

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

Proposed increases to employee contribution rates,
effective from 1 April 2012 – consultation



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New Firefighters' Pension Scheme (2006)

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The consultation process and how to respond

Scope of the consultation

Topic of this consultation:	This consultation seeks views on the proposed increase in employee contribution rates from 1 April 2012 for members of the Firefighters' Pension Scheme (1992) and New Firefighters' Pension Scheme (2006).
Scope of this consultation:	<p>This consultation seeks views on the following key proposed changes to the firefighters' pension schemes in England:</p> <ul style="list-style-type: none"> • Increased levels of employee contribution rates, effective from 1 April 2012 • The introduction of tiered contribution levels, so that higher earners will pay a higher rate of contribution • Different levels of increase for the Firefighters' Pension Scheme (1992) and New Firefighters' Pension Scheme (2006) • The specific handling of contributions for retained and part-time firefighters.
Geographical scope:	This consultation applies to England only.
Impact Assessment:	An Impact Assessment has not been completed for this consultation. The Department intends to use the evidence and views provided by the consultation to fully inform all Impact Assessments. These Assessments will inform any final decisions, and will be published on the Department's website.

Basic information

To:	This consultation is primarily aimed at fire and rescue authorities, members of the firefighters' pension schemes, and key employer and employee representative bodies.
Body/bodies responsible for the consultation:	The Department for Communities and Local Government.
Duration:	This consultation will run for 12 weeks, from 9 September 2011 to 5pm on 2 December 2011 .

<p>Enquiries:</p>	<p>For any enquiries, please contact the Firefighters' Pension Team: firepensions@communities.gsi.gov.uk</p> <p>Alternatively, please call: Vickie Edwards: 0303 444 4057 Andrew Cornelius: 0303 444 2171</p> <p>Any complaints about the way this consultation is being handled should be addressed to: consultationcoordinator@communities.gsi.gov.uk</p>
<p>How to respond:</p>	<p>Please respond by email to: firepensions@communities.gsi.gov.uk</p> <p>Alternatively, please send postal responses to: Firefighters' Pension Team Zone 5/F6, Eland House Bressenden Place London SW1E 5DU</p>
<p>Additional ways to become involved:</p>	<p>Key interest groups, including the fire and rescue authorities and relevant unions, will be engaged directly.</p>
<p>After the consultation:</p>	<p>A summary of responses to the consultation will be published on the Department's website within three months of the end of the consultation period.</p>
<p>Compliance with the Code of Practice on Consultation:</p>	<p>The consultation complies with the Code of Practice on Consultation, with the exception of the concurrent publication of the Impact Assessment. The Impact Assessment will be published following the consultation, so that respondents' views may inform the Assessments made.</p>

Background

<p>Getting to this stage:</p>	<p>The Government commissioned Lord Hutton to review public service pension schemes to make them affordable and sustainable in the long-term. In his interim report, Lord Hutton recommended that, if the Government wanted to make short term savings, then raising employee contributions would be the most effective way. The Government accepted Lord Hutton's rationale and announced at the Spending Review the intention to raise employee contributions in public service pension schemes equivalent to 3.2 per cent of pensionable pay, to be phased in over three years from April 2012.</p> <p>On 19 July 2011, the Chief Secretary to the Treasury announced that scheme specific consultations should begin on contribution increases for 2012-13. This consultation sets out the proposed increase for the firefighters' schemes.</p>
<p>Previous engagement:</p>	<p>Prior to publishing this consultation, the Department has engaged with key stakeholders including Employer and Union representatives through the Firefighters' Pension Committee, as well as other interested parties, where contribution increases have been discussed.</p>

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Section 1

Introduction

- 1.1 This document sets out the Government's proposed new employee contribution tariffs for the Firefighters' Pension Scheme and New Firefighters' Pension Scheme in England. Draft amending regulations which set out this proposal are included at **Annex A** and **Annex B** and are intended to take effect from 1 April 2012. Your comments on these proposed amendments are now invited and should preferably be sent by email to firepensions@communities.gsi.gov.uk. Alternatively, postal replies may be sent to:

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

- 1.2 The closing date for responses is 2 December 2011.
- 1.3 Consultees are reminded that the proposed amendments will be discussed at forthcoming meetings of the Firefighters' Pension Committee for England, and at other meetings arranged separately by the department with business partners.
- 1.4 The details of the proposed amendments are explained in paragraphs 4.1 to 4.7 below.

