WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT AND RISK COMMITTEE

WEDNESDAY 18 MAY 2022

1. **REQUEST FOR A DECISION ON ACTION TO BE TAKEN IN RESPECT OF IMMEDIATE DETRIMENT CASES UNDER THE MCCLOUD/SARGEANT RULING**

   Report of the Chief Fire Officer.

2. **PURPOSE OF REPORT**

   That the Committee consider the additional information received since the decision was taken by the Audit and Risk Committee, (in its role as Scheme Manager for the Firefighters' Pension Schemes) on 6 December 2021 to pause the payment of Immediate Detriment cases and determine whether the pause should remain in place or be lifted.

3. **RECOMMENDATION**

   The Committee, in its role as Scheme Manager, consider whether to:

   a) continue with the current pause on Immediate Detriment cases

   or

   b) resume making payments on Immediate Detriment cases.

4. **BACKGROUND**

4.1 On 7 December 2020, the Audit and Risk Committee, in its role as Scheme Manager for the Firefighters' Pension Schemes, took the decision to instruct the scheme administrator to act upon guidance issued by the Home Office in August 2020 to make payment to Immediate Detriment cases.

4.2 West Midlands Fire Service began making payment to affected members, who retired from service on or after 1 February 2021. Whilst payments were being made, there were still a number of outstanding technical questions being considered nationally.

4.3 In October 2021, the Local Government Association (LGA) and the Fire Brigades' Union (FBU) signed a Memorandum of Understanding which provided a more substantial framework for the processing of cases.

4.4 On 29 November 2021, the Home Office withdrew their guidance. The key reason for withdrawal of the guidance was uncertainty on the power of Section 61 of the Equalities Act 2010 to support correction of Immediate Detriment cases before the new legislation was in place, with specific reference to tax relief on the contributions that a member would need to make to reinstate their membership of the 1992 Pension scheme. They further felt that there was a significant risk to scheme members that HMRC may reclaim any tax relief which had been given in this situation (Appendix 1).

4.5 The withdrawal guidance quoted further concerns from Her Majesty's (HM) Treasury and the covering letter from the Home Office outlined the funding position and confirmed that Services would not be provided with additional funding for costs associated with Immediate Detriment, which are paid outside of the pension account. This means that, were Services to try and compensate members for lost tax or pension outside of the regulations, they would not be funded, and this would come from operational budgets only.

4.6 At the Audit and Risk Committee meeting on the 6 December 2021, a verbal update was received, advising of the withdrawal of the Home Office guidance and the associated legal and financial issues this raised. As a result of this update, the decision was taken to pause the payment of Immediate Detriment cases (Appendix 2).

4.7 There is no question that eligible members are entitled to receive a choice of legacy or reformed benefits for the period between 1 April 2015 and 31 March 2022, nor is there any doubt that this will be available. Section 2 of the Public Service Pensions and Judicial Offices Act 2022, which came into place in April 2022, has the effect that on the coming into force of the secondary regulations, which must be enacted by 1 October 2023, members will be reverted to their legacy schemes for the remedy period. Those who have retired before the coming into force of the secondary regulations will be treated as 'Immediate Choice' members under sections 6 to 9 of the Act 2022 and given a choice of benefits to receive.

4.8 The LGA and FBU have produced a document providing a range of benefit illustrations based on different scheme memberships, scenarios and salary payments to help explain the impact of the 2015 Remedy on individual member benefits. The document is attached as Appendix 3

4.9 As indicated in Paragraph 4.2, Immediate Detriment payments were being made by the Authority prior to 7 December 2021 based on the legal considerations leading up to that date alongside guidance for making payments provided by the Home Office. The removal of the Home Office guidance and the legal and financial risks and uncertainties associated with making payments prior to 1 October 2023 has resulted in changes to the basis of making Immediate Detriment payments, which requires appropriate consideration in terms of the ongoing arrangements relating to this matter.

4.10 In an attempt to support the Fire Sector, the Chair of the Firefighters' Pensions (England) Scheme Advisory Board wrote on 17 December 2021 to HM Treasury asking for further clarification on the tax issues highlighted by the Home Office (Appendix 4).

4.11 HM Treasury responded to this letter on 23 March 2022 (Appendix 5) providing the requested detail. This letter reinforced the uncertainty cited by the Home Office, specifically around the following areas.

I) Tax relief on member contributions

II) Payment of benefits from the 2015 scheme

III) New or increased lump sum payments

IV) Annual allowance tax charges

V) Lifetime allowance tax charges

4.12 Their letter confirmed that, “the Government’s view remains that processing Immediate Detriment cases before all the necessary legislation is in place, could give rise to significant consequences for schemes and members, although that ultimately is a decision for individual Scheme Managers”.

4.13 Alongside the above, whilst recognising that it is a separate pension scheme, the National Police Chiefs’ Council (NPCC) Pension Team took further legal advice on the impact for their scheme. In an NPCC letter dated 22 March 2022 (Appendix 5) it stated that whilst the written legal advice was still pending, “counsel’s view was unequivocally that Scheme Managers should not be implementing immediate detriment at this time, as there is no legal mechanism to pay without undue risks to both members and the force”.

4.14 The Public Service Pensions and Judicial Offices Bill has now received royal assent and has been made into an Act, The Public Service Pensions and Judicial Offices Act 2022. Part 1, Chapter 1 of the Act will come into force no later than 1 October 2023 and will remedy the discrimination between 1 April 2015 and 31 March 2022, by moving members back to the legacy scheme for the remedy period. The Act will be supported in due course by Treasury directions which specify certain aspects such as the rate of interest to apply to payments owed and due.

