

## INTRODUCTORY

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The Introductory section starts with a Table of Contents followed by notes on how to use the Commentary, a list of the abbreviations and an outline of the main provisions of the FPS. There is also information on how the scheme is run and how it has developed over the years.

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**HOW TO USE THE COMMENTARY**

**The Commentary and the Scheme**

First you will want to know how the Commentary is constructed.

\* It follows generally the sequence of the Firemen's Pension Scheme, which contains:

- 13 Parts, A to M and
- 12 Schedules

\* The individual rules within each Part begin with the Part letter and are numbered in sequence:

eg Part A consists of 16 rules

- A1 to A16

\* The Schedules are linked to rules in chronological order

eg Schedule 1 is linked to A2 in Part A

\* The Commentary is in 13 parts, A to M:

- each Part of the Commentary explains the Part and the linked Schedule (if any).

\* Part J and Schedule 11 of the Scheme deal with "special cases"

- Part J mostly covers circumstances which may affect a pension award, but which are unlikely to affect many members.

- Schedule 11 mostly covers:

- a. preserved rights for members serving (or in some cases for members who have already ceased to serve) before various dates when changes were made in the provisions of the Scheme,
- b. the continuing effect of elections made in 1973 to uprate benefits for widows and children,
- c. special provisions for firemen who were serving in 1956 and remained subject to the provision current at that time.

## HOW TO USE THE COMMENTARY

## Getting the general picture

You can find your way about the Commentary by looking at:

- \* the Table of Contents on page i, and
- \* the Index.

You may also find useful the list of:

- \* Abbreviations on page v.

If the Scheme is new to you, you can get a general picture by looking at:

- a. the **BACKGROUND TO THE FIREFIGHTERS' PENSION SCHEME** on page vi:
  - which puts the scheme in context and summarises the benefits available,
- b. the opening page of each Part, eg 'C'
  - which give a short general description of what each Part covers, and
- c. the **"Chronology"** on pages xi to xiii
  - which shows the sequence of developments since 1947.

You will also like to know that where words or phrases have a special meaning:

- d. the **"Glossary"** on pages A2-2 and A2-3
  - gives you the main definitions. (The precise definitions are in Schedule 1).

In the main body of the Commentary broadly speaking, in the Parts dealing with awards:

## Text and Examples etc

- \* the text follows a consistent pattern, covering:

- "Who is eligible?"
- "How much is the award?", and
- "When is the award paid?".

If there are unusual cases, or something needs further explanation, this is covered after each section of text under the heading **"POINTS TO NOTE"**, to keep the main text as simple and straightforward as possible.

- \* the examples cover the calculations.

Although the examples come at the end of each section, there is no reason why you should not look at them first, if this helps you get an overall picture before tackling the detail.

HOW TO USE THE COMMENTARY

<p>Cross References</p>	<p>The text is full of cross-references, because so many Parts of the Scheme are inter-related. <b>Bold type</b> has been used for headings, page numbers, to emphasise important points, and for cross references to other parts of the Commentary.</p> <p>Where there are cross-references to rules they are referred to as H1(1), H2(2) etc, not as "rule H1(1)" or "rule H2(2)", to save repetition.</p>
<p>Page numbers</p>	<p>The page numbering is linked to the numbering of rules themselves.</p> <ul style="list-style-type: none"> <li>* The opening page of each Part which refers to the contents of that Part is identified by the appropriate letter, eg:-             <ul style="list-style-type: none"> <li>- A, B, C, etc.</li> </ul> </li> <li>* Some Parts start with a general section, headed by the Part letter, eg:-             <ul style="list-style-type: none"> <li>- B Gen-1</li> </ul> </li> <li>* The text about each rule and any Schedule linked with it is numbered in sequence, eg:-             <ul style="list-style-type: none"> <li>- A2-1, A2-2, etc.</li> </ul> </li> <li>* Examples, etc come at the end of the relevant Part and are called             <ul style="list-style-type: none"> <li>- "B1-Example 1"</li> </ul> </li> <li>* There is an exception in Part B. Parts VII and VIII of Schedule 2 are explained in the general section of Part B, at pages B Gen - 2 to 8. This is because they each relate to 4 rules (B1, B2, B3, and B5).</li> </ul>

**IMPORTANT**

Nothing in this Commentary can override the provisions of the Scheme or any other statutory provision to which reference is made.