Section 2

Policy context

- 2.1 The Government commissioned Lord Hutton to chair the Independent Public Service Pensions Commission to review public service pensions and to make recommendations on how they can be made sustainable and affordable in the long-term, and fair to both public sector workers and the taxpayer.
- 2.2 Lord Hutton published his interim report on 7 October 2010, in which he set out that the value and cost of public service pensions have increased by around a third because of longer life expectancy over the last fifty years, and that these costs had generally fallen to the taxpayer. Lord Hutton therefore recommended that if the Government wished to make short term savings, then raising contribution rates would be the most effective way to achieve that objective. This would also make for a fairer balance between what employees pay and what other taxpayers have to pay.
- 2.3 At the Spending Review the Government accepted Lord Hutton's rationale and announced the intention to increase employee contributions by 3.2 percentage points on average, to be phased in over the three years to 2014-15. The Chief Secretary to the Treasury's announcement on 19 July 2011 indicated that schemes would shortly begin formal consultations on the proposed increases in employee contribution rates for 2012-13. This document sets out the proposed increase in employee contributions for the Firefighters' Pension Scheme and New Firefighters' Pension Scheme in England, with effect from 1 April 2012.
- 2.4 The Government has made clear that the proposed changes to public service pension schemes should ensure that public service pensions remain among the very best, providing a guaranteed pension level for all employees. The Chief Secretary's statement confirmed that following the wider proposals for reform of public service pension schemes, the pensions individuals receive at normal pension age will be broadly as generous for low and middle income earners as it is now. Pension benefits already earned through years of service – accrued rights – will be honoured in full. For those close to retirement, this will mean little, if any, change to the pension they expect to receive.

Section 3

The case for increasing contributions

- 3.1 In Chapter 8 of his interim report, Lord Hutton considered different options for delivering savings, including reducing the level of benefits being paid out and/or increasing the contributions being paid by active scheme members. The Commission reached the conclusion that, "If the Government wishes to make savings in the short-term it will be more effective to increase member contributions rather than alter the benefit structure".
- 3.2 Lord Hutton's interim report then set out a clear rationale for increasing member contributions to public service pension schemes:
- People are living much longer than previous generations – the average 60 year old is living ten years longer now than they did in the 1970s. More of people's lives are now being spent in retirement – between 40 to 45 per cent of adult life compared with around 30 per cent for pensioners in the 1950s
 - As people are living longer in retirement, the cost of providing pensions is increasing; annual expenditure on public service pensions over the last decade has increased by a third to £32bn. Lord Hutton said in his report, "these costs have generally fallen to the taxpayer"
 - But taxpayers can't be expected to bear all the cost of increased longevity. There needs to be a fairer balance between what employees pay and what other taxpayers contribute towards a public service pension.
- 3.3 Based on this clear rationale, the Government announced in the 2010 Spending Review that public sector workers would be asked to contribute more for their pensions. In particular, the Spending Review set out plans for savings of £2.8bn per year to be realised by 2014-15. To deliver these savings the firefighters' pension schemes, like other public service schemes, should deliver savings equivalent to an average increase of 3.2 percentage points in employee contributions by 2014-15.
- 3.4 These savings are intended to rebalance the contributions made by employers and staff. The proposed increase for 2012-13 does not change the benefits provided by either of the firefighters' pension schemes, which remain among the best available. Longer-term reform of the firefighter schemes from April 2015 will be discussed with trade unions and employer representatives before being consulted on in due course.

