<p>5.14 We feel that the proposed new arrangements for accrual rates cannot be accepted as beneficial to new entrants. If the years required to achieve a full pension were to be increased from 30 to 40 years, a faster accrual scheme is still justifiable for ordinary retirements. Costs would actually go up under a uniform accrual scheme because proportionally more pension benefit would be accrued in the early years. End-loading service accrual would also act as an incentive for firefighters to stay in service.</p>	<p>The present arrangement would appear to discriminate against those who join the service later in their working life or take time out. This is unacceptable. Whilst it has always been argued that end-loading accrual encourages firefighters to stay in service in fact it has acted as a perverse incentive, encouraging members to leave at the most financially beneficial time to themselves and not necessarily in the interest of the Fire and Rescue Service.</p>
<p>5.15 We cannot lend support to amending the accrual rates for future members as it is an undoubted worsening of benefits.</p>	
<p>5.16 We do not accept any need to change the current basis of fast accrual of pensionable service after the completion of 20 years of service.</p>	
<p>5.17 The proposal to adopt a single commutation factor does not fairly reflect the actual circumstances in respect of age and sex.</p>	

---

***Single Accrual Based on 60ths***

- |      |   |  |
|------|---|--|
| 5.18 | Prefer 60ths with optional commutation as more flexible.  | Respondents generally seem to prefer the option of a single accrual based on 60ths with optional commutation. This has the benefit of giving an option to the member to take either a lump sum or to receive a larger pension; and because it is an arrangement which the FRS is used to should be readily understood. The new scheme will therefore provide for this. |
| 5.19 | Commutation would be the preferred option as it is already a feature of the existing scheme and a principle that can be understood within the service. In addition not every member may want a fixed sum.   |  |
| 5.20 | We would support single accrual based on 60ths with commutation on a single commutation factor.   |  |
| 5.21 | The commutation option should be favoured as it gives more choice to individuals.   |  |
| 5.22 | On the rate of accrual we would support the continuation of a 60ths scheme, with the individual option to commute up to max. allowed by I.R Rules (25%) of this as a lump sum. This links to an overriding principle within the Government's overall pension reforms to increase flexibility over the benefits on offer (at no cost to the scheme). |  |

***Single Accrual Based on 80ths***

- 5.23 Current commutation arrangements are too costly when compared with other Schemes, so harmonisation with other Schemes on 80ths with a lump sum of 3 x pension must be considered to reduce costs.
- 5.24 We would suggest that single accrual is the best option based on 80ths and, as previously mentioned, a fixed lump sum. This would align with the proposals for the new LGPS.
- 5.25 A single accrual rate based on one-eightieth with a fixed lump sum of four times the pension would appear to offer a reasonable benefit package.

---



---

**ISSUE 6: ACCRUAL OF MAXIMUM (40 YEARS) BEFORE PENSIONABLE AGE & WORKING BEYOND NORMAL PENSIONABLE AGE**

*For those who accrue maximum service (40 years) before normal pension age the excess service should accrue for pension purposes and for those who work beyond normal pension age the additional service should be allowed to accrue for pension purposes (paragraphs 2.13-18)*

---

6.1	We support the proposal that employees who accrue maximum service before normal pension age should be able to accrue further benefit for excess service, and that for those employees who work beyond normal pension age, any additional service should be allowed to accrue for pension purposes.	This is welcome.
6.2	It should be possible for an individual to opt to freeze their pension after 40 years and cease to make further contributions if they wish.	It is intended that members should be able to accrue benefits over and above 40 years. If members can accrue more than 40 years, they must expect to have to continue paying contributions.
6.3	Consideration should be given to the possibility of accelerated accrual or actuarial increase on service beyond the scheme normal pension age (NPA), to reflect the fact that the benefit will actually be received a shorter length of time than originally expected.	A person transferring in pensionable service from another scheme will only be allowed to purchase service to give 40 years by age 60. The overall cost of the scheme is premised on the basis that some people will continue in employment beyond normal retirement age and that the value of their benefits will increase. As it is proposed that the scheme should remain final salary, the pension benefits will reflect any pay increases between NPA and a person's retirement. There are also benefits that are paid if a member dies whilst an active member of the scheme.

---



---

**ISSUE 7: DEFINING PENSIONABLE PAY (CORE PAY/OTHER EMOLUMENTS)**

*Pensionable pay should be defined by reference to core pay and possibly other permanent emoluments. (Paragraphs 2.19 – 22)*

---

***Make Core Pay and any permanent emoluments Pensionable***

7.1	Make core pay pensionable and nothing else. The idea of pension benefits via a stakeholder or personal pension should be encouraged.	These comments are welcomed.
-----	--	------------------------------



- 7.2 We support the principle that pensionable pay should be core pay. This would resolve one of the inherent difficulties with the flexible duty system, as a person would be able to leave the flexible duty system without it affecting their pension entitlement.
- 7.3 Pensionable pay should be confined to those elements of remuneration which are characterised as being permanent or a guaranteed element of normal pay. Payments such as Additional Responsibility Allowances or Professional Development Allowances are characterised as being withdrawn with reasonable notice and not guaranteed and should be treated as temporary and therefore should not be pensionable.
- 7.4 We believe that only core pay and permanent pensionable emoluments should be used in the calculation of pension awards and employee contributions.
- 7.5 Pensionable pay should include some allowances. For London there are sound arguments that London Weighting should be included in core pay. Temporary promotion should also be deemed pensionable as at present.
- 7.6 The definition of pay should continue to include both core pay and permanent emoluments: too drastic an alteration to the scheme's definition could lead to calls to assimilate current non core emoluments into the core package. Rather than controlling costs this could actually serve to increase the pension liabilities within the scheme and act in the opposite way to that which we believe is intended.

---

7.7 Continuing Professional Development (CPD) increments should be permanent and pensionable.

There is an argument over whether CPD is permanent – if it is not, then it should not be pensionable because otherwise a person would pay contributions but might get no benefit. This will need to be resolved.

