

**EXPLANATORY MEMORANDUM TO**  
**THE FIREFIGHTERS' PENSION SCHEME (AMENDMENT) (ENGLAND)**  
**ORDER 2015**

**2015 No. 579**

**1.** This explanatory memorandum has been prepared by the Department for Communities and Local Government and is laid before Parliament by Command of Her Majesty.

**2. Purpose of the instrument**

2.1 This Order amends the Firefighters' Pension Scheme 1992 (set out in Schedule 2 to the Firemen's Pension Scheme Order 1992) as it has effect in England. Part A1 of Schedule 8 to the Scheme sets out the contribution rates payable by members which are determined by reference to the applicable pensionable pay band. This Order amends the table in Part A1 to provide an annual one per cent uplift in the pay bands until 2018.

**3. Matters of special interest to the Joint Committee on Statutory Instruments**

3.1 None.

**4. Legislative Context**

4.1 Section 26 of the Fire Services Act 1947 enables the Secretary of State to establish a pension scheme, by order, for the payment of pensions, allowances and gratuities to employees of fire brigades and includes provision for the making of employee contributions. The Firefighters' Pension Scheme 1992 was established under this power and is set out in Schedule 2 to the Firemen's Pension Scheme Order 1992 (S.I. 1992/129). The name of the scheme was changed to the Firefighters' Pension Scheme by article 4(1) of S.I. 2004/2306. The Fire Services Act 1947 was repealed by sections 52 and 54 of, and Schedule 2 to, the Fire and Rescue Services Act 2004 (c.21). Subsections (1) to (5) continue to have effect in relation to England, Scotland and Wales for the purposes of the Firefighters' Pension Scheme 1992 by virtue of S.I. 2004/2306 and S.I. 2004/2918.

**5. Territorial Extent and Application**

5.1 This instrument applies to England

**6. European Convention on Human Rights**

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

## **7. Policy background**

- What is being done and why

7.1 The cost of public service pensions has risen significantly in recent years. This increased burden on taxpayers and employers led to the Government setting up the Independent Public Service Pensions Commission under Lord Hutton. The Commission was tasked to carry out a “fundamental structural review” of public service pension provision and to make recommendations on pension arrangements that are “sustainable and affordable in the long term, fair to both the public service workforce and the taxpayer, and consistent with the fiscal challenges ahead, while protecting accrued rights”.

7.2 As a result of Lord Hutton’s report, the Government has introduced a new firefighters’ pension scheme, “the 2015 scheme”, which will come into force on 1st April 2015. This scheme meets Lord Hutton’s requirement “to make public service pension schemes simpler and more transparent, fairer to those on low and moderate earnings”.

7.3 When the 2015 scheme was developed, it was recognised that firefighter salaries might see rises to reflect inflation each year. In order to avoid the unintended consequence of a member being drawn into a higher contribution band because of a pay rise to reflect inflation, it was therefore decided to increase the pay bands in the 2015 scheme by 1% each year until 1st April 2018 inclusive. At this time, the contribution bands will need to be reviewed again to take account of the next 2015 Scheme valuation.

7.4 This risk also exists for members of the Firefighters’ Pension Scheme 1992 and the Firefighter’s Pension Scheme 2006. The Government is therefore applying the same annual 1% uprating of all contribution bands in the 1992 and 2006 schemes to cover the period from 1st April 2015 to 1st April 2018 inclusive. This includes the contribution bands for special members.

- Consolidation

7.2 There is no intention to consolidate the Firefighter’s Pension Scheme Order 1992.

## **8. Consultation outcome**

8.1 The draft Order was subject to one statutory consultation beginning on 22nd January 2015 and concluding on 19th February 2015.

8.2 The consultation paper was sent to fire and rescue authorities, members of the Firefighters’ Pension Committee, and key employer and employee representative bodies. A list of organisations that the Secretary of State ordinarily expects to consult is available from the following webpage: <https://www.gov.uk/government/publications/firefighters-pension-scheme-regulations-information-on-who-should-be-consulted>

8.3. 15 responses were received to the consultation. Copies of the consultation paper and the Government's response, which includes a full list of respondents, can be found at <https://www.gov.uk/government/consultations/firefighters-pension-schemes-transitional-arrangements>

8.4. The majority of respondents were in agreement with the Government's proposals. However, three respondents suggested that an alternate indicator be used for the annual uprating of the contribution bands, rather than 1%. The Government has decided to continue to uprate the contribution bands by 1% because:

- Applying 1% each year until 2018-19 provides members with greater certainty about what they will pay for this period. The alternative rates proposed would vary each year.
- The proposed approach is consistent with the 2015 scheme arrangements. Members could also move into a higher contribution rate band if the alternative rate dropped below a pay award to reflect inflation.
- The contribution rates paid will need to be reviewed in 2018-19 as part of the next valuation, so there is a clear opportunity to review the contribution bands again at this time.

8.5. Article 3 of the Order sets out the revised 1992 Scheme pensionable pay bands to include the 1% annual uprating for the next four years from 1st April 2015. The figures have been rounded down to the nearest pound to simplify the administration of the scheme.

## **9. Guidance**

9.1 The Department does not intend to issue any guidance on complying with this statutory instrument.

## **10. Impact**

10.1 The impact on business, charities or voluntary bodies is nil.

10.2 The impact on the public sector is minimal.

10.3 An Impact Assessment has not been prepared for this instrument.

## **11. Regulating small business**

11.1 The legislation does not apply to small business.

## **12. Monitoring & review**

12.1 The changes made by this Order will be monitored by the Department and reviewed on a regular basis. The scheme will also be subject to regular actuarial valuation, following which the contribution bands will be reviewed.

## **13. Contact**

13.1. Victoria Edwards, at the Department for Communities and Local Government, on 0303 444 4057 or [victoria.edwards@communities.gsi.gov.uk](mailto:victoria.edwards@communities.gsi.gov.uk), can answer any queries regarding the instrument.