- 3.5 At present, members of the Firefighters' Pension Scheme contribute 11 per cent of pensionable pay, compared with 21.3 per cent contributions from employers (excluding the ill-health charge)¹. For members of the New Firefighters' Pension Scheme the balance is closer, with members contributing 8.5 per cent of pensionable pay, and employers 11 per cent. The Valuation of the Firefighters' Pension Schemes in 2007 showed that the cost to taxpayers of the 1992 scheme has continued to rise, even taking into account the savings made from a fall in the number of ill-health retirements.
- 3.6 Lord Hutton's report is available via the HM Treasury website at: www.hm-treasury.gov.uk/indreview_johnhutton_pensions.htm

Delivery of the Spending Review savings

- 3.7 At the Spending Review, the Chancellor announced that public service pension schemes would deliver annual savings of £2.8bn by 2014-15. In his statement of 19 July, the Chief Secretary set out that for 2012-13, the savings required would be £1.2bn. For the firefighters' pension schemes, this means 2012-13 savings of £13.2m.
- 3.8 The Chief Secretary's statement also made it clear that the Government remains committed to securing the full overall savings of £2.3bn in 2013-14 and £2.8bn in 2014-15, as announced at Spending Review 2010. This requires each scheme to find savings equivalent to a 3.2 percentage point increase by 2014-15. The Department has entered into scheme specific discussions with unions and employers' representatives about how to deliver these savings.

Design principles

- 3.9 The Government believes that any proposed increases in contributions rates should protect low earners and be progressive, so that high earners pay proportionally higher increases to reflect their more generous pensions. The Government also set out its preferred parameters for scheme design to achieve the required savings in the Chief Secretary's Written Ministerial Statement of 19 July. These parameters, outlined below, are reflected in the tariff proposed in this paper:
- There should be no increase in employee contributions for those earning less than £15,000

¹ The ill-health charge for employers varies per authority and is dependent on the number of ill-health retirements in a given year. The percentage shown represents the one-off charge paid by the authority per retirement.

- There should be no more than a 1.5 percentage point increase in total by 2014-15 for those earning up to £21,000. This amounts to a 0.6 percentage point increase in 2012-13 on a pro-rata basis
- High earners will pay more, but no more than 6 percentage points (before tax relief) by 2014-15. This amounts to a 2.4 percentage point cap in 2012-13 on a pro-rata basis.

Section 4

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

Proposed Tariff

- 4.1 The proposals seek to apply a lower rate of increase to the New Firefighters' Pension Scheme compared to the Firefighters' Pension Scheme. The proposed increase in employee contribution rates will help to provide a fairer balance between what employees pay and what employers, or the taxpayer, pays. The existing levels of employee and employer contributions, excluding ill-health charges, are as follows:

	Firefighters' Pension Scheme percentage	New Firefighters' Pension Scheme percentage
Employer	21.3	11.0
Employee	11.0	8.5
Ill-health	5.2	3.2
Total	37.5	22.7

- 4.2 Currently, members of the Firefighters' Pension Scheme pay less than 30 per cent of the total cost of the Scheme. For the New Firefighters' Pension Scheme, members contribute 37 per cent of the total cost. As the imbalance between employee and employer contributions is less for the New Firefighters' Pension Scheme, a lower increase for its members compared to the Firefighters' Pension Scheme seems more appropriate.

4.3 Consistent with the policy principles outlined in paragraph 3.9, the proposed employee contribution rates to apply from 1 April 2012 are as follows:

Firefighters' Pension Scheme in England		
Pensionable pay band	Proposed additional rate 2012-13 percentage	Revised contribution 2012-13 percentage
Up to and including £15,000	0.0	11.0
More than £15,000 and up to and including £21,000	0.6	11.6
More than £21,000 and up to and including £30,000	1.3	12.3
More than £30,000 and up to and including £40,000	1.4	12.4
More than £40,000 and up to and including £50,000	1.6	12.6
More than £50,000 and up to and including £60,000	1.8	12.8
More than £60,000 and up to and including £100,000	2.0	13.0
More than £100,000 and up to and including £120,000	2.1	13.1
More than £120,000	2.3	13.3

EXAMPLE: A firefighter in the Firefighters' Pension Scheme earning £28,200 would pay an additional 1.3 per cent in contributions – a revised rate of 12.3 per cent. However, with tax relief, the effective increase in the contribution rate is 1.0 per cent.