<p>7.8 In the case of retained firefighters it is considered that the retaining fee should be treated as an element of core pay on the grounds that it is a permanent payment. For many the retaining fee is a substantial element of their pay.</p>	<p>This is accepted.</p>
<p>7.9 It should be left to individual fire authorities to determine what allowances other than above, if any, should be pensionable. It is accepted that more irregular payments such as overtime and expenses etc should remain non pensionable.</p>	<p>Under the new financing arrangements in England, this would mean that the cost of one FRA's more generous approach would be shared by all as an increased value in the scheme would be reflected in increased contribution rates. Central funds would pick up any shortfall between contributions and costs. This is not acceptable. A consistent approach is required between all FRAs.</p>
<p>7.10 There needs to be a differential between permanent and temporary emoluments, for example, the new Additional Responsibility Allowances (ARAs) are provided as temporary reward systems and should NOT be included as pensionable pay.</p>	<p>The new scheme will not preclude FRAs from establishing separate stakeholder pensions if they wish to supplement the main scheme.</p>
<p>7.11 We would like to see core pay made pensionable and firefighters given the option to pay any additional emoluments into a money purchase type top up arrangement. It is felt that this would keep costs down, is advantageous administratively and gives the individuals a choice over whether they wish to pension their fluctuating emoluments.</p>	
<p>7.12 It makes sense for the members to supplement pensionable benefits by way of other pension initiatives i.e. stakeholders pension.</p>	

- 
- 7.13 We feel that payments for officers performing the Flexible Duty System should be treated as pensionable pay, to do otherwise would act as a considerable disincentive for those wishing to achieve senior roles within the service.
- 7.14 Flexible duty allowance. Officers currently receiving Flexible Duty Allowance are integral to the maintenance of the fire and rescue services operational response. Once occupying a flexible duty post any further promotion will be into a post that also forms part of this response. Working the Flexible Duty System requires a commitment to be available for some 76 hours per week at a ridiculously low hourly rate. It seems outrageous that this should not be considered pensionable. We accept that this may not be the case in the future as non-operational posts may be filled by suitable former operational staff. We accept that it might, in the future, be possible to lose this allowance where a person moves to a non-operational role. In such cases, we would call for some protection of benefits.
- 
- 7.15 We suggest that any regular payments, upon which staff depend to maintain their lifestyle, be treated as pensionable. However, to accommodate potential variation in levels of additional payments, we accept that benefits need not be provided by the FPS. Instead, we would favour the automatic purchase of pension entitlement through arrangements within the fire authority to cater for the purchase of benefits additional to either the FPS or LGPS. Administration and procurement of such arrangements might be provided through regional or national collaborations.
- Pension should reflect permanent emoluments. Whilst this remains an allowance which may be withdrawn if a person changes their duty system there can be no justification for making it pensionable. If a person in receipt of the allowance wishes to use it to purchase additional, alternative, pension benefits they will be allowed to.
- Members would be free to purchase additional, and alternative, pension benefits of their own choice.

<p>7.16 We strongly urge that fire and rescue authorities automatically purchase additional benefits for staff in receipt of responsibility payments in the same way as we suggested for staff working a Flexible Duty System.</p>	<p>It should be for staff to decide for themselves whether they use non-pensionable pay to increase pension benefits either through buying added years or stakeholder pension arrangements.</p>
<p>7.17 We consider that treating such payments as non-pensionable would contradict stated government policy of allowing people to maintain living standards.</p>	
<p>7.18 Compensation for loss of FRA income/and or loss of primary employment earnings for retained duty firefighters should be pensionable.</p>	<p>It is the loss of employment in the FRS for which the person is compensated. We have, therefore, to avoid the concept of primary and secondary employment, particularly as other part-time staff may have employment outside the service, which they might regard as equal to their FRS duties. This means that to treat retained duty employees differently to other employees, for example part-time regular firefighters, would be discriminatory. It is the responsibility of the individual to insure themselves against loss of income from other employment.</p>
<p>7.19 Prolonged absence prior to retirement not due to an injury – pension benefits need to reflect previous normal earnings.</p>	<p>Yes. We would propose arrangements similar to those in the LGPS which would allow the employing authority to look at the person's pay in the last 12 months of receipt when determining pension.</p>
<p>7.20 Acting-up pay should be non-pensionable. Temporary promotion pay should be pensionable as there may be a significant number of Retained Duty System (RDS) personnel in receipt of such pay.</p>	<p>The usual arrangement in the public service is for pay on temporary promotion to be pensionable. We would propose to follow this practice.</p>
<p>7.21 Inclusion of the hourly rate as pensionable pay would include additional hourly rate payment for duties such as cleaning, admin, cadet leaders, etc.</p>	<p>In the case of employees on the retained duty system, it is intended that pensionable service will be calculated as a proportion of a whole-time equivalence on an annual basis. If such additional duties are part of the role of the member, the pay would be pensionable.</p>

---



---

## ISSUE 8: CHANGING ROLE – MITIGATION OF EFFECTS

*The scheme should incorporate measures to mitigate adverse effects on the pension benefits built up by a member who moves from operational to nonoperational duties or who steps down from a more senior role. Should firefighters' pensions be based on career average earnings? (paragraph 2.23)*

