

## **RETIREMENT ALLOWANCE AND INJURY AWARDS FROM THE FIREFIGHTERS' COMPENSATION SCHEME**

We are aware that the Home Office has recently issued advice to Police Pensions Administrators that Retirement Allowance should be deducted from police injury pensions. The purpose of this Guidance Note is to point out to administrators of the Firefighter Pension Schemes that the rules of the Firefighters' Compensation Scheme (FCS), which are drafted differently to those of the Police (Injury Benefit) Regulations 2006, **do not** in our view provide for the deduction of Retirement Allowance from FCS injury pensions. However, FRAs may wish to seek their own legal advice on this.

The State benefits deductible from a firefighter's injury award are those that were paid under the Social Security Act 1975 (SSA) and Social Security Pensions Act 1975 (SSPA). This legislation has been repealed and the corresponding benefits are now payable under the Social Security Contributions and Benefits Act 1992 (SSCBA). Section 2 of the Social Security (Consequential Provisions) Act 1992 permits benefits payable under the SSCBA which replace those earlier benefits paid under the SSA and SSPA to be deducted from a firefighter's injury award in the same manner. It is our view that Retirement Allowance did not replace any of the existing DWP benefits that could be deducted from a firefighter's injury pension under the Social Security Act 1975 or Social Security Pension Act 1975.

The Retirement Allowance was introduced in 1988 to show a distinction, at state pension age, between a benefit designed to recognise reduced earnings capacity as a result of an industrial injury (Reduced Earnings Allowance) and a benefit that recognises reduced pension entitlement due to a lower level of pension benefit accrual. We will, therefore, need to consider whether it would be appropriate for the FCS to be amended to provide for the deduction of Retirement Allowance.

*Communities and Local Government*

*13<sup>th</sup> October 2010*