New Firefighters' Pension Scheme in England		
Pensionable pay band	Proposed additional rate 2012-13 percentage	Revised contribution 2012-13 percentage
Up to and including £15,000	0.0	8.5
More than £15,000 and up to and including £30,000	0.6	9.1
More than £30,000 and up to and including £40,000	0.8	9.3
More than £40,000 and up to and including £50,000	0.9	9.4
More than £50,000 and up to and including £60,000	1.0	9.5
More than £60,000 and up to and including £100,000	1.1	9.6
More than £100,000 and up to and including £120,000	1.2	9.7
More than £120,000	1.3	9.8

EXAMPLE: A firefighter in the New Firefighters' Pension Scheme earning £28,200 would pay an additional 0.6 per cent in contributions – a revised rate of 9.1 per cent. However, with tax relief, the effective increase in the contribution rate is 0.5 per cent.

Opt-out assumptions

- 4.4 It has been assumed that one per cent of the total salary within the unfunded public service schemes will opt out by 2014-15. This assumption has been scrutinised by the Office for Budget Responsibility. In developing the proposed tariffs, the Department has given consideration to the existing balance of employee and employer contribution rates and included protection for low earners, in order to minimise the level of opt out from the firefighters' pension schemes.

Retained members

- 4.5 Paragraph 3(c) of the New Firefighters' Pension Scheme draft Order outlines the proposed approach to determining the rate of contributions payable by retained firefighters. The Department proposes that the rate of contributions paid by retained firefighters' is based on their reference pay. The rate is then applied to their actual pensionable pay. A retained firefighters' reference pay is the whole-time equivalent pensionable pay for that period of a regular firefighter employed in a similar role and with an equivalent qualifying service.

EXAMPLE: If a retained firefighter has three years qualifying service, then the contribution increase is likely to be based on the full time equivalent pensionable pay of a firefighter who has been employed for three years in a similar role.

Part time members

- 4.6 Paragraph 3(c) of the Firefighters' Pension Scheme draft Order and paragraph 3(d) of the New Firefighters' Pension Scheme draft Order set out the Department's proposal for part time staff. It is proposed that, for part time members, the rate of contributions payable will be determined based upon the full time equivalent salary for that member. The amount payable will then be based on the individual's pensionable (part time) pay.

EXAMPLE: A firefighter in the Firefighters' Pension Scheme works part time, doing 60 per cent of full time hours and earning £16,920. The full time equivalent salary is £28,200:

The increase in contribution rate would be 1.3 per cent – the rate which applies to the full time salary of £28,200. However, the increase would just be paid on the firefighters' actual pensionable pay of £16,920.

Pensionable pay

- 4.7 The Department's proposed treatment of pensionable pay is set out in Paragraph 3(e) in the draft Order for the Firefighters' Pension Scheme and paragraph 3(f) in the draft Order for the New Firefighters' Pension Scheme. The Department proposes that, for the purpose of determining which of the contribution tariffs apply to a member, temporary allowances subject to additional pension benefit arrangements such as continual professional development allowance should be excluded. The contributions would then be paid on all aspects pensionable pay.

EXAMPLE: A member of the Firefighters' Pension Scheme receives a temporary allowance which is subject to additional pension benefit arrangements. Their current salary is less than £30,000 but with the allowance comes to £31,000. The rate would be based on their original pensionable pay – 1.3 per cent, as the allowance is temporary. However, the increase would be applied to their full pensionable pay – £31,000.

- 4.8 The Department is currently consulting on another draft Amendment Order for the Firefighters' Pension Scheme, which includes a proposal to amend the definition of pensionable pay. This consultation, open until 26 October 2011, is available at: <http://www.communities.gov.uk/publications/fire/consultationfirefighterspension>.
- 4.9 As part of this consultation, the Department proposes to create rule B5C (5) (additional pension benefit), which is referred to in paragraph 3(e) of the draft Order for the Firefighters' Pension Scheme accompanying this consultation on employee contribution tariffs. A copy of this proposed rule is provided in **Annex C**. If implemented, the proposed rule B5C (5) will amend the definition of pensionable allowances. If the changes to pensionable pay are not implemented following the consultation, then it is expected that the existing definition will remain. An explanation of the implications of this is provided in **Annex C**.