---

### **Measures to Mitigate?**

- |     |  |  |
|-----|--|--|
| 8.1 | We support the proposal for protection of pensionable pay and the need to have in place a pension scheme that is sufficiently flexible to meet the changes in working patterns of employees and working practices of employers.  | These comments are welcome.                      |
| 8.2 | We welcome the proposal to allow firefighters to retain the benefit of higher earnings in previous years if their pay reduces in their last years of service following a reduction in rank following a period of temporary promotion.  |  |
| 8.3 | Protection arrangements similar to those in the LGPS, should be included to ensure that firefighters do not suffer loss of pension when changing to a lower paid role within the Service. Because Fire and Rescue Service have staff who will be members of either the new FPS or the LGPS, who are equally subject to a changing workforce, protection of pensionable pay should be on the same footing for both schemes. | We will look at options to see what is suitable. |
| 8.4 | A certificate of material change would assist in preventing an adverse impact on change to salary levels should this arise. The certificate would allow earlier higher pay to be used in the pension calculation and thereby assist in preventing an adverse impact on change to salary levels should this arise.  |  |
| 8.5 | Phased retirement should be included in the proposals where part of the pension could be drawn whilst the person continues to work in a lower paid role. This is in line with proposals put forward by ODPM for the LGPS.  |  |

- 8.6 We support the treating of the two periods of service before and after the pay reductions as separate for pension purposes as well as best pensionable earnings (say over the past three years).
- 8.7 One option would be to allow members to carry on paying contributions on a notional pay, i.e. the option to pay contributions on pre-reduced pay.

---

8.8 If firefighters are not fit to perform operational duties they should be retired. If they are fit for non-operational duties but no vacancy exists then that should be recognised as a compulsory retirement.

We would propose to retain the provision in the existing FPS which enables a FRA to continue the employment of a firefighter in non-firefighting duties if there is a suitable post but otherwise enables the person to be retired with an ill-health pension if there has been a breakdown in health. FRAs would (for management reasons) be able also to retire scheme members from age 55 on the pension earned up to the date of early retirement. The FRA would be responsible for the cost of paying the actuarial reduction that would normally be made if someone took early retirement.

---

8.9 As not all Retained Duty System personnel will receive a normal retirement pension, the effect of keeping them on prolonged "light duties" could be an attempt to avoid paying an injury pension, and usually on a much reduced income.

FRAs will be expected to apply the terms of any new pension scheme fairly and ensure that scheme members receive the benefits to which they are entitled.

---

***Pensions based on career average earnings?***

- 8.10 Although there are difficulties in administration of career average earnings this seems to be the sensible way forward to accommodate a more flexible working career pattern.
- 8.11 Career average pay would provide more equality in pension provision. A career average scheme would be more equitable to all staff regardless of salary level, career progression etc.

Although there was some support for career average, the overwhelming preference was to retain final salary because of its clarity and the fact that the pensions of other local government staff are expected to continue to be calculated on this basis.

- 8.12 It is particularly relevant to the retained service whose pay fluctuates significantly over the period of their careers.
- 8.13 The actuarial costs of a career average scheme should be less than those of a final salary scheme enabling the long term funding position of the FPS to be more acceptable to employers and ultimately council taxpayers.
- 8.14 We would advocate that pensions should be based on career average earnings or final salary, whichever yields the greatest pension for the individual concerned. Some flexibility should be built into the pension scheme to allow for this decision to be made on an individual basis.
- 8.15 A final salary scheme is not well adapted to employments with fluctuating pay, however protection can be best achieved by using step-backs to pick up higher pay.
- 8.16 In dealing with the possible redeployment of firefighters to lower paid posts we would agree with a proposal which, on retirement, looks at the best pensionable earnings in the last 13 years or the two separate periods, if this produces a better award.
- 8.17 There would need to be safeguards built in to the averaging process to ensure that there were no disproportionate benefits accrued by members choosing to leave earlier.
- 8.18 There would need to be care taken care on how earlier years of earnings are inflation proofed.
- 8.19 We do not see merit at this time in considering career average pay provisions, as this is not seen as consistent with other public sector schemes, particularly the LGPS.

- 8.20 A pension scheme based upon final salary is clear from the outset of the employment contract being entered into, and is one where future pension costs can be more accurately calculated and planned for. On this basis, we support a new pension scheme being based upon final salary and not career average earnings.
- 8.21 We would not favour a pension based on career average pay and we lean more toward the option to 'pick up' the best retrospective earnings over an extended period.
- 8.22 The career average earnings option is not recommended as this would need a much lower accrual rate of perhaps 1/148th to give equivalent benefit value to current scheme.

---

---

#### ISSUE 9: OPTION TO PAY AT 55

*There should be an option for payment of pensions from age 55 at the discretion of the employer. (paragraphs 2.24 – 28)*

- 
- |  |   |
|--|---|
| 9.1 It would be advantageous to have the discretion to allow individuals to retire early if it was in the interests of efficiency of an Authority.   | These comments are welcomed. As outlined under Issue 4 above, it is proposed that members should have an option to retire with the agreement of the FRA from age 55 with an actuarially reduced pension. An unreduced pension would be payable if early retirement was in the interest of the FRS, i.e. for structural or efficiency reasons. It should be for each FRA to establish its own criteria. Provided a FRA had established clear and objective criteria it would be difficult for it to refuse an unreduced pension if justified by the circumstances of the case. In due course, we will consider the case for parallel arrangements which would allow for redundancy in appropriate cases. |
| 9.2 The proposal is of value in seeking to alleviate the potential problems of early leavers.  |   |
| 9.3 This needs to be linked to a reduction in benefits if leave at age 55 years, so reduces impact of the shortfall of reduced years on the Scheme. This should be at no additional cost to the employer.                            |   |
| 9.4 There is potential for difficulties in the interpretation of this proposal. Objective criteria would be needed on what the discretion should be based. The criteria for the early payment of pensions should be clearly defined. |   |



- 9.5 This would be a discretionary scheme with early exit only allowable with the Authority's consent, rather like the LGPS Early Retirement Policy.
- 9.6 There should not be an automatic right to the payment of actuarially reduced benefits, the fire authority would have to consider each case separately, depending upon costs and their overall manpower situation.
- 9.7 Reasons and qualifications for the employer wishing to retire an employee before normal retirement age and not for reasons of ill-health should be clear.
- 9.8 If a firefighter is unable to meet the high standards of physical fitness it ought to be recognised – medical inability to continue in the job with a consequent entitlement to an ill-health pension.
- 9.9 Costs to be borne by fire authorities could therefore encourage authorities to refuse this option and also encourage a culture of ill health retirements.
- 9.10 Normal pensionable age should remain at 55 until it can be demonstrated that the potential for stress caused by working in an emergency service environment is insignificant.
- 9.11 An appropriate mix of pension and/or compensation needs to be developed.
- 9.12 Forced retirement should be recognised as compulsory early retirement, equivalent to the similar arrangements in the civil service, providing for added years of notional service.