**ABBREVIATIONS****ABBREVIATIONS USED IN THE COMMENTARY**

Abbreviation	Meaning	Main Reference
APP	Average Pensionable Pay	G1-1
CEP	Contributions Equivalent Premium	ANNEX 2-8
EPB	Equivalent Pension Benefit	ANNEX 2-10
CFBAC	Central Fire Brigades Advisory Council(s)	Introduction viii
FPS	Firefighters' Pension Scheme	Introduction vi
GAD	Government Actuary's Department	ANNEX 4
GMP	Guaranteed Minimum Pension	ANNEX 2-5
GPS	Graduated Pension Scheme	ANNEX 2-10
JPC	Joint Pension Committee	Introductory ix
PI	Pensions Increase	ANNEX 1
PIL	Payment in Lieu of Contributions	ANNEX 2-10
RPI	Retail Price Index	ANNEX 1-1
SDA	Severe Disablement Allowance	B4-4
SERPS	State Earnings-Related Pension Scheme	ANNEX 2-5
TV	Transfer Value	F9-1

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override the provisions of the  
Act or any other statutory  
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**MAIN FEATURES OF  
THE FIREFIGHTERS  
PENSION SCHEME**

The current Scheme is:

- \* The Firemen's Pension Scheme 1992 which
  - consolidated the Scheme of 1973

**Members**

The FPS covers:

- \* regular firefighters both male and female in Great Britain. (There is a similar scheme in Northern Ireland for members of the Northern Ireland Service.)

Limited benefits, in the event of injury or death on duty, are available for:

- \* retained firefighters
- \* members of a brigade who are not engaged on fire-fighting terms but who are injured at a fire.

**Pensionable  
pay and  
service**

Contributions are paid by regular firefighters as a percentage of their pensionable pay (basic pay):

- \* 11% with effect from 1 July 1991

Awards are based on:

- \* pensionable pay in the last year of service, or the best year of the last 3, and
- \* pensionable service which is derived from:
  - fire service,
  - a proportion of transferred-in service (pensionable service after 20 years counts double), or
  - "purchased" service.

**Pension  
Awards**

Ordinary pensions of half pay (30/60ths) are paid on retirement to members who are aged 50 or over and have 25 years' service. Maximum pensions of 2/3rds pay (40/60ths) are paid after 30 years' service to members who are aged 50 or over.

Short service pensions are paid to members who reach compulsory retirement age (55 for junior ranks) before completing 25 years' service.

Ill-health pensions are paid to members who have to leave on health grounds with at least 2 years' service, or with an injury on duty. Enhanced rates apply to those with at least 5 years' service.

Lump sum payments of two years' pensionable pay are made in respect of members who die in service on or after 1 July 1991.

On death, whether in service or in retirement; there are provisions for:

- \* spouses' pensions generally at the rate of half the member's pension or prospective pension,
- \* allowances for dependent children, and
- \* in some circumstances, allowances for dependent adults

For the first 3 months after a member's death, the family benefits are increased to equal the member's own last rate of pay or pension.

BACKGROUND TO THE FIREFIGHTERS' PENSION SCHEME (FPS)

CONTEXT OF THE PUBLIC SERVICE

The FPS is one of the oldest in the public service.

Other schemes cover:

- \* civil servants, teachers, police, local government and health service workers and members of the armed forces.

Common Features

Most public service schemes provide benefits for members and their dependants, which are:

- \* index-linked, in accordance with the Pensions (Increase) Acts, and
- \* contracted-out of SERPS, the state earnings-related pension scheme.