Section 5

Next steps

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

Question 1

Do the proposed tiered contributions meet the objectives set out by the Government in the Spending Review?

Question 2

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

Question 3

Do you consider that there are equality issues that will result in any individual groups being disproportionately affected by the proposed contribution tiers? If so, what do you consider to be the nature and scale of that disproportionate effect?

Question 4

Is there a tariff which you think will help to further minimise any opt outs from the firefighters' pension schemes?

Question 5

Is the treatment under the proposals of part time workers and retained firefighters clear?

5.2 As indicated in paragraph 4.8, the Department is also consulting on another set of proposed changes to the Firefighters' Pension Scheme. As the draft Order accompanying that consultation and the draft Order to amend the employee contribution rates are both intended to come into force on 1 April, the Department may consider laying one amendment Order incorporating all agreed changes to the Firefighters' Pension Scheme, rather than laying two separate Statutory Instruments.

- 5.3 Responses to this consultation should preferably be sent to:
firepensions@communities.gsi.gov.uk. Alternatively, responses can be posted to:

Firefighters' Pension Scheme
5/F6, Eland House
Bressenden Place
London, SW1E 5DU

- 5.4 The closing date for responses is **2 December 2011**.

Annex A

Draft Amendment Order for the Firefighters' Pension Scheme (1992) (England)

STATUTORY INSTRUMENTS

2012 No.

FIRE AND RESCUE SERVICES, ENGLAND

PENSIONS, ENGLAND

The Firefighters' Pension Scheme (Contributions) (Amendment) (England) Order 2012

<i>Made</i>	- - - -	***
<i>Laid before Parliament</i>		***
<i>Coming into force</i>	- -	1st April 2012

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

Citation and commencement

- 1.— (1) This Order may be cited as the Firefighters' Pension Scheme (Amendment) (England) Order 2012.
- (2) This Order shall come into force on 1st April 2012.

Amendment of the Firemen's Pension Scheme Order 1992

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

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

3. In Part G (pensionable pay and contributions) in rule G2 (pension contributions) for paragraph (1A) substitute-

“(1A) (a) Subject to sub-paragraph (c), the rate is determined by the authority on the basis of the pensionable pay of a regular firefighter in accordance with the following table:

Pensionable pay band	Contribution rate from 1st April 2012
Up to and including £15,000	11.0%
More than £15,000 and up to and including £21,000	11.6%
More than £21,000 and up to and including £30,000	12.3%
More than £30,000 and up to and including £40,000	12.4%
More than £40,000 and up to and including £50,000	12.6%
More than £50,000 and up to and including £60,000	12.8%
More than £60,000 and up to and including £100,000	13.0%
More than £100,000 and up to and including £120,000	13.1%
More than £120,000	13.3%

- (b) The authority shall determine the contribution rate payable by a regular firefighter on 1st April [for each year] [and notify the regular firefighter of that rate within [30] days].
- (c) Where the determination under sub-paragraph (b) relates to a part-time regular firefighter, the contribution rate which applies to him or her shall be determined in accordance with sub-paragraph (a) on the basis of the pensionable pay of a whole-time regular firefighter.
- (d) Where following a determination, there has been a permanent material change to the terms and conditions of a regular firefighter’s employment which affects his or her pensionable pay during the year in relation to which the determination was made the authority may determine that the contribution rate notified in sub-paragraph (b) above shall cease to apply and the authority shall inform that regular firefighter of the revised contribution rate and the date from which the revised contribution rate will apply.
- (e) For the purposes of determining the appropriate pensionable pay band in the table set out in paragraph (1A)(a), pensionable pay does not include any pensionable benefits paid to a regular firefighter by his or her employing authority under rule B5C(5) but those payments will be included in pensionable pay for the purposes of calculating the pension contribution to be paid.”.