---

---

**ISSUE 10: PENSION CONSEQUENCES FOR FIREFIGHTERS RETIRING DUE TO ILL-HEALTH REASONS**

*Firefighters retired for ill-health reasons who can take alternative regular employment should have an immediate unenhanced pension. Those permanently disabled from taking regular full-time employment should have enhanced pensions. Enhancements should be limited by reference to normal pension age, or 40 years service, whichever is the lower. (paragraphs 2.29-32)*

---

- |   |  |
|---|--|
| 10.1 All pension schemes are bringing this in, so seems to be fair.   | There was general support for the proposal that new ill-health arrangements should be introduced based upon a two-tier arrangement.  |
| 10.2 We feel that the proposed new arrangements for ill-health retirements would be beneficial and therefore recommend agreement.   | The first providing an unenhanced pension to those who can take regular employment. We will need to consider the definition of "regular" to ensure that it is not discriminatory to any particular group of scheme members and that it does not impact adversely on the cost to the FRA. The value of any pension paid needs to be linked to average conditioned hours worked over a period of time. |
| 10.3 We fully support the proposals for the new look ill health provisions, including the review of ill health awards. We feel that the two tier approach to ill health will enable the scheme to provide a reasonable cover for those who are or will be capable of some future employment, while also providing the fullest benefit for those that cannot.        |  |
| 10.4 The Government should not underestimate the physical demands in the operational environment upon firefighters.   |  |
| 10.5 How operable this element of the scheme is would depend upon the definitions of regular employment and clear guidance would be required. If there is no adequate definition of regular employment then the number of appeals presuming there is an appeals process is likely to increase.  |  |
| 10.6 Fire authorities should not be restrained from providing the maximum enhancement where it is clearly right to do so. There may be merit in retaining reference to the degree of disability, as currently exists. Alternatively, and within an overall limit, fire authorities could be given discretion as to the amount of enhancement awarded on ill health. |  |

- 10.7 The scheme should provide for individuals in receipt of such benefits to be regularly assessed.
- 10.8 It leaves a grey area around the assessment of whether a disability is permanent or not. An employee who is adjudged to have a non permanent disability and can take up alternative employment may wish to appeal later that their disability has now become permanent. Similarly an employee who has a permanent disability may subsequently take up employment. How are these two eventualities to be dealt with?
- 10.9 This proposal is supported but there is concern at the inclusion of 'full time' in the second sentence of issue 10 as it is printed in the consultation documents. Paragraphs 2.29 to 2.32 consistently refer to 'regular employment' and the Board supports the use of the term 'regular employment'.
- 10.10 We oppose the idea of a two-tier arrangement for ill-health pensions.

---

10.11 It creates another "cliff edge". A former firefighter who is able to work as a lift attendant or shelf stacker should not receive massively different benefits from another former firefighter who has a marginally more serious disease or injury. The scope for contentious disputes and appeals is obvious.

Injury awards are not part of the pension arrangements and are non-contributory. Under tax rules, the current arrangements cannot continue and the death and injury compensation arrangements must be placed into a separate scheme. We shall be consulting on these arrangements as soon as practicable.

10.12 It is difficult to discuss ill health awards in isolation from proposals for injury awards. We do not think it is possible to agree to a pension scheme containing ill health retirement provisions without seeing the other half of the picture.

---

10.13 In the case of injury benefits the calculation methods need to be reviewed as they are becoming disproportionately expensive.

The compensation scheme will provide compensation for loss of earnings capacity if any injury is attributable to the person's employment in the FRS.

---

***Unenhanced pension for those who can take alternative regular employment***

- |   |   |
|---|---|
| 10.14 Firefighters who are fit enough to take up alternative employment should only access unenhanced pension benefits.   | This is agreed. See responses above.  |
| <hr/>   |   |
| 10.15 Private sector pension schemes commonly provide ill health pensions on the basis that, once an ill health pension is awarded, it can be reduced later if the pensioner does in fact find alternative employment.  | The pension scheme will provide a pension based upon length of pensionable service with some enhancement if the member is unable to take regular employment. If as a result of a qualifying injury, i.e. one attributable to their employment, there is a loss of earnings capacity, the FRA will be able to compensate the individual through the compensation arrangements. |
| 10.16 What is meant by “alternative regular employment”? This change may create difficulties for medical advisers. No definitive definition was given to the term ‘regular’ which may lead to some inconsistent application.  | We do not propose any change to the arrangements in the existing FPS which only provides compensation for loss of earnings capacity and has no regard to the availability of alternative employment. The existing arrangement which allows a FRA to retire a person with an ill-health pension if there is no alternative job available in the FRS will continue to apply.    |
| 10.17 There must be provision to revisit the decision on earning capacity to take account of actual ability when entering the jobs market.  |   |
| 10.18 It is difficult to see how it will work in practice. Modern technology means that even those with the most profound physical difficulties can usually do some sort of work with a computer, therefore are all scheme members going to be denied pension enhancement?  |   |
| 10.19 This will have a particularly severe impact on older workers: they may be fit to work but unable in fact to find another job.   |   |
| <hr/>   |   |
| 10.20 Unless this process is applied in a fair and equitable manner, and does not apply such tests as the Department for Work and Pensions fit for work test, it will limit a FRA's ability to re-organise the service and re-deploy firefighters as there is a limit to the light duties available even with the move to more preventative measures. | The FRS can only be expected to compensate for loss of earnings capacity and not for lack of availability of jobs.  |

---

***Enhanced pension for the permanently disabled***

10.21 Firefighters who are found to be permanently unfit to take alternative employment should receive enhanced pension benefits.