4.15 Secondary regulation amendments to the Firefighters’ Pension Schemes will be required that are in keeping with the primary legislation. It is the responsibility of Home Office to draft and lay these regulations by 1 October 2023. Section 11 of the Finance Act 2022 requires treasury to make changes to the Finance Act 2004, in connection with the discrimination rectification provisions. It is expected these will be retrospective from 1 April 2022, however they are not yet available, and drafts are expected in Autumn of 2022.

4.16 The HM Treasury letter dated 22nd March 2022, referred to earlier in this report, referenced a set of principles which appear to relate to clauses within the Public Service Pensions and Judicial Offices Act 2022 and its interaction with section 61 of the Equality Act. The clauses, which may allow for some progress on this matter are due to come into law from late May 2022. It is therefore possible but in no way certain, that the Home Office may issue updated guidance later in the year. This view is based on initial reading of the legislation, and there is no guarantee that the Home Office will take any action.

4.17 On behalf of the Fire Sector and in discussions with the FBU, the LGA is exploring whether any adjustments can be made to the framework that was agreed on Immediate Detriment, to assist FRAs in being able to process Immediate Detriment cases under that framework. As an outcome of these discussions a joint letter was sent to the Home Office and HM Treasury from the FBU and the LGA, seeking a resolution on immediate detriment issues (Appendix 7). In addition, the NFCC and LGA are also seeking clarity to enable cases to be progressed.

4.18 Whilst the options referenced in the 2 paragraphs immediately above may enable some progress to be made prior to October 2023, it remains that both NPCC and LGA legal opinion has been very clear that significant risk would be faced by both members and the Service's operational account, by making payments with no clear legal mechanism.

5. <u>EQUALITY IMPACT ASSESSMENT</u>

5.1 The legal duty on the Service in relation to an Equality Impact Assessment is to give due consideration to the impact of any policy decision as it affects those with protected characteristics. This due consideration is in the form of advantages and disadvantages for affected Scheme Members.

5.2 In relation to this report, the protected characteristic of age is engaged for Scheme Members and has been since the 'Sargeant' Court of Appeal decision.

5.3 If the Committee decide to process Immediate Detriment claims and lift the current 'pause', the disadvantage to affected Scheme Members is reduced. However, there may likely be ongoing financial disadvantage to affected Scheme Members in the absence of clarity on the tax implications for Scheme Members because the relevant legislation will not be introduced by the Treasury until October 2023.

6. LEGAL IMPLICATIONS

6.1 The Service is committed to upholding the Equality Act 2010 and seeks to avoid discrimination in the work place.

6.2. If Employment Tribunal claims are received from affected Scheme Members, the Service will seek a 'stay' or 'suspension' of these claims until the legislation clarifying the tax treatment of Immediate Detriment claims comes into force in October 2023. These ET claims would be for ongoing disadvantage by affected Scheme Members. It is likely the Employment Tribunal would agree to this approach of a 'stay'.

6.3 As set out within the Background to this report, legal advice was previously secured by the LGA – this advice did not provide the appropriate level of assurance needed for employers to progress **all** Immediate Detriment claims.

6.4 Shortly afterward, the Home Office withdrew its guidance note that was previously relied on by employers based on the:

i) lack of assurance within section 61 of the Equality Act 2010 providing flexibility for Scheme Managers to resolve Immediate Detriment claims and
ii) a lack of legislative safeguards from the Treasury against additional costs and tax burdens on affected Scheme Members and employers.

Further, the Home Office has issued clear guidance that Immediate Detriment claims should not be processed until legislation is in place in October 2023 – this legislation will clarify the tax implications for affected Scheme Members. These key matters resulted in the Fire Authority initiating a 'pause' in the processing of Immediate Detriment claims.

6.5 In light of the above circumstances, no mechanism is considered to exist in order to pay affected Scheme Members without undue risk to them in relation to additional tax burden and costs (in advance of the October 2023 legislation). This has been set out in the HM Treasury letter dated 23 March 2022 as follows:

"The fundamental difficulty is that retrospectively changing pension entitlement through section 61 of the Equality Act 2010 cannot mitigate all of the consequences that arise from that. Legislation is therefore needed to address these consequences, particularly in respect of the complicated interplay with the tax system which is dependent on changing facts"; and

"In some situations, processing cases without the full remedy legislation, including on tax, could lead to disadvantageous outcomes. The Public Services and Judicial Offices Act addresses some of these issues, but others will need to be addressed through secondary legislation, the Finance Act 2022 and tax regulations."

6.6 It is open to the Committee to decide to attempt to resolve the ongoing disadvantage being suffered by affected Scheme Members by lifting the current pause and processing Immediate Detriment payments. Any such decision to lift the 'pause' will need to be balanced against the uncertainties relating to this matter and the associated difficulty in accurately forecasting the financial liability the WMFRA will incur in advance of the Finance Act 2022 and tax regulations due in October 2023.

7. <u>FINANCIAL IMPLICATIONS</u>

7.1 The Authority has 91 pensioners who are affected by this situation, and it is predicted that approximately a further 100 members will retire before the new regulations are in place.

7.2 Because of the October 2023 timeline, it is recognised that there is the potential for legal cases to be taken against the Authority if payments are not made for Immediate Detriment cases prior to that date. At this stage, the cost of legal action is estimated at circa £25K. Whilst it is recognised the payment of legal costs would be something the Authority would wish to avoid, if possible, provision is made to meet potential legal costs as part of the Authority's budget setting process and so funding is in place to meet these costs should they arise.

7.3 An exercise has been undertaken to forecast the potential scale of the financial risk if the Authority were to proceed with remedy prior to legislation being in place and/or further clarity being provided in relation to potential arrangements prior to October 2023. The scale of impact has been estimated at circa £2 million based predominantly on the tax related issues associated with pension contributions but it must be highlighted that there are significant legal and financial uncertainties relating to this matter and so a high degree of caution should be applied to this indicative figure. It is feasible that making payments with no clear legal mechanism in place together with the associated tax issues that could arise in advance of retrospective legislation may mean the scale of potential financial risk significantly exceeds the £2M figure, given all the uncertainties around this matter and the range of assumptions that can be used to calculate the scale of potential financial exposure.