The Treasury plays a central role in co-ordinating the provisions of public service schemes.

Differences

Because of the special nature of fire-fighting duties, there are special features in the FPS different from the usual provision in the public service. The most important are:

- \* A compulsory retirement age of 55 for the majority.
- \* A full pension after 30 years' service instead of the usual 40; service after 20 years earning double benefit.
- \* Entitlement to pension after 25 years' service on reaching age 50.
- \* Benefits accrue in 60ths of pay instead of 80ths. A full pension of 40/60ths (two-thirds) of pay, of which up to 1/4 may be commuted for a lump sum, roughly equates with a pension of 40/80ths (one half of pay with a fixed lump sum of 1 1/2 years' pay). But lump sums from commutation are usually better at younger ages.
- \* Enhanced benefits for the dependants of firefighters killed on duty in some circumstances.

Police officers and members of the armed forces, who also serve under active and sometimes hazardous conditions, have similar special features in their pension schemes.



Early Leavers may:

- \* Transfer their pension rights to another occupational pension scheme, to a personal pension scheme or to an approved insurance contract,
- \* preserve their benefits to be paid as a deferred pension for themselves at age 60 if they have at least 2 years' service, or
- \* receive a refund of their contributions if they have less than 2 years' service.

Where benefits are preserved, spouses' and children's benefits are also preserved.

**Awards on injury or death from a qualifying injury**

In the event of an injury or death resulting from a qualifying injury, higher awards are paid. An injured member who can no longer serve has a guaranteed level of income which takes account of other benefits received, including state benefits, for the injury.

**Other Provisions**

There are also provisions for:

- \* commutation or allocation of part of a member's pension,
- \* cancellation of ill-health or injury pensions on full recovery, and revision of injury pensions if the extent of disablement changes,
- \* forfeiture of awards in exceptional circumstances,
- \* appeal to the courts about awards, or to a medical referee about medical decisions,
- \* increase of pensions after award in line with the Pensions (Increase) Acts.

**THE LAW ABOUT  
FIREFIGHTERS'  
PENSION**

The Scheme is made under:

- \* Section 26 of the Fire Services Act 1947 (the Act).

**The Act**

The Act enables the Home Secretary to make a "Firemen's Pension Scheme" Order

- with the consent of the Treasury
- after consultation with the Central Fire Brigades Advisory Councils for England and Wales and for Scotland, and
- (so far as appeal tribunals are concerned) after consultation with the Council on Tribunals.

The Superannuation Act 1972 ensures that:

- members who have already ceased to serve and their dependants are not made worse off by any change in the Scheme unless they elect otherwise.

**The Central Fire Brigades Advisory Councils**

- \* The Central Fire Brigades Advisory Councils were set up under the Fire Services Act 1947, to advise the Home Secretary and the Secretary of State for Scotland about various aspects of the running of the fire services.

The Councils set up a Joint Pensions Committee (JPC) to fulfil their functions regarding the pension scheme.

The JPC:

- is chaired by a senior Home Office official,
- has a membership representing fire authorities, staff associations and the Home Departments, and
- has a secretary from the Home Office.

Thus fire authorities and representatives of the staff interests can discuss and comment on proposals for changes in the pension scheme and put forward proposals of their own.

The FPS is administered and awards paid by:

**HOW THE PENSION SCHEME IS RUN**

- \* fire authorities. These include
  - fire authorities of brigades defined in the Fire Services Act 1947, and
  - a Secretary of State, where deemed to be the fire authority for certain members of the scheme.
- \* The Home Departments:
  - the Home Office and
  - the Scottish Office
 can give a view on how the Scheme applies in a particular case.

When a Firemen's Pension Scheme Order or amending Order is made, the Home Departments issue circulars to fire authorities explaining the resulting changes.

But the Home Departments cannot give a binding interpretation of the law, which is a matter for the courts.