10.22 Enhancements, where appropriate, should be harmonised with the LGPS.

10.23 The number of scheme members who would be permanently incapable of taking up regular employment would be very few. In these circumstances, we would support the enhancement of pension but this would be subject to review if at any time in the future the former employee obtained employment.

To ensure a smooth incremental enhancement the proposal is that we introduce a moderating factor into the calculation of the enhancement for the higher tier ill health retirement award.

This would provide a smooth increase without creating the perverse incentives of the provisions of the current scheme. For the new scheme those with under 5 years' service would not receive any enhancement but for those with 5 years and over the accrued service would be increased by the moderating (percentage) factor plus a proportion (the same percentage) of prospective service (up to 40 years by normal pension age). The formula would be as shown as below:

If the member has 5 or more years service then we would define prospective service to be the time from the date of retirement to the earlier of:

- The date of the member's 60th birthday; or
- The date on which the member would have completed 40 years service if they had continued to be contributing members of the scheme;

To determine the amount of enhanced service using a factor of 2% would give:

Service + ( 2 / 100 x Service x Prospective Service ), Subject to a maximum of 40 years enhanced service.

Example: scheme member age 30 years with service of 7 years 68 days (7.186) and average pensionable pay of £25,000.

To calculate enhancement –  $2/100 \times 7.186$  (current service)  $\times 30$  years (prospective service to age 60) = 4.312 years. If this is added to current service  $4.312 + 7.186 = 11.498$  years. This service would be used in the calculation of the higher tier pension.

To calculate the ill health pension:  
 $11.498/60 \times £25,000 = £4,790.83$ .

---

---

## ISSUE 11: SURVIVOR PENSIONS TO UNMARRIED PARTNERS

*Survivor pensions should be extended to unmarried partners. (paragraphs 2.34-37)*

---

- |   |  |
|---|--|
| <p>11.1 We have long argued for extending the provisions of the pension scheme to unmarried partners and therefore welcome the inclusion of this proposal.</p> <p>11.2 This needs to link to one person named by the employee.</p> <p>11.3 Proof of dependency or interdependency is commonly accepted by pension schemes on the basis of evidence other than nomination forms or length of cohabitation. Having children, or a joint tenancy or mortgage, or joint bills ought to be enough.</p> <p>11.4 This proposal is accepted provided the conditions suggested with its introduction have no financial implications on Fire &amp; Rescue Authorities.</p> <p>11.5 We would wish to see a consistency of this criteria with all other public sector pension schemes.</p> <p>11.6 The scheme needs to cater for instances where the death of the scheme member occurs within the 2 years qualification period.</p> <p>11.7 An appropriate system of registering "partner status" by test of financial inter-dependency must be fully explored.</p> <p>11.8 The requirement that in order to qualify for pension the partner and Firefighter must have been living together in an exclusive relationship for at least 2 years, and are free to marry, is going to present a significant increase in the administrative burden to pension administrators. In addition, the evidence required to prove an exclusive relationship of 2 years is fraught with difficulties.</p> | <p>There is clear support for partner pensions. In accordance with the general requirement placed upon all public service pension schemes, the cost of this will have to be borne by the membership. We propose to establish criteria in line with those adopted by other schemes including the Civil Service Premium Scheme i.e., the partner should have been nominated by the member before death; the couple should have been living together in an exclusive relationship for at least two years; and they are free to marry or enter into a civil partnership. We believe that this will simplify matters for FRAs and reduce the administrative burden and limit the scope for dispute.</p> |
|---|--|

11.9 If there needs to be some form of proof that the couple are living in a relationship akin to marriage, we cannot see why that needs the production of a nomination before the point of death.	
11.10 We don't accept that a two year period of cohabitation is proof of the strength of the relationship or the state of dependency.	
11.11 Does the criteria of "free to marry" impact in a prejudicial way against same sex partners?	The introduction of civil partnership will provide equivalent criteria for same sex partners.
11.12 The benefits should also be extended to same sex family units. However this should be a practical arrangement put in place to register or nominate an eligible partner as outlined in the consultation document.	
11.13 Clear definition and guidelines need to be in place. We would also support some abatement of benefits where there is a significant age gap between partners.	See comment below.
11.14 Where presently there are arrangements for divorced partners to be effectively taken into the scheme are separated unmarried partners to be allowed the same rights?	The requirement to provide for sharing of pensions on divorce or the breakdown of a civil partnership is provided for by law. There is no such requirement in relation to unmarried partnerships and we consider that it would be too complex to introduce it through the pension scheme and provide endless scope for dispute in an area in which the FRA should not be involved.
11.15 We support the proposals to reduce benefits payable to a spouse/partner who is significantly younger than the scheme member. This reflects standard practice in the private sector.	It is Government policy to reduce benefits in this way and is being implemented in new public service schemes to mitigate the risk to schemes from introducing lifetime survivor pensions.
11.16 The introduction of arrangements to limit the cost to a scheme where there is a significant age gap between the scheme member and their spouse/partner is unfair, inequitable and potentially discriminatory.	

11.17 There is not sufficient evidence to support the introduction of age differential benefit reductions and therefore do not support the proposal as described.

---

11.18 Survivor pension should not cease on remarriage. It is probably unlawful, as an unjustified interference with property rights in contravention of Article 6 of the European Convention of Human Rights.

Survivor pensions will be paid for life in the new scheme.

---

---

## ISSUE 12: MAXIMUM SPOUSE/PARTNER PENSION – CHILDREN'S PENSION

*Maximum spouse/partner's pension should be 25% of the member's pensionable pay, payable for life; and the children's pension too should be a percentage. (paragraph 2.38)*

---

12.1 We would agree with the 50% survivors' pension before any lump sum is taken into account.

We would be unable to extend widow(er)s' pensions for life under the existing scheme without an increase in pension contributions.