7.4 The indicated costs and associated risks referenced in the above paragraph would not materialise if remedy payments were made following all relevant regulations being in place and/or any clarity in the meantime providing the ability to proceed with Immediate Detriment payments. No funding is in place to meet costs of this nature and so General Balances would need to be used if payments were made at this stage.

BACKGROUND PAPERS

- FPS Bulletin 37 – September 2020
- Public Service Pension Schemes: changes to the transitional arrangements to the 2015 schemes consultation
- Statement UIN HCWS380
- Home Office Guidance – McCloud/Sargeant ruling – Guidance on treatment of 'Immediate Detriment' cases – Issue date: 21 August 2020
- 'Immediate Detriment Report' Audit and Risk Committee meeting 7 December 2020
- Memorandum of Understanding between LGA and FBU 8 October 2021

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PHIL LOACH
CHIEF FIRE OFFICER

APPENDIX 1

Processing immediate detriment cases – November 2021

This note sets out HM Treasury's best assessment at this point on the advisability of processing immediate detriment cases before new legislation to enact the McCloud remedy is in place, and the implications of this assessment for the Home Office guidance on processing immediate detriment cases published in August 2020 and revised in June 2021.

Background

Before the McCloud legislation is in place, any corrections to individuals' pension arrangements depend on an interpretation of how section 61 Equality Act 2010 would operate.

The government made clear in its July 2020 consultation and February 2021 consultation response that it accepts that members who moved to the reformed pension schemes on or after 1 April 2015 and have subsequently retired already have an entitlement to be treated as a member of their legacy scheme for the remedy period if they wish. This is based on the view that section 61 Equality Act 2010 permits pension scheme regulations to be read as though discriminatory provisions do not apply, allowing members in this position to be treated as a member of their legacy scheme.

It was initially thought that section 61 would be sufficient to allow the position of unprotected individuals due to retire before the deferred choice underpin is implemented ('pipeline' immediate detriment cases), who wished to receive legacy scheme benefits, to be corrected before the McCloud Bill, scheme regulations and relevant tax legislation came into force. This was reflected in the position set out in the July 2020 consultation document, which stated that the government would work with schemes to give members of reformed schemes due to retire before 2022 a choice of benefits, where this was administratively possible. It was acknowledged that there were still some policy and administrative issues to work through, and the consultation document noted the complexity involved and that systems changes may be required.

Consistent with that, the Home Office guidance document originally published in August 2020 was the best attempt possible at that time to set out a pathway for processing pipeline cases ahead of legislation. The document was produced in response to specific requests from the Firefighters' Scheme Advisory Board and in recognition of the particular pressures affecting the locally administered schemes. In producing the document, the complexity of these issues became increasingly apparent. The guidance did not therefore cover cases where individuals had already retired ('rectification' cases). Home Office and HMT were also clear that the document contained gaps in respect of pipeline cases, and that cases may need to be revisited, though the belief at the time was that it provided a basis to process at least some pipeline immediate detriment cases.

The February 2021 consultation response also reflected this position and acknowledged the particular complexities associated with rectification cases. The updated version of the Home Office guidance document published this year following further discussions with the sector was an attempt to provide more detail in some areas where this was possible, and to correct areas where thinking had moved on as a result of the further work that had been done. Both of these guidance documents were produced in good faith based on the best information available at the time, and it was made clear that there were still gaps and uncertainties.

Current assessment

The further work done by HMT and HMRC on drafting the remedy in the McCloud Bill (i.e. the Public Service Pensions and Judicial Offices Bill) has made it clear that these gaps and uncertainties are considerably greater than was previously thought. In some situations, it now appears that section 61 may not give all the powers required to operate the remedy smoothly and predictably, without generating significant uncertainty for schemes, and risking significant second or third adjustments for individuals.

Because of this, HMT's current view is now that immediate detriment cases, including those yet to retire, cannot be processed before legislation is in place without considerable risk, uncertainty and administrative burdens for individuals, schemes and employers.

The fundamental issue is that to support correction of immediate detriment cases before new legislation is in place, section 61's impact on some fairly obscure aspects of the McCloud remedy needs to be understood. Any such interpretation of how section 61 comes into play on these points is novel and contestable, and actions taken on the basis of it are risky.

This risk has become more apparent over time, as HMT and HMRC have worked through the McCloud remedy and its tax consequences in more detail. On some of these points, the effect of section 61 would only be known for certain if it is tested in a court of law. This means schemes face significant uncertainty on how to proceed.

For example, where an individual's situation is corrected before legislation is in place, analysis at this point suggests it is not certain that section 61 will allow contributions paid in the past to reformed schemes to have been paid, as a matter of fact, into legacy schemes. This could call into question certain aspects of the remedy, including those contributions' tax relievable status. That could mean that the individuals in question will owe tax on contributions made in the past to their reformed scheme. This issue could affect all individuals who have made contributions into their reformed scheme – not just those for whom an adjustment in the amounts of contributions is required. Schemes and employers could then face difficult decisions over how to deal with those past contributions, plus significant administrative burdens as they attempted to fully unwind historic situations. Some individual members could lose out – potentially temporarily, but to a significant degree if tax is owed on past contributions but compensation for tax relief on contributions now being made into the legacy scheme is not available until the full remedy is in place. Individuals may also face significant second, and sometimes third, corrections once legislation is in place, as some of these problems are corrected.

Other areas of uncertainty exist and based on the experience so far of preparing the McCloud remedy, it is reasonable to conclude that further issues could emerge as work continues on the detailed McCloud remedy for changes to tax legislation and through scheme regulations.

