

FIREFIGHTERS' PENSIONS COMMITTEE

FIREFIGHTERS PENSION SCHEME (FPS)

PROPOSALS FOR HANDLING THE DRAFTING OF NEW PENSION SCHEME

Introduction

The Committee's terms of reference for handling the drafting of the new pension scheme are attached at Annex A. These were discussed in July 2004.

Progress Update

Ministers are expected to meet with firefighters' representatives to discuss the outcome of the Consultation Exercise dealing with proposals for amendments to the current and new pension schemes.

Once Ministers have agreed the framework for the new scheme, the Department will consult with the Pensions Committee on the drafting.

Programme of Work

Our aim will be to provide the Committee with a draft Blue Print which will be discussed over a series of meetings between July and October/early November. Exact timing is dependent on when Ministers announce their decisions. Some of the work will need to be done via the circulation of papers. The Blue Print will form the basis of the instructions for the Lawyer drafting the new scheme.

Annex B sets out the headings under which it is proposed the Committee might work.

Conclusion

ODPMs' representatives on the Committee for discussions on the new scheme will be Martin Hill (Chair), Jean Archer, Maggie Smith (Project Manager), Anthony Mooney (who will provide the secretariat for the work of the Committee dealing with this issue) and Eunice Heaney (Consultant).

The Committee is invited to note.

ODPM
June 2005

**TERMS OF REFERENCE
FOR THE DRAFTING GROUP
NEW PENSION ARRANGEMENTS FOR FIREFIGHTERS**

ODPM will consult with the Group on the preparation of instructions for the Lawyer drafting the Order (Statutory Instrument) introducing a new pension scheme for firefighters in England.

The Group will have regard to:

- The framework for the new scheme agreed by Ministers following the Consultation exercise.
- The timetable set out for the drafting of the Order.
- Regulatory and tax changes, which will affect all pension schemes¹.
- Equality and diversity issues.
- Changes resulting from the modernisation of the Fire and Rescue Service.
- The occupational duties of members of the Fire and Rescue Service
- The Compensation Scheme.

Draft instructions for the Order will be considered under the following headings:

- General provisions and retirement (including membership, accrual and make-up of pensionable service, make-up of pensionable pay, right to opt out etc).
- Personal awards (including ordinary retirement and ill health retirement).
- Awards on death (including spouses' and children's pensions).
- The transfer of pensions into and out of the scheme.
- The option to purchase additional service.
- Allocation of pensions.
- Determination questions and appeals (including medical appeals).
- Payment of awards.
- Forfeiture.
- Transitional provisions.

¹ Proposals will need to be in line with the Finance Acts 2004 and 2005.

CONSIDERATION OF BLUE PRINT FOR NEW PENSION SCHEME

The Blue Print will be broken down into separate parts to parallel those of the current scheme.

1st Stage

1. GENERAL PROVISIONS

- A1 Citation and commencement
- A2 Interpretation plus Glossary of Expressions
- A3 Application of scheme - membership
- A4 Application of scheme - pension credit members
- A5 Restriction on application of scheme on health grounds
- A6 Application to temporary employment connected with fire and rescue service
- A7 Application to permanent employment as an instructor
- A8 No application to auxiliary firefighters – subject to possible deletion
- A9 Start date as scheme member and eligibility
- A10 Pension eligibility
- A11 Reckoning of service for purposes of awards
- A12 Normal pension age
- A13 Pension contributions for purposes of awards
- A14 Effective date of retirement
- A15 Relevant service in the armed forces - reservists
- A16 Disablement
- A17 Qualifying injury
- A18 Death or infirmity resulting from injury
- A19 Election to pay opt out of the scheme
- A20 Election to rejoin the scheme