12.2 An option which further harmonises the Scheme with other public sector Schemes.

12.3 We would be happy with the 1/160ths accrual rate.

12.4 We support the proposal that a spouse/partner's pension should be payable for life.

12.5 The pension should be payable for life for all widows who are already receiving a pension from the current pension scheme.

12.6 This would be achieved by either 50% of the firefighter's pension in a 1/180 scheme or by an accrual rate of 1/160 in a 60th scheme.

12.7 We see no justifiable case made to reduce benefits payable to dependants.

12.8 The proposed widow(er)s' pension will be lower than the existing widow(er)s' and there can be no justification for this.

12.9 This would represent a clear reduction in benefits from those contained in the existing scheme, under which a spouse's pension is not reduced to reflect the capital drawn down by commutation.



- |   |  |
|---|--|
| 12.10 A five year guarantee should be provided so that if a pensioner dies before the pension has been paid for five years, the balance of the five years is paid to the pensioner's spouse or partner as a lump sum. | We agree and propose that there should be a guarantee of five years of pension payments for retired scheme members and that where a balance of pension benefits becomes payable after the death of the pensioner the balance will be paid as a supplementary death lump sum. |
|---|--|

---



---

### ISSUE 13: DEATH BENEFIT

*Death benefit should be 3 x pensionable pay. (paragraphs 2.39 – 41)*

- |  |   |
|--|---|
| 13.1 This provides consistency with other public service pension schemes It is in line with proposals for the LGPS and the Police Pension Scheme and the recently introduced Principal Civil Service Pension Scheme. | There was a general welcome to the proposal that the death benefit should be 3 x pensionable pay. |
| 13.2 We would even welcome a move to 4 times.  |   |

---



---

### ISSUE 14: MEMBER CONTRIBUTION

*Scheme members should pay a contribution of about one third of the costs. On the basis of a normal pension age of 65, costs will range from 19% to 24% of pay depending on the benefits paid, giving a contribution of 6.5% to 8%. (paragraphs 3.1 – 3)*

- |  |   |
|--|---|
| 14.1 We support this idea completely. We would expect the employee rate to be around 7% – 8%, in line with proposals for the LGPS.     | There was general acceptance that scheme members should pay a contribution of about one third of the costs. |
| 14.2 This proposal appears to be in line with that found in similar schemes – we would not be opposed to such a level of contribution. |   |
| 14.3 A normal pension age of 60 will result in contributions falling within those outlined above.                                      |   |

<p>14.4 The cost reduction for employers will take a number of years to be realised as the majority of existing scheme members are likely to remain in the current scheme.</p>	<p>The new financing arrangements should mitigate the impact on budgets for English FRAs as authorities' operating accounts will be charged pension contributions, in respect of current employees to cover the accruing cost to the employer of the pension scheme rather than pensions in payment so the benefit will be felt more quickly than under the present financing arrangements.</p>
<p>14.5 Will consideration be given to including provisions within the scheme for reviews of the employee contribution rate at regular intervals, to ensure the balance of costs across both the employer and employee?</p>	<p>We would propose that the costs of the new scheme should be kept under regular review and contribution rates adjusted accordingly. Under the proposed new financial arrangements we are proposing a review every four years for both schemes to ensure the employer and employee contribution rates reflect the value of the schemes.</p>
<p>14.6 Reassurances are sought that the Government will not be looking to raise the level of member contributions.</p>	<p></p>
<p>14.7 If the proposals go ahead as planned, firefighters should be given the opportunity to pay a higher contribution (e.g. 12%) in order to maintain their existing pension position within the secure environment of the Firefighters Pension Scheme.</p>	<p>The new scheme will provide good benefits to members at a cost which is more affordable to FRAs. If firefighters wish to purchase additional benefits they may do so through alternative providers: there is no reason why the Government and FRAs should provide flexibilities where the risk will inevitably be carried by central funds.</p>

---

## ISSUE 15: TRANSFER OPTIONS

*Issue 15. Options for members of the FPS to transfer to the new scheme will be considered. Rights under the FPS will be fully protected. (paragraphs 4.3 – 4)*

<p>15.1 We broadly agree with this proposal.</p>	<p>Details of the transfer arrangements can only be settled once final decisions on the framework, and therefore the costs, of the new scheme are agreed. In general firefighters intending to transfer in service from other pension schemes will be given 12 months in which to exercise the option. We do not believe that there is a need for the transfer option to be open-ended as this will create an administrative burden and financial uncertainty for FRAs.</p>
<p>15.2 Firefighters should have the flexibility to transfer to the new Scheme, but with no loss of pension rights under the existing Scheme. It is highly unlikely that members would wish to opt into the new scheme for their future service without the generous provisions of the old scheme being protected.</p>	<p></p>

- 15.3 There will be an initial administrative burden as members of the FPS will require illustrations of the respective scales of benefit to make an informed choice.
- 15.4 There should be a 12 month time limit for existing scheme members to decide to transfer to the new arrangement. This would fit in with existing rules on the transfer of pension rights from other pension arrangements. Fire authorities could be given the discretion to increase such a timescale if they felt it was appropriate to do so.
- 15.5 The option to transfer should be time barred because it is administratively difficult to organise, and it is financially advantageous for a FRA for individuals to transfer to the new scheme.
- 15.6 The option to transfer should not be time barred because an individual's needs may change throughout their career and the new scheme may suit them better at a later date in their career.
- 15.7 Individuals should not be allowed to transfer back into the old scheme.
- 15.8 How would transfer values be calculated should a member of the current scheme wish to transfer into the new one?

---

---

## ISSUE 16: MEMBERSHIP OF RETAINED AUTOMATIC/VOLUNTARY

*Should membership by retained firefighters be automatic or voluntary; or could it depend on whether the person was an existing member of the Service or a new entrant? Should membership be on the same basis as regular firefighters, whether whole or part-time. (paragraphs 4.5 – 7)*

---

### **Automatic Membership**

- 16.1 Membership should be automatic with the choice to opt out so this is consistent with wholetime firefighters.
- 16.2 To ensure that retained firefighters make some pension provision we support the option for automatic membership, with the ability to opt-out should they prefer to rely on other arrangements.