The legislation the government is putting in place, through the McCloud Bill and tax legislation, and through the scheme regulations changes, aims to address uncertainties to deliver proportionate and reasonable results which are robust to further challenge on the grounds of discrimination, in line with the policy set out in the consultation and response documents. It is HMT's view at this point, based on the analysis as it currently stands, that cases cannot be smoothly and predictably processed until this legislation is in place and that there are risks and uncertainties for schemes and for individuals if cases are processed ahead of that.

Therefore HMT and Home office do not advise that schemes process pipeline immediate detriment cases before the legislation is in place, given the uncertainty of how to proceed on some elements, and the significant risk of generating unintended tax consequences that may, to a greater or lesser extent, then need to be reversed once legislation is in force.

It is of course still up to schemes to choose to process cases or not based on their own assessment of the competing legal risks, but at this stage it is not possible to give any guarantees that the remedy and its tax consequences will work as intended for everyone, before the legislation is in place.

Implications for the Home Office guidance

Whilst section 61 permits individuals affected to be treated as members of their legacy scheme, given the uncertainty around how it operates on some of the detailed elements of the McCloud remedy, HMT no longer views the current version of the Home Office guidance as accurately representing the situation. Unfortunately, that uncertainty also means the guidance cannot be revised to give schemes a clear way forward on how to process these cases that is certain to be correct. Home Office have therefore taken the difficult decision to withdraw this guidance.

It is also important to note that if schemes process cases and run up against tax issues which it is not straightforward to resolve – because the situation is either ambiguous under current rules due to uncertainty about how section 61 acts on some elements, or the current rules generate unwelcome tax outcomes – they will have to operate within the existing tax legislation and HMRC will not be able to help resolve those issues. This may mean that individuals could face unwanted tax bills and/or corrections to their tax affairs, which may then need to be corrected again once the legislation is in place.

For cases that have already been dealt with, or are in the process of being dealt with, the new legislation will give powers intended to allow schemes to put these individuals into the correct position, drawing on the provisions of the McCloud Bill. However, this could entail significant second or third corrections and so HMT would not advise that schemes continue to process cases on the assumption these provisions will mean a smooth and predictable experience for themselves and for members.

APPENDIX 2

EXTRACT OF MINUTES OF AUDIT AND RISK COMMITTEE 6TH DECEMBER 2021

Update on Topical, Legal and Regulatory Issues (Verbal Report)

Paul Gwynn, Payroll and Pensions Manager, provided a verbal update to Members of the Committee on the position with Immediate Detriment. The Committee were advised that since the last Audit and Risk Committee that took place on 27 September 2021, the revised guidance issued from the Home Office on Immediate Detriment had been withdrawn, with immediate effect.

The Committee were advised that as a result of this withdrawal and lack of guidance there would be a risk to the Service both legally and financially if it continued with its implementation. It was hoped that guidance would be issued from the Local Government Association and National Fire Chief Council (NFCC) the week commencing 13 December 2021. Following the withdrawal of the Home Office Guidance, the service had sought legal advice, corresponded with other Fire Services and the NFCC and recommended to Committee that that the Authority:

Paused and reviewed the criteria for processing Immediate Detriment affected pension claims. For clarity, this meant not agreeing to settle any new retirement notifications in line with the previously agreed guidance from Audit and Risk Committee. This pause would allow the Authority to consider:

1. Pending legal advice from the LGA (Local Government Association) and NFCC (National Fire Chief Council).

2. Any further guidance from the Home Office and/or the Treasury.

3. Continue to process any current retirements in line with the agreed process at the time. For clarity, this meant all pension claims that are currently being processed (including current retrospective claims).

4. Not process any new retrospective retirement pension claims related to Immediate Detriment until point 1 above is resolved.

Satinder Sahota, Monitoring Officer for the Authority, advised that the service needed to identify the scope on potential legal challenges that could be received. It was agreed that Satinder Sahota would work with Members of the finance team to identify (if any) the tax implications associated with the above recommendation.

Resolved:

1. That it be agreed that the paused and reviewed the criteria for processing Immediate Detriment affected pension claims.

2. That it be agreed that any current retirements continued to be processed in line with the agreed process at the time. For clarity, this meant all pension claims that are currently being processed (including current retrospective claims).

3. That it be agreed that Satinder Sahota would work with Members of the finance team to identify (if any) the tax implications associated with the above recommendation.

APPENDIX 3

McCloud/ Sargeant - Pensions Remedy
Benefit illustrations

About this communication

This communication follows the fact checker produced in February 2022, which aims to answer some recurring questions that members have about the 2015 Remedy. You can find the fact checker at fpsmember.org/2015-remedy/2015-remedy-your-questions-answered

This communication provides a range of benefit illustrations based on different scheme memberships, scenarios and salary profiles. The range of benefit illustrations should help explain the impact of the 2015 Remedy on members' benefits. This communication does not constitute advice for members but is intended to provide information on how benefits are calculated under the 2015 Remedy.

Before we get into the benefit illustrations, let's remind ourselves of the 2015 Remedy and its impact.

Reminder of the 2015 Remedy

The 2015 Remedy is the official term used to describe the upcoming changes within the Firefighters' Pension Schemes. The changes will remove the age discrimination that has been judged to have taken place since 2015.