- \* Members who require further information about their position may consult:
  - their fire authority, or
  - their staff association.
- \* The appeal system to:
  - a medical referee, or
  - the courts (or a tribunal)
 is a backstop in the event of unresolved dissatisfaction.
- \* In certain circumstances members may be able to apply to the Pension Ombudsman where they have a complaint about possible maladministration but not regarding disputes about entitlement. Fire authorities will be able to provide details of the procedure as required.

**THE COST OF  
THE SCHEME**

**Overall cost**

The overall cost of the FPS (excluding the death grant and injury benefits) was last assessed by the Government Actuary in 1991, as:

- \* 37.5% of pensionable pay over an average career. This is known as:
- \* "the new entrant contribution rate", because it is expressed in terms of:
  - a percentage of pensionable pay which, if paid throughout the career of the average new entrant, would exactly cover the cost of his or her benefits if the actuarial assumptions proved to be correct.

The financial basis of the scheme is kept under general review although, because the scheme is unfunded, there is no statutory requirement for periodic revaluations.

**Pay as you go**

The cost of the scheme is met on a "pay as you go" basis. There is no pension fund into which contributions are paid or from which future expenditure on benefits will be met.

- \* Income:
  - from members' contributions, and incoming transfer values, and
- \* Expenditure:
  - on pension benefits for former members and outgoing transfer values,
 is part of normal fire service financing.

**Contributions**

In the FPS, members' contributions meet nearly 30% of the estimated cost of providing their pensions.

The remaining cost is met by:

- \* fire authorities in the first instance, with
- \* the balance of expenditure being taken into account in reckoning entitlement to revenue support grant, through which central government contributes towards local authority expenditure generally.

**CHANGES IN THE  
PROVISIONS OF  
THE SCHEME**

A pension scheme is dynamic and can be amended to suit changing circumstances of employment and changing social conditions. However, the scheme may apply differently in respect of members with service before certain specified dates, or according to how options were exercised, eg:

- \* improvements to the scheme normally relate only to service after the date when the improvement is introduced,
- \* changes which would otherwise worsen the pensions expectations of members already serving or who have ceased to serve may be expressly limited to those who enter the scheme (or cease to serve) after the date when they are introduced, and
- \* there are occasions when members are given a chance to elect for certain benefits if they are serving on a particular date.

The Superannuation Act 1972 (Section 12(4)) protects the rights of members, once they have retired, so that neither they nor their dependants may be made worse off by a change in the scheme.

1 April 1948

This was the appointed day for the purposes of the Fire Services Act 1947 (16 May 1948 for Scotland).

This was also the operative date of the Firemen's Pension Scheme Order 1948 (SI 1948 No.604), made under Section 26 of the 1947 Act, and the first scheme set out in a statutory instrument. Before that members of fire brigades had pension entitlements under various enactments, including the Fire Brigade Pensions Act 1925. Section 27 of the 1947 Act provided for modifications of schemes made under Section 26 for persons who had preserved rights under such enactments.

5 July 1948

This was the beginning date of the basic, flat-rate state retirement pension (see ANNEX 2-3).

- \* The link between the state pension scheme and the FPS was close from the beginning.

10 July 1956

Persons serving on this date had the option to continue serving on the terms applying before that date (see J6-1 to 2).

3 April 1961

The beginning of the state graduated pension scheme (GPS), which continued until 5 April 1975. Regular firefighters were contracted-out of this scheme (see ANNEX 2-10).

- \* Provision is still needed to ensure that:
  - a. appropriate reductions are made in FPS pensions for those who participated in the GPS (Schedule 2, Part VII), and
  - b. the secured portion of a pension is safeguarded (see ANNEX 2-11).

26 August 1966

The "widow's one-third" pension scheme was introduced on this date. Firemen serving then could elect that it should apply to them.