### **Voluntary Membership**

- 16.3 Membership for retained staff should be on a voluntary basis, where a firefighter who is not already an existing member may exercise a right to elect to join the scheme.
- 16.4 If they choose to join, there should not be an ability to later rescind membership.
- 16.5 New RDS personnel should have the maximum choice to either join the old FPS, with a flexible stakeholder retirement pension and preserved existing death and injury benefits, or to join the new FPS with enhanced final salary pension benefits and the reduced death and injury provisions.
- 16.6 Membership of the pension scheme for retained firefighters should be voluntary but where membership is taken then it should be on the same basis as regular firefighters whether wholetime or part time.

It would be consistent with the overall thrust of the recommendations made by the recent Retained Review for retained firefighters to be treated on the same basis as other members of the FRS whether on whole-time or part-time regular duty systems. To do otherwise might create equal treatment problems. This means that membership of the new pension scheme should be automatic with an option to opt out. In the case of those retained duty staff who were employed before April 2006, membership should not be automatic but they should be given the choice to opt in. Those existing employees who decide not to join the new scheme will retain their rights in the existing scheme to ill-health and injury benefits, subject to any changes which are being made to these arrangements.

- 16.7 Retained firefighters should not continue to have access to the injury benefits of the existing scheme whether they choose to join the new scheme or not.
- 16.8 Retained membership should be voluntary for both existing and new entrants, as they may well have adequate pension arrangements with another employment (occupational or personal).

***Retained Membership on the same basis as part-time firefighters (paras 4.7 & 4.8)***

- 16.9 We agree with the proposal that an individual should not be able to be in receipt of a pension both from wholetime and retained service.
- 16.10 We support allowing serving retained members the option to join with the loss of their rights under the old scheme for ill health and injury benefits.
- 16.11 Membership should be on the same basis as a regular firefighter thereby removing benefits that no contributions have been paid for.
- 16.12 There is concern that if retained duty firefighters are treated as part-time staff, entitlements in the event of injury awards will be substantially lower than they are under the current scheme. This could be a disincentive to recruitment.
- 16.13 It is considered that practices which distinguish those working the retained duty system as a separate group should be removed where possible.

- 16.14 Firefighters on dual contracts should hold a single membership to avoid double counting of pensionable service.
- 16.15 Clarification requires to be sought in relation to the benefits payable to wholetime firefighters who undertake dual contracts as retained firefighters.

---

The two elements of the person's employment, whether with a single FRA or with different authorities, will be treated separately for pension purposes and the person would become entitled to pensions in respect of both the wholetime and part-time duties. As the retained duties would no longer entitle the member to an ill-health pension equivalent to that for a wholetime firefighter this would not be a financial burden to FRAs.

---

16.16 We assume the Bounty Payments for retained Firefighters will no longer exist post 2007 once access to FPS is agreed?	Bounty payments were introduced because there was no normal pension available to retained firefighters. The future of the payment is a matter for the employers to discuss and agree with the employees through the negotiating machinery.
--	--

---

***Other Retained issues***

16.17 Ensure existing injury and death benefits continue at fully protected rates equivalent to the same wholetime rank/role and service.	As explained in the response to points 16.1 – 13 above, we take the view that in the new pension scheme, firefighters on the retained duty system should be treated on the same basis as other members of the FRS whether on whole-time or part-time regular duty systems.
16.18 Further consideration needs to be given to the financial consequences of a service injury for RDS personnel.	

---

**17: THE WORK/ROLE OF THE FIREFIGHTER**

---

17.1 The proposed changes reflect an undesirable drive to cut costs but also reflect a misrepresentation of the current role of firefighters in the modern Fire and Rescue Service.	The new pension scheme needs to establish a pension framework for the next and future generations of firefighters. There have been substantial changes to the role of the firefighter in recent years and further changes must be anticipated, particularly as greater emphasis will be placed on fire prevention and safety in the future. What is required therefore is a pension scheme suitable for the FRS and providing sufficient flexibility to allow for the future development of the Service and not acting, as it has done in the past, as one of the constraints on change.
17.2 Historically it has been recognised that the strains and dangers of a firefighter's job are similar to those faced by police officers and the parallels between the Firemen's Pension Scheme Order and the Police Pension Scheme have been obvious. Both schemes have recognised that the career of a police officer and of a firefighter are not as long as most others.	
17.3 The mortality tables used by the Government Actuary's Department show that the Government's own view is that firefighters who retire on the grounds of ill health are likely to die two years earlier than their counterparts in the average job.	The estimated costs of the proposals are based on various assumptions, including life expectancy. Individuals who retire early on grounds of ill-health are typically assumed to have slightly shorter life expectancy on average.

---

- 
- 17.4 The Consultation Document expresses the view in terms that suggest that the job is not as dangerous as generally thought. That is totally disingenuous: the risks facing firefighters are similar to the risks facing other workers; the fact that it is the 23rd most dangerous job in the country proves that this is not the case.
- 17.5 The basic work of the firefighter can still be physically demanding. Many potentially hazardous situations other than fire may be encountered during a firefighter's career. As far as we are aware, the long-term health effects of exposure to such situations have not been researched.
- 17.6 The Consultation Document suggests that recruitment and retention are the reason for distinguishing between the pension arrangements for police officers and firefighters, the suggestion being that it is harder to recruit and retain police officers. We don't accept that and call on the Government to produce the statistics on which their bold statement is based.
- 17.7 The consultation papers make reference to alignment of firefighters' pensions with those of Local Government workers. We must argue that alignment with the LGPS (or the Civil Service Scheme, for that matter) is not appropriate as we do not consider the above occupations to be remotely comparable. We contend that the police service is much more comparable with the fire and rescue service and any alignment should be on this basis.
- The Consultation Document took as its starting point evidence considered by the Independent Review of the Fire Service in December 2002 and upon which its conclusions were based. This evidence and the conclusions have not been refuted and must therefore be regarded as an appropriate basis upon which to develop new pension arrangements. The new pension scheme, together with new compensation arrangements, will provide the basis for new arrangements which recognise the special nature of a firefighter's job. FRAs have not had problems with the recruitment and retention of regular firefighters and there is no reason to believe that this is likely in the future.
- We remain of the view that the new pension scheme should bring firefighters pension arrangements closer to that of other members of the FRS. As a result of the response to the consultation, we are proposing a normal pension age of 60. The reason for this is that we recognise there is still some uncertainty about how many firefighters will be fit enough to remain on operational duties beyond age 60 and that there may not be sufficient non-operational jobs for those who are not fit.