The changes brought about by the 2015 Remedy will mean that:

- From 1 April 2022, all active members of the Firefighters' Pension Schemes will build up benefits in the FPS 2015 (sometimes referred to as the 2015 CARE scheme).
- If you are affected by the 2015 Remedy, any service built up in the FPS 2015 between 1 April 2015 and 31 March 2022 (the 'remedy period') will be converted to service in your former final salary scheme. Benefits in the FPS 2015 during the remedy period are called **'reformed benefits'** and benefits in the relevant final salary scheme are known as **'legacy benefits'**.
- As the contribution rates are different for each of the schemes, you may owe extra contributions when your service is converted, or money may be due to you for overpaid contributions.
- At retirement, you will need to make a decision about whether to take your legacy or reformed benefits for the remedy period. This is often referred to as the 'deferred choice underpin'.
- As part of this decision, you will need to take into account any readjustment of contributions needed.
- **Any change to your contributions will also include adjustments for tax relief and interest. For this reason, we have not included member contributions within the illustrations.**
- Members who were previously taper-protected and moved into the FPS 2015 after 1 April 2015 will have to make a choice for legacy or reformed benefits for the whole of the remedy period.

For more information about the 2015 Remedy, including whether you are affected, go to fpsmember.org/2015-remedy/2015-remedy-your-questions-answered

Introduction to the benefit illustrations

The differences between the legacy and reformed schemes mean the set of benefits that is best for you depends on your personal circumstances and preferences, including things you may not yet know, such as how your salary changes in the future and when you will retire.

To improve members' understanding, we have produced a selection of benefit illustrations using different scenarios and salary profiles for a set of example members in service across all the final salary schemes. This shows the total benefits these example members would be entitled to if they retired at key retirement milestones, comparing the position of the member should they choose legacy or reformed benefits for the remedy period at that time. The benefit illustrations show the pension and maximum cash lump sum amounts at different retirement ages. The detailed calculations used to arrive at these figures are available at fpsmember.org/sites/default/files/2015-Remedy-benefit-illustrations-full-calculations.xlsx

Please note these benefit illustrations are for information only. You do not need to take any immediate action. It's only at retirement that you will need to make a decision as to whether to take your legacy or reformed benefits.

Every year, you are sent an annual benefit statement from your FPS administrator. Once the pension regulations are in place and the administration systems have been updated, administrators can start work on updating these benefit statements to show your entitlement for both legacy and reformed benefits. This will help you to have a clearer understanding of the benefits available leading up to your retirement.

You'll also receive benefit illustrations for the legacy and reformed benefits at retirement. This will allow you to choose the most beneficial option at a time when you have the most certainty over what you are entitled to.

The benefit illustrations

We've produced benefit illustrations for five different member profiles:

1. FPS 1992 – member achieved less than 30 years' pensionable service before 1 April 2022
2. FPS 1992 – member achieved 30 years' pensionable service before 1 April 2022
3. FPS 2006 – full-time member
4. FPS 2006 – part-time/ retained member
5. FPS 2006 for special members (RDS modified)

Each benefit illustration will show two salary profiles/ career progressions:

- A member who remains at firefighter level throughout their career.
- A member who progresses from firefighter to watch manager throughout their career.

We can't produce an illustration to match every member's personal circumstances. You should therefore read the illustration that is closest to your circumstances – you don't need to read every illustration if you don't want to.

How do I know which legacy scheme I belong to?

If you joined the Firefighters' Pension Scheme:

- Before 6 April 2006, you will be a member of the **FPS 1992.**
- On or after 6 April 2006 but before 1 April 2015, you will be a member of the **FPS 2006**.
- If you are a retained firefighter with service between 1 July 2000 and 5 April 2006, you may be a **special member** of the **FPS 2006**.

The information provided here has been prepared for, and in collaboration with, the Firefighters' Pensions' (England) Scheme Advisory Board (SAB) by Barnett Waddingham LLP. Barnett Waddingham LLP is authorised and regulated by the Financial Conduct Authority. The SAB includes representatives of the Fire Brigades Union (FBU), the Fire Officers' Association (FOA), the Fire Leaders Association (FLA) and the Fire and Rescue Services Association (FRSA).This communication complies with Technical Actuarial Standard 100: Principles for Technical Actuarial Work (TAS 100).

1. FPS 1992 – member achieved less than 30 years' pensionable service before 1 April 2022

Example member profile details:

Member profile	
Date of birth	31 March 1977
Age at 31 March 2022	45 years
Previous final salary scheme	FPS 1992
Joined scheme at age	25 years
Pensionable service at 31 March 2022	20 years
Salary at 31 March 2015	£29,000
Salary at age 50	£34,161
Salary at age 55	£36,801
Salary at age 60	£39,645
Full or part time	Full time

How is pension in the FPS 1992 calculated?

The FPS 1992 is a final salary scheme. Pensions are worked out based on scheme membership, pay and a formula contained in the scheme rules.

FPS 1992 pension is calculated as follows:

(Total pensionable service up to 20 years + total pensionable service over 20 years x 2) limited to 40 years / 60

X Pensionable service in the FPS 1992 scheme before transition to the FPS 2015 scheme / Total pensionable service in the FPS 1992 and FPS 2015 schemes subject to a maximum of 30 years

X Average Pensionable Pay

= Annual pension

The formula above includes protection for those who were expected to earn double accrual if they had remained in the FPS 1992. An adjustment is included to pro rata the expected double accrual benefit if the member had stayed in the FPS 1992, by the service built up in the FPS 1992 before moving to the FPS 2015. An example is given at fpsmember.org/fps-2015/double-accrual-guarantee

How is pension in the 2015 CARE calculated?

The FPS 2015 is a Career Average Revalued Earnings (CARE) scheme. Pensions are worked out based on a proportion of pay for each year of membership and added to your pension account.

The FPS 2015 pension builds up year on year with an amount added to your account calculated as follows:

Pensionable pay	/	59.7	=	Pension added to your account for the year

Then, on 1 April each year, the accumulated pension is revalued in line with average weekly earnings until retirement. An example is provided at fpsmember.org/fps-2015/how-my-pension-worked-out

Example 1

The following example shows the annual pension and maximum cash lump sum entitlement for a member who remains at firefighter level throughout their career. It shows the benefits available from age 50 when the member is first able to take their FPS 1992 pension (age 50 with at least 25 years' pensionable service) until age 60 (when the FPS 2015 pension can be taken unreduced).