- \* If they did, they began to pay pension contributions related to 6% of their pensionable pay and were required to uprate their earlier service to the one-third rate.
- \* If they did not, they continued to pay pension contributions related to 5% of their pensionable pay and remained entitled only to flat-rate pensions for their widows.

Provision is still needed for service before 1 April 1972 to count at the one-third rate or the flat-rate, according to elections made in 1966 (Schedule 11, Part I) (Children's awards were not paid with widows' one-third rate pensions).

1 April 1972  
1 July 1973  
1 October 1973

Widows' pensions at the rate of one-half of their husband's pension were introduced with effect from 1 April 1972, by the Firemen's Pension Scheme Order 1973 (SI 1973 No 966). The Scheme came into operation on 1 July 1973, but had effect from 1 April 1972.

Pension contributions at the rate of 6.75% were paid from 1 April 1972 until 30 April 1983. (These rates were introduced voluntarily from 1 April 1972, to avoid arrears becoming due once the Scheme became operative in July 1973). The 6.75% contribution rate took account of half-rate widows' pensions. Revised arrangements were also introduced for injury awards.

Firemen had an option to uprate their service before 1 April 1972 for widows' and children's benefits. Elections for this purpose had to be made by 1 October 1973, and any lump sum payments had to be made by that date (except where the fireman died before 1 October 1973, when his widow had 3 months from the date of his death to make the election he might have made).

\* Provision is still needed to give effect to elections made in 1973 (Schedule 11, Parts I and II).

1 January 1974

Revised interchange arrangements were introduced with effect from this date.

\* The arrangements were introduced administratively in advance of the amending Order, which became operative on 1 October 1978 (the Firemen's Pension Scheme (Amendment) Order 1978 (SI No 1228)). Special provision was made for firemen who transferred between 1 January 1974 and 30 September 1978 inclusive.

5 April 1975

This date saw the end of the state graduated pension scheme (GPS) (see entry under 3 April 1961).

6 April 1975

The Social Security Act 1973 introduced provisions to safeguard certain pension rights of early leavers from this date. These are reflected in the entitlement to a deferred pension under B5.

1 May 1975

Since this date each day of service to a maximum of 30 years counts towards a fire pension, whereas formerly only complete years and half years counted.

\* Provision is needed to ensure that benefits are calculated according to the old system in respect of firemen who retired before that date (Schedule 11, Part III).

6 April 1978

The Social Security Pensions Act 1975 introduced the state earnings-related pension scheme (SERPS) from this date. Regular firefighters are contracted-out of SERPS (see ANNEX 2-5).

\* Provision is needed for the payment of an award at least equal to a guaranteed minimum pension (GMP) and for related purposes (rule JI).

1 April 1980

Modification of FPS pensions in respect of the state flat-rate retirement pension ended from 1 April 1980 in respect of service on and after that date (see ANNEX 2-3).

\* Provision is needed to ensure that the unsecured portion of any ordinary, short service, ill-health or deferred pension is reduced for firemen whose service was modified in respect of service between 5 July 1948 and 31 March 1980 inclusive (Schedule 2, Part VII, paragraph 1 and rules B1, B2, B3 and B5).

1 January 1986

New rights to transfer benefits based on "cash equivalent" transfer values under the Social Security Act 1985 (see FGen-2,3).

6 April 1988

Membership of the FPS is no longer compulsory in accordance with the requirements of the Social Security Act 1986 (see G3-1 and ANNEX 5). The 1986 Act also introduced provisions for free-standing Additional Voluntary Contributions which enables members of occupational schemes to supplement their scheme benefits through separate arrangements with a commercial pension provider of their choosing. (However, because of the scale of benefits which the FPS provides there is only limited scope for firefighters to invest in FSAVC's. See Fire Service Circulars Nos 12/1988 and 4/1990 dated 12 December 1988 and 23 March 1990, respectively and their Scottish Office equivalents).

1 July 1988

Personal pensions became available for the first time.

1 July 1991

Introduction of death grant in respect of serving firefighters (see E1-1).