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

Address
Date

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

EXPLANATORY NOTE

(This note is not part of the Order)

Annex B

Draft Amendment Order for the New Firefighters' Pension Scheme (2006) (England)

STATUTORY INSTRUMENTS

2012 No.

FIRE AND RESCUE SERVICES, ENGLAND

PENSIONS, ENGLAND

The Firefighters' Pension Scheme (Contributions) (England) (Amendment) Order 2012

Made - - - - - ***

Laid before Parliament ***

Coming into force - - - - - *1st April 2012*

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

As required by section 34(5) of that Act, the Secretary of State consulted such persons as he considered appropriate before making the Order.

The Secretary of State makes the following Order:

Citation, commencement and application

1.—(1) This Order may be cited as the Firefighters' Pension Scheme (Contributions)(England)(Amendment) Order 2012.

(2) This Order applies in relation to England only(b).

(3) This Order shall come into force on 1st April 2012.

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

2. Schedule 1 to the Firefighters' Pension Scheme (England) Order 2006(c) (in which the New Firefighters' Pension Scheme (England) is set out) is amended in accordance with article 3 of this Order.

(a) 2004 c.21.

(b) Powers under sections 34 and 60 of the Fire and Rescue Services Act 2004 are now vested in the Welsh Ministers so far as they are exercisable in relation to Wales. They were previously vested in the National Assembly for Wales by section 62 of the Fire and Rescue Services Act 2004. By virtue of paragraphs 30 and 32 of Schedule 11 to the Government of Wales Act 2006 (c.32), they were transferred to the Welsh Ministers.

(c) S.I. 2006/3432; amended by 2008/213.

3. In chapter 1 of Part 11 (pensionable pay, pension contributions and purchase of additional service), in rule 3 (pension contributions) for paragraph (1) substitute—

“1. (a) Subject to paragraph (d), a firefighter member shall pay pension contributions to the authority at the rate determined on the basis of his pensionable pay in accordance with the following table.

Pensionable Pay Band	Contribution rate from 1st April 2012
Up to and including £15,000	8.5%
More than £15,000 and up to and including £30,000	9.1%
More than £30,000 and up to and including £40,000	9.3%
More than £40,000 and up to and including £50,000	9.4%
More than £50,000 and up to and including £60,000	9.5%
More than £60,000 and up to and including £100,000	9.6%
More than £100,000 and up to and including £120,000	9.7%
More than £120,000	9.8%

(b) The authority shall determine the contribution rate payable by the firefighter member on 1st April [for each year] [and notify the firefighter member of that rate within [30] days].

(c) Where the determination under sub-paragraph (b) relates to a retained or volunteer firefighter authority shall determine the contribution rate for that firefighter on the basis of the firefighter's reference pay.

(d) Where the determination under sub-paragraph (b) relates to a part-time regular firefighter, the contribution rate which applies to that firefighter shall be determined in accordance with sub-paragraph (a) on the basis of the pensionable pay of a whole-time regular firefighter.

(e) Where, following a determination under sub-paragraph (b), there is a permanent material change to the terms and conditions of a firefighter member's employment which affects his pensionable pay during the year in relation to which the determination was made, the authority may determine that the annual contribution rate notified under that sub-paragraph shall cease to apply and the authority shall inform that firefighter member of the revised contribution rate [determined in accordance with sub-paragraph (b) on the basis of the firefighter's pay following the material change], and the date from which the revised contribution rate will apply.

(f) For the purposes of determining the appropriate pensionable pay band in the table set out in paragraph (1)(a), pensionable pay does not include payments made to a firefighter member by his employing authority in respect of his continual professional development, but those payments will be included in pensionable pay for the purposes of calculating the pension contribution to be paid.”

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

Address	Parliamentary Under Secretary of State	<i>Name</i>
Date	Department for Communities and Local Government	

EXPLANATORY NOTE

(This note is not part of the Order)

Annex C

Pensionable Pay, Firefighters' Pension Scheme

Background

The Department is currently consulting on a series of proposed changes to the Firefighters' Pension Scheme, including the definition of pensionable pay and the treatment of temporary allowances. This consultation is available at <http://www.communities.gov.uk/publications/fire/consultationfirefighterspension>.