The examples assume that:

- The member chooses to exchange the maximum pension possible for cash at retirement.
- Salary increases for the member and the revaluation increase for the FPS 2015 pension are the same (1.5% p.a.).
- The accrual (build-up) rate for the FPS 2015 remains at 1/59.7.
- The commutation factors (rates used to exchange pension for cash) for the FPS 1992 are as at the date of publication of this communication.
- The early retirement factors for the FPS 2015 are as at the date of publication of this communication.

Assumed retirement age	Scheme	Legacy benefits (FPS 1992 benefits up to 31 March 2022 and FPS 2015 benefits from 1 April 2022 to retirement)			Reformed benefits (FPS 1992 benefits up to 31 March 2015 and FPS 2015 benefits from 1 April 2015 to retirement)		
		Annual pension £	Cash lump sum £	Deferred pension £	Annual pension £	Cash lump sum £	Deferred pension £
50	FPS 1992	12,383	30,744	-	8,049	19,984	-
50	FPS 2015	-	-	2,861*	-	-	6,866*
50	**Total**	**12,383**	**30,744**	**2,861***	**8,049**	**19,984**	**6,866***
55	FPS 1992	12,267	89,548	-	7,973	58,206	-
55	FPS 2015	3,638	14,554	-	6,185	24,741	-
55	**Total**	**15,905**	**104,102**	-	**14,159**	**82,948**	-
60	FPS 1992	13,215	85,456	-	8,590	55,547	-
60	FPS 2015	7,471	29,883	-	10,957	43,828	-
60	**Total**	**20,686**	**115,339**	-	**19,547**	**99,375**	-

*FPS 2015 benefits cannot be paid before age 55 so would be held as a deferred pension.

The detailed calculations used to arrive at these figures are available at fpsmember.org/sites/default/files/2015-Remedy-benefit-illustrations-full-calculations.xlsx There could be some rounding differences.

Annual pension amounts

- In the example above, the total pension amounts if the legacy benefits are chosen are greater than if the reformed benefits are chosen at all retirement ages. The reason for this is that the legacy option pension amounts include a greater proportion of FPS 1992 benefits, which are based on double accrual for pensionable service greater than 20 years (subject to a maximum of 30 years), as protected by the double accrual guarantee.
- The FPS 1992 pension can be taken at age 50 with at least 25 years' pensionable service.
- The FPS 2015 pension cannot be taken before age 55. This means that if the member chooses to retire before age 55, their FPS 2015 pension will be deferred until age 55 (or later if the member wishes).
- The FPS 2015 has a normal pension age of 60 for active members and State Pension age for deferred members. If the FPS 2015 pension is taken before normal pension age, the pension will be reduced to reflect the fact that it will be paid for longer than expected.
- For active members, an early retirement reduction of 21% is applied to the FPS 2015 pension at age 55. The reduction is lowered by 4-5% each year until there is no reduction applied at age 60. See fpsmember.org/fps-2015/when-can-i-retire for more information. The early retirement reduction factors for deferred members are higher.
- There is a significant increase in the cash lump sum amount at age 55. There are two main reasons for this:
  - In the case of this member, the limit on the maximum lump sum that can be taken for the FPS 1992 benefits increases significantly. Members who retire under the age of 55 and have less than 30 years' service receive a lump sum which is capped at 2.25 times their annual pension. This restriction is removed at age 55 or on completing 30 years' service (if sooner). Thereafter, a maximum of one quarter (25%) of FPS 1992 pension can be exchanged for a cash lump sum.
  - The FPS 2015 pension comes into payment with the maximum one quarter (25%) assumed to be exchanged for a cash lump sum.
- Please note that the age-related commutation factors for the FPS 1992 decrease as the member ages (to reflect the fact that the pension is expected to be paid for a shorter period) but remain fixed at 12 for all ages in the FPS 2015.
- The illustrations do not take account of any tax charge that may be applied due to exceeding the HMRC limit on tax-free cash. The limit is most likely to be exceeded if the commutation factor is greater than 20.
- For more information please visit fpsmember.org/fps-1992/how-much-lump-sum-can-i-take

Cash lump sum amounts

- In the example, the legacy option cash lump sums are also greater than the reformed cash lump sums at all retirement ages shown. There are two main reasons for this:
  - There is more of the legacy pension to exchange for a cash lump sum; and
  - The commutation factors for the FPS 1992 are higher, meaning that the member receives more cash lump sum per £1 of annual pension given up. For example, at age 55, the age-related commutation factor for the FPS 1992 is 21.9 while the FPS 2015 commutation factor is 12. This means that the member receives £21.90 cash for each £1 of FPS 1992 pension given up compared to £12 cash for each £1 of FPS 2015 pension given up.

Employee contributions

On choosing the legacy or the reformed benefits there may be additional contributions payable by the member, or perhaps a refund, depending on the difference between the contributions already paid and those associated with the chosen benefits.

Individual circumstances

In most cases, the legacy option for former FPS 1992 members would provide higher benefits than the reformed option. However, it should be noted that your choice of whether to receive legacy or reformed benefits for the remedy period will depend on your individual circumstances.

For example, for simplicity we have kept average pensionable salary for the FPS 1992 and pensionable pay for the FPS 2015 the same for this benefit illustration, though it may be the case your pensionable pay in the FPS 2015 includes additional elements that contribute towards a higher pension.

Furthermore, FPS 2015 pension already earned is increased each year in line with average weekly earnings. If average weekly earnings are higher than salary increases over a period of time, this may lead to higher reformed benefits. For this to happen, a member would need to receive salary increases (including any promotional increases) below the national average by a significant amount over a prolonged period of time.