2. PERSONAL AWARDS

- B1 Ordinary retirement
- B2 Payment of pension before the normal pension age at firefighter's request
- B3 Payment of pension before the normal pension age at the employer's request
- B4 Ill health award
- B5 Injury Award
- B6 Deferred pension
- B7 Cancellation of a deferred pension
- B8 Repayment of aggregate pension contributions
- B9 Commutation
- B10 -
- B11 Commutation of small pensions
- B12 Allocation
- B13 Limitation of commuted or allocated portion of pension
- B14 Pension Debt Members
- B15 Deduction of tax from certain awards

3. PENSIONABLE SERVICE

- E1 Qualifying Service
- E2 Reckoning of pensionable service
- E3 Service that will not count as pensionable service
- E4 To reckon an unpaid absence
- E5 Maternity, paternity and adoption leave
- E6 Period during which injury pension was payable

4. PENSIONABLE PAY AND CONTRIBUTIONS

- G1 Pensionable pay
- G2 Pension contributions
- G3 Optional pension contributions during maternity and adoption leave
- G4 Election not to pay pension contributions

5. PURCHASE OF ADDITIONAL SERVICE

- G5 Election to purchase additional service
- G6 Purchase additional service
- G7 Payment of periodical contributions for increased benefits
- G8 Effect of ceasing payment of periodical contributions before normal pension age
- G9 Discontinuance of periodical contributions
- G10 Effect of purchasing additional service by lump sum

2. 2nd Stage

1. SURVIVOR PENSIONS

- C1 Survivor pensions
- C2 Actuarial reductions in survivor pensions
- C3 Temporary pensions where survivor pension is not - deleted
- C4 Survivor's special award
- C5 Short-term increase in survivor pension
- C6 Pension debit member
- C7 Gratuity in lieu of pension

2. Part C(2) - CHILDREN'S PENSIONS

- C8 Child's pension
- C9 Child's special award
- C10 Child's pension limitations
- C11 Child's award in respect of pension debit members
- C12 Gratuity in lieu of pension

3. Part D - DEATH GRANT

- D1 Lump sum death grant
- D2 Guaranteed payment of pension
- D3 Payment of balance of contributions to estate

4. PENSION SHARING ON DIVORCE

- M1 Pension credit member's entitlement to pension
- M2 Application of general rules for Pension Credit Members

- M3 Commutation of pension credit benefits
- M4 Death grants where pension credit members dies before pension credit benefits become payable
- M5 Deduction of tax from pension credit member pensions

3. 3rd Stage

1. TRANSFERS INTO AND OUT OF THE SCHEME

- F1 Receipt of transfer value
- F2 Transfer payments between Fire and Rescue Authorities
- F3 Payment of transfer values

2. DETERMINATION OF QUESTIONS AND APPEALS (INCLUDING MEDICAL APPEALS)

- H1 Determination by the Fire and Rescue Authority
- H2 Appeal against opinion on a medical issue
- H3 Appeal to the Fire and Rescue Authority Disputes under the Internal Disputes Resolution Procedures
- H4 IDRPs Procedures

3. REVISION AND WITHDRAWAL OF AWARDS

- K1 Review and cancellation of ill health pensions
- K2 Reduction of award in case of default
- K3 Withdrawal of pension during service as a firefighter
- K4 Review of the restriction from ill health retirement provisions
- K5 Withdrawal on conviction of certain offences

4. RESERVISTS

- I1 Preliminary
- I2 Awards to reservists
- I3 Awards on death of reservists
- I4 Reservists who resume service as firefighters
- I5 Reservists who do not resume service in their former Fire and Rescue Service
- I6 Pensionable Service
- I7 Pension Contributions

5. SPECIAL ISSUES

- J1 Tax limits
- J2 Guaranteed Minimum Pensions
- J3 Survivor guaranteed minimum pensions
- J4 Commutation of small pensions
- J5 Disclosure of information to scheme administrators

4. 4th Stage

1. Transitional Arrangements
2. Round-up
3. Sign-off final blue print
4. Time-table for consideration of draft Order.