On pages 13-16 of that consultation, the Department sets out its proposal to adopt additional pension benefit arrangements for temporary allowances and emoluments, at the fire and rescue authority's discretion, similar to those introduced in 2007 for continual professional development. There is no proposal to apply this retrospectively, so any allowances currently in payment will continue to be treated as they currently are.

If you would like to comment on the proposed change to temporary allowances, please visit the webpage given above, and respond to the consultation proposing the change. The deadline for responses is 26 October 2011.

Impact on this consultation

If the Scheme rules remain unchanged, then all pensionable pay, excluding the allowance paid for continual professional development, will be used to determine the increase in contributions to be applied. The increase will then be paid on all pensionable pay, including continual professional development allowances.

If, following consultation, the revised rule for additional pension benefit is implemented, then a wider range of allowances will be treated under additional pension benefit; the current arrangement for continual professional development. Consequently, if a fire and rescue authority determines that any of the benefits listed in paragraph B5C(5) shown below are pensionable, then the allowance will be excluded from pensionable pay for the purposes of determining the contribution tier to apply. However, as with the allowance for continual professional development; the increase in contributions will be paid on full pensionable pay, including these allowances.

Proposed additional pension benefit rule

This sets out the proposed revised rule B5C (Additional pension benefit), which includes the new rule B5C(5) referred to in paragraph 3(e) of the Firefighters' Pension Scheme draft Order. It details those allowances to be treated under additional pension benefit arrangements similar to those for continual professional development, rather than final salary arrangements.

“Additional pension benefit

B5C.—(1) Where a fire and rescue authority determines that the benefits listed in paragraph (5) are pensionable, and in any financial year pays any such pensionable benefits to a regular firefighter, the authority shall credit the firefighter 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 that year shall be determined in accordance with guidance and tables provided by the Scheme Actuary.

(3) The amount of additional pension benefit accrued at the end of any financial year shall be increased by any increase under the Pensions (Increase) Act 1971.

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

(5) Paragraph (1) applies where a fire and rescue authority determines that any of the benefits listed in this paragraph are pensionable—

- (a) any allowance or supplement to reward additional skills and responsibilities that are applied and maintained outside the requirements of the firefighter's day to day role but are within the wider functions of the job;
- (b) the amount (if any) paid in respect of a firefighter's continual professional development;
- (c) the difference between the firefighter's basic pay in their day to day role and any pay received whilst on temporary promotion or where he or she is temporarily required to undertake the duties of a higher role;
- (d) any performance related payment.

(6) 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) the firefighter is not in receipt of a pension under this scheme or entitled to a deferred pension under rule B3;

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

About this consultation

This consultation document and consultation process have been planned to adhere to the Code of Practice on Consultation issued by the Department for Business Enterprise and Regulatory Reform and is in line with the seven consultation criteria, which are:

1. Formal consultation should take place at a stage when there is scope to influence the policy outcome;
2. Consultations should normally last for at least 12 weeks with consideration given to longer timescales where feasible and sensible;
3. Consultation documents should be clear about the consultation process, what is being proposed, the scope to influence and the expected costs and benefits of the proposals;
4. Consultation exercises should be designed to be accessible to, and clearly targeted at, those people the exercise is intended to reach;
5. Keeping the burden of consultation to a minimum is essential if consultations are to be effective and if consultees' buy-in to the process is to be obtained;
6. Consultation responses should be analysed carefully and clear feedback should be provided to participants following the consultation;
7. Officials running consultations should seek guidance in how to run an effective consultation exercise and share what they have learned from the experience.

Representative groups are asked to give a summary of the people and organisations they represent, and where relevant who else they have consulted in reaching their conclusions when they respond.

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

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information

we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the department.

The Department for Communities and Local Government will process your personal data in accordance with DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.

Individual responses will not be acknowledged unless specifically requested.

Your opinions are valuable to us. Thank you for taking the time to read this document and respond.

Are you satisfied that this consultation has followed these criteria? If not or you have any other observations about how we can improve the process please contact:

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