<p>17.8 We have some reservations about Community Fire Safety and Fire Prevention becoming “dumping grounds” for those staff who can no longer satisfy the fitness requirements. The proposal as set out in the report appears to devalue the vital work of CFS and Fire Prevention.</p>	<p>We recognise that fire safety and prevention work require special skills and training. However they form part of the role of a firefighter and all firefighters will have to establish core competencies in these areas. Knowledge of operational firefighting will provide valuable experience which will add value to the person’s fire safety and prevention work.</p>
<p>17.9 There are possible tensions which may arise as a result of employees working alongside others undertaking a similar role and yet enjoying substantially different employment terms.</p>	<p>These are issues which are not relevant to the design of the new pension scheme.</p>

---

**18: RAISING THE NORMAL MINIMUM PENSION AGE**

<p>18.1 To raise the normal pension age to 65 (or 60) is likely to have an adverse effect on Authorities’ ability to meet the target in the National Framework for the reduction in ill-health retirements.</p>	<p>Any change will have to be managed carefully but with appropriate occupational health provision to enable the fitness of staff to be monitored from the point of recruitment and throughout their service, and a wider range of work available, it should be possible to continue to reduce the level of ill-health retirements and to maintain a lower level.</p>
---	---

---

**19: REDUCING THE EMPLOYEE CONTRIBUTION RATE AND  
20: FUNDING**

<p>19.1 The new Scheme anticipates a reduced rate of employee contributions. Due to the unfunded nature of the current Scheme, any reduction in contributions from new employees will reduce the Authority’s income and hence increase the amount required from Council tax payers to cover pension payments.</p>	<p>The new financing arrangements outlined in the consultation document published on 8th February 2005 will mitigate the impact of introducing a new pension scheme with a lower rate of employee contribution as authorities will be charged pension contributions, in respect of current employees, to cover the accruing cost to the employer of the pension schemes. Pensions will be paid from a separate local pension account, into which the employer and employee contributions will be paid. Central Government will top up any deficit and recoup any surpluses.</p>
<p>19.2 At the present time contributors pay 11% of salary, and the proposal suggests that between 7-8% may be more appropriate in respect of the new scheme. Given the continued unfunded nature of the new FPS, this will have a significant cost implication for the Fire Authorities’ budgets in the short term.</p>	



- 
- 20.1 In the transition it will be crucial that Government recognises and avoids any extra costs falling on Fire Authorities and hence council tax payers.
- 20.2 The additional costs arising from extending the scheme to retained firefighters will have a more immediate impact and that does need to be fully funded by central government.
- 20.3 The Authority would disagree with a scheme that is unfunded. The Authority would support further urgent consultations on this issue. A funded scheme is absolutely essential.

---

## 21: NEW INJURY BENEFIT SCHEME

---

- 21.1 New pension arrangements must be seen in the context of new injury benefit scheme. But proposals for that new scheme have not yet been published. How can the cost of providing pension benefits be considered in isolation? Nor do we accept that there is any necessity to separate the injury benefits for firefighters from their pension benefits. If the problem is Inland Revenue guidelines, the answer is to talk to the Inland Revenue.
- We have confirmed with Revenue and Customs that under the provisions of the Income and Corporation Taxes Act 1988 and Finance Act 2004 we cannot provide for injury benefits in the new pension scheme. Injury benefits, together with the Grey Book death benefits, are non-contributory arrangements, separate from the pension scheme.

---

## 22: CONSOLIDATING PENSION SCHEMES

---

- 22.1 In addition, consideration should be given to consolidating the numbers of pension schemes which apply in the Service. With the proposed new FPS and the proposed new LGPS having many similar points, perhaps support staff and Control staff could join the proposed new FPS. To get over the funding issue, as the proposed Schemes are similar, uniformed staff could be allowed to join the proposed new LGPS.
- This would not be appropriate. Substantial differences will remain between the arrangements for firefighters and those for other employees of FRAs.

---

---

### 23: GOODE COMMITTEE RECOMMENDATIONS

---

- |   |   |
|---|---|
| 23.1 Any proposed reduction in scheme benefits should not run counter to the recommendations of the Goode Committee, which firmly suggested there should be enacted in law that no pension scheme could introduce changes that would act to the detriment of present members or pensioners. | Accrued benefits are to be protected. Statutory protections do not apply to future accrual. |
|---|---|

---

---

### 24: RETAINED

---

- |   |  |
|---|--|
| 24.1 Voluntary schemes operate as Stakeholder money purchase. We suggest that these 16 voluntary schemes be brought into a national stakeholder pension scheme, which could run alongside the existing injury and death benefits as an optional alternative to the final salary pension and reduced death and injury benefits under the proposed new FPS. | We take the view that it should be for a FRA to decide whether it wishes to continue to provide existing arrangements for retained firefighters separate and additional to the new FPS. We will ensure that they have the power to do so. It will be a matter for a FRA to agree with such pension providers any changes that may be necessary to existing arrangements. |
|---|--|
- 
-