If a member is promoted over the course of the remedy period and to retirement, any increases to the member's salary will increase both the legacy and reformed benefits, however, it is likely that any promotional increases will tend to increase legacy benefits more than reformed benefits. This is illustrated in example 2 below.

This is because the FPS 1992 benefits are based on final salary at retirement. As a final salary scheme, the FPS 1992 treats the member as though they earned the higher final salary in all years of service. However, the FPS 2015 takes account of salaries earned in any particular year and only future years are affected when there is a promotional salary increase.

You may also want to take account of other considerations at retirement such as death benefits payable under both the FPS 1992 and FPS 2015 schemes. For example, survivor benefits are only paid from the FPS 1992 to married or civil partners while the FPS 2015 provides a pension to unmarried partners. The FPS 2015 also provides a pension guarantee whereas the FPS 1992 does not. You can find more information at fpsmember.org

You'll receive benefit illustrations for your legacy and reformed benefits at retirement. This will allow you to choose the most beneficial option at a time when you have the most certainty over what you are entitled to.

Example 2

This example is based on the same criteria as the previous example but assumes that the member is promoted over the course of the remedy period and to retirement. This is to show the effect that promotional salary increases can have on the difference between the legacy and reformed benefits.

We have assumed that a Firefighter (competent) at 1 April 2015 will receive the following promotions and additional increases to salary:

Position	Date of promotion	Age at promotion	Increase applied
Crew manager (development)	1 April 2019	42	6.3%
Crew manager (competent)	1 April 2021	44	4.3%
Watch manager (development)	1 April 2026	49	2.2%
Watch manager (competent A)	1 April 2028	51	2.8%
Watch manager (competent B)	1 April 2031	54	6.5%

Using the promotional increases on the previous page the recalculated benefit illustrations are given below:

Assumed retirement age	Scheme	Legacy benefits (FPS 1992 benefits up to 31 March 2022 and FPS 2015 benefits from 1 April 2022 to retirement)			Reformed benefits (FPS 1992 benefits up to 31 March 2015 and FPS 2015 benefits from 1 April 2015 to retirement)		
		Annual pension £	Cash lump sum £	Deferred pension £	Annual pension £	Cash lump sum £	Deferred pension £
50	FPS 1992	14,026	34,823	-	9,117	22,635	-
50	FPS 2015	-	-	3,186*	-	-	7,325*
50	**Total**	**14,026**	**34,823**	**3,186***	**9,117**	**22,635**	**7,325***
55	FPS 1992	15,208	111,016	-	9,885	72,160	-
55	FPS 2015	4,159	16,638	-	6,792	27,166	-
55	**Total**	**19,367**	**127,654**	-	**16,677**	**99,327**	-
60	FPS 1992	16,383	105,943	-	10,649	68,863	-
60	FPS 2015	8,781	35,123	-	12,384	49,535	-
60	**Total**	**25,164**	**141,067**	-	**23,033**	**118,399**	-

*FPS 2015 benefits cannot be paid before age 55 so would be held as a deferred pension.

The detailed calculations used to arrive at these figures are available at fpsmember.org/sites/default/files/2015-Remedy-benefit-illustrations-full-calculations.xlsx There could be some rounding differences.

Annual pension amounts

As expected, both the legacy and reformed benefits are higher than in the first example with the additional promotional increases.

However, the total pension amounts if the legacy option are chosen have shown a greater increase in benefits than the reformed option. The reason for this is that the FPS 1992 benefits are based on final salary at retirement.

As a final salary scheme, the FPS 1992 treats the member as though they earned the higher final salary in all years of service. However, the FPS 2015 takes account of salaries earned in any particular year and only future years are affected when there is a promotional salary increase.

Cash lump sum amounts

The legacy cash lump sums have increased faster than the reformed cash lump sums due to higher available pension amounts to exchange for cash and higher commutation factors.

Individual circumstances

The effect of promotional increases will depend on your own career path, both in terms of number of promotions and when they occur. It is more than likely that any promotional increases will tend to increase legacy benefits more than reformed benefits due to the reasons given above.

2. FPS 1992 – member achieved 30 years' pensionable service before 1 April 2022

Example member profile details:

Member profile	
Date of birth	31 March 1972
Age at 31 March 2022	50 years
Previous final salary scheme	FPS 1992
Joined scheme at age	20 years
Pensionable service at 31 March 2022	30 years
Salary at 31 March 2015	£29,000
Salary at age 50	£31,710
Salary at age 55	£34,161
Salary at age 60	£36,801
Full or part time	Full time

How is pension in the FPS 1992 calculated?

The FPS 1992 is a final salary scheme. Pensions are worked out based on scheme membership, pay and a formula contained in the scheme rules.

FPS 1992 pension is calculated as follows:

(Total pensionable service up to 20 years + total pensionable service over 20 years x 2) limited to 40 years / 60

X Pensionable service in the FPS 1992 scheme before transition to the FPS 2015 scheme / Total pensionable service in the FPS 1992 and FPS 2015 schemes subject to a maximum of 30 years

X Average Pensionable Pay

= Annual pension

The formula above includes protection for those who were expected to earn double accrual if they had remained in the FPS 1992. An adjustment is included to pro rata the expected double accrual benefit if the member had stayed in the FPS 1992, by the service built up in the FPS 1992 before moving to the FPS 2015. An example is given at fpsmember.org/fps-2015/double-accrual-guarantee

For the legacy benefits, this example member has reached the maximum possible pensionable service of 30 years in the FPS 1992 and so the double accrual guarantee no longer applies.

For the reformed benefits, the double accrual guarantee continues to apply when taking into account FPS 1992 as the member is assumed to move into the FPS 2015 on 1 April 2015.

How is pension in the FPS 2015 calculated?

The FPS 2015 is a Career Average Revalued Earnings (CARE) scheme. Pensions are worked out based on a proportion of pay for each year of membership and added to your pension account.

