

Wales Fire and Rescue Service

Circular



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Title: **Retained Firefighters' Pension Settlement and amendments to the Firefighters' Pension Scheme (1992) and the New Firefighters' Pension Scheme (2007)**

Issued by:

Steve Pomeroy
Head of Fire Services Branch

Addressed to:

Chief Fire Officers
Chairs of the Fire and Rescue Authorities
Clerks to the Fire and Rescue Authorities

Please forward to:

Treasurers
Pensions Officers

Summary

This circular provides details of the introduction of the modified pension scheme for Retained Duty System (RDS) firefighters along with amendments to the current firefighter pension schemes following the Hutton Review as part of an ongoing programme of modernisation of the firefighter pension schemes.

For further information contact:

Helen Griffiths
Fire Services Branch
Community Safety Division
Welsh Government
Merthyr Tydfil Office, Rhydycar
Merthyr Tydfil CF48 1UZ

Direct Line: 0300 062 8221
Fax: 0300 062 8547
E-mail: Helen.griffiths@wales.gsi.gov.uk
Website: www.wales.gov.uk/fire

Retained Firefighters' Pension Settlement and amendments to the Firefighters' Pension Scheme (1992) and the New Firefighters' Pension Scheme (2007)

1. This circular introduces the modified pension scheme for Retained Duty System (RDS) firefighters along with amendments to the current firefighter pension schemes following the Hutton Review as part of an ongoing programme of modernisation of the firefighter pension schemes.
2. The Orders to introduce the modified scheme and amendments to firefighter pension schemes are:-

WSI 2014/3242 (W.329) The Firefighters' Pension (Wales) Scheme (Amendment) Order 2014

WSI 2014/ 3254 (W.330) The Firefighters' Pension Scheme (Wales) (Amendment) Order 2014

WSI 2014/3256 (W.331) The Firefighters' Compensation Scheme (Wales) (Amendment) Order 2014

3. These 2014 Orders make amendments as follows-

(a) the Firefighters' Pension (Wales) Scheme (Amendment) Order 2014 ("the 1992 Scheme amending Order") amends the 1992 Pension Scheme which is contained in Schedule 2 to the Firemen's Pension Scheme Order 1992 (SI 1992/129);

(b) the Firefighters' Pension Scheme (Wales) (Amendment) Order 2014 (the 2007 Scheme amending Order) amends the 2007 Pension Scheme which is contained in Schedule 1 to the Firefighters' Pension Scheme (Wales) Order 2007 (SI 2007/1072 W.110); and

(c) the Firefighters' Compensation Scheme (Wales) (Amendment) Order 2014 ("the Compensation Scheme amending Order") amends the 2007 Compensation Scheme which is contained in Schedule 1 to the Firefighters Compensation Scheme (Wales) Order 2007 (SI 2007/1073 W.111).

4. The Welsh Government consulted on these amendments in two separate consultations during 2011 and 2013. Further details on the outcome of these consultations and the finer details of the amendments made can be found within the Explanatory Memorandum attached to the Orders. As soon as the Orders are formally published, which is likely to be mid-January 2015, relevant links will be forwarded to all three FRAs in Wales. In the meantime please see attached link to the National Assembly for Wales' legislation page which includes a copy of all three Orders and explanatory memorandum.

<http://www.senedd.assembly.wales/mglIssueHistoryHome.aspx?lId=11866>

<http://www.senedd.assembly.wales/mglIssueHistoryHome.aspx?lId=11865>

<http://www.senedd.assembly.wales/mglIssueHistoryHome.aspx?lId=11842>

RDS Modified Pension Scheme

5. The Orders make provision for access to a pension scheme for Retained Duty System (RDS) firefighters employed by a Fire and Rescue Authority (FRA) in Wales between 1 July 2000 and 5 April 2006 inclusive. This provides similar, albeit not identical, pension benefits as those provided under the 1992 Pension Scheme.

6. The main benefits of the terms of access to the pension scheme for eligible retained firefighters in Wales are:

- a uniform accrual rate of 1/45th
- a Normal Pension Age of 55 years
- a deferred pension age of 60 years
- fixed commutation factors to reflect the commutation rates in the Firefighters' Pension Scheme 1992 that are applicable on the day before the amending legislation is made
- the contribution rate payable will be calculated at the rate applicable to the Firefighters' Pension Scheme 1992 in respect of the period of service being purchased (i.e. for service before 1 April 2012 the contribution rate will be 11% of pay; for service from 1 April 2012, it will be the relevant tiered contribution rate)
- a death grant of two times pensionable pay
- a time limited retrospective death grant of 2.5 times pensionable pay in respect of those who would have been eligible to be members if they had not died before 6 April 2006
- an opportunity for eligible members to purchase additional pensionable service in 45ths
- the ability for eligible members to convert existing New Firefighters' Pension Scheme (Wales) 2007 service to the proposed new pension arrangements
- a transfer of external pension benefits into the proposed new pension arrangements will be in accordance with the terms of the New Firefighters' Pension Scheme (Wales) 2007
- ill-health pension arrangements, lower and higher tier, will be in accordance with the terms of the New Firefighters' Pension Scheme (Wales) 2007
- the abatement of a member's pension will be in accordance with the terms of the New Firefighters' Pension Scheme (Wales) 2007
- any member who subsequently opts out of the proposed new pension arrangements will not be permitted to re-join those arrangements.

7. The scheme will come into force from 31 December 2014. Any election by an individual to join the scheme must be **made by no later than 31 December 2015 for service up to 31 March 2015**. Employer and employee guidance leaflets have been prepared and will be issued directly to Welsh FRAs which provide more details on the options exercise to be followed for the scheme introduction.

8. In addition, an online calculator and user manual have been developed by the Government Actuary's Department (GAD) to support FRAs to calculate the past service costs to eligible members who are considering joining the scheme. The guidance has been developed for all UK administrations and a copy of the guidance is attached at Annex A. Please note this is generic guidance for all administrations. The calculator is updated on a monthly basis to allow for changes to interest rate indices. The most up to date calculator (updated 8 December 2014) can be found on the Department of Communities and Local Government website at <https://www.gov.uk/government/publications/retained-firefighters-pensions-calculator-and-user-manual>

9. We aim to develop a Welsh Government web page for further updates of the calculator and guidance along with all firefighter pension related matters in the New Year.

Additional amendments to the 1992 and 2007 Schemes

10. Additional amendments have also been made to the 1992 and 2007 schemes. These were consulted on in 2011 and include the removal of the rule enabling compulsory early retirement in the interests of efficiency, changes to indexation of additional pension benefits - to the Consumer Prices Index and discretion to permit the maximum payment of commutation. The consultation in 2011 contained a number of suggested amendments to the schemes, some of which have either been slightly amended or in some cases not introduced. As the changes have been made UK wide FRAs are advised to note that a number of these amendments have been applied retrospectively and it is recommended FRAs pay particular attention to the explanatory memorandum linked to the Orders which details all the changes made and the dates the changes apply.

Steve Pomeroy
Head of Fire Services Branch
Welsh Government