The FPS 2015 pension builds up year on year with an amount added to your account calculated as follows:

Pensionable pay	/	59.7	=	Pension added to your account for the year

Then, on 1 April each year, the accumulated pension is revalued in line with average weekly earnings until retirement. An example is provided at fpsmember.org/fps-2015/how-my-pension-worked-out

Example 1

The following example shows the annual pension and maximum cash lump sum entitlement for a member who remains at firefighter level throughout their career. It shows the benefits available from age 50 when the member is first able to take their FPS 1992 pension (age 50 with at least 25 years' pensionable service) until age 60 (when the FPS 2015 pension can be taken unreduced).

The examples assume that:

- The member chooses to exchange the maximum pension possible for cash at retirement.
- Salary increases for the member and the revaluation increase for the FPS 2015 pension are the same (1.5% p.a.).
- The accrual (build-up) rate for the FPS 2015 remains at 1/59.7.
- The commutation factors (rates used to exchange pension for cash) for the FPS 1992 are as at the date of publication of this communication.
- The early retirement factors for the FPS 2015 are as at the date of publication of this communication.

Assumed retirement age	Scheme	Legacy benefits (FPS 1992 benefits up to 31 March 2022 and FPS 2015 benefits from 1 April 2022 to retirement)			Reformed benefits (FPS 1992 benefits up to 31 March 2015 and FPS 2015 benefits from 1 April 2015 to retirement)		
		Annual pension £	Cash lump sum £	Deferred pension £	Annual pension £	Cash lump sum £	Deferred pension £
50	FPS 1992	15,855	126,839	-	12,155	97,244	-
50	FPS 2015	-	-	-	-	-	3,718*
50	**Total**	**15,855**	**126,839**	-	**12,155**	**97,244**	**3,718***
55	FPS 1992	17,080	124,686	-	13,095	95,593	-
55	FPS 2015	1,689	6,755	-	4,053	16,212	-
55	**Total**	**18,769**	**131,441**	-	**17,148**	**111,804**	-
60	FPS 1992	18,400	118,989	-	14,107	91,225	-
60	FPS 2015	4,623	18,493	-	7,859	31,438	-
60	**Total**	**23,023**	**137,481**	-	**21,966**	**122,662**	-

*FPS 2015 benefits cannot be paid before age 55 so would be held as a deferred pension.

The detailed calculations used to arrive at these figures are available at fpsmember.org/sites/default/files/2015-Remedy-benefit-illustrations-full-calculations.xlsx There could be some rounding differences.

Annual pension amounts

- In the example above, the total pension amounts if the legacy benefits are chosen are greater than if the reformed benefits are chosen at all retirement ages. The reason for this is that the legacy option pension amounts include a greater proportion of FPS 1992 benefits, which are based on double accrual for pensionable service greater than 20 years (subject to a maximum of 30 years), as protected by the double accrual guarantee.
- The FPS 2015 pension cannot be taken before age 55. This means if the member chooses to retire before age 55, their FPS 2015 pension will be deferred until age 55 (or later if the member wishes).
- The FPS 2015 has a normal pension age of 60 for active members and State Pension age for deferred members. If the FPS 2015 pension is taken before normal pension age, the pension will be reduced to reflect the fact that it will be paid for longer than expected.
- For active members, an early retirement reduction of 21% is applied to the FPS 2015 pension at age 55. The reduction is lowered by 4-5% each year until there is no reduction applied at age 60. See fpsmember.org/fps-2015/when-can-i-retire for more information. The early retirement reduction factors for deferred members are higher.

Cash lump sum amounts

- In the example, the legacy option cash lump sums are also greater than the reformed cash lump sums at all retirement ages shown. There are two main reasons for this:
  - There is more of the legacy pension to exchange for a cash lump sum; and
  - The commutation factors for the FPS 1992 are higher meaning that the member receives more cash lump sum per £1 of annual pension given up. For example, at age 55, the age-related commutation factor for the FPS 1992 is 21.9 while the FPS 2015 commutation factor is 12. This means that the member receives £21.90 cash for each £1 of FPS 1992 pension given up compared to £12 cash for each £1 of FPS 2015 pension given up.
- Please note that the age-related commutation factors for the FPS 1992 decrease as the member ages (to reflect the fact that the pension is expected to be paid for a shorter period) but remain fixed at 12 for all ages in the FPS 2015.
- The illustrations do not take account of any tax charge that may be applied due to exceeding the HMRC limit on tax-free cash. The limit is most likely to be exceeded if the commutation factor is greater than 20.
- For more information please visit fpsmember.org/fps-1992/how-much-lump-sum-can-i-take

Employee contributions

On choosing the legacy or the reformed benefits there may be additional contributions payable by the member, or perhaps a refund, depending on the difference between the contributions already paid and those associated with the chosen benefits.

Individual circumstances

In most cases, the legacy option for former FPS 1992 members would provide higher benefits than the reformed option. However, it should be noted that your choice of whether to receive legacy or reformed benefits for the remedy period will depend on your individual circumstances.

For example, for simplicity we have kept average pensionable salary for the FPS 1992 and pensionable pay for the FPS 2015 the same for this benefit illustration though it may be the case your pensionable pay in the FPS 2015 includes additional elements that contribute towards a higher pension.

Furthermore, FPS 2015 pension already earned is increased each year in line with average weekly earnings. If average weekly earnings are higher than salary increases over a period of time, this may lead to higher reformed benefits. For this to happen, a member would need to receive salary increases (including any promotional increases) below the national average by a significant amount over a prolonged period of time.

If the member is promoted over the course of the remedy period and to retirement, any increases to the member's salary will increase both the legacy and reformed benefits, however, it is likely that any promotional increases will tend to increase legacy benefits more than reformed benefits. This is illustrated in example 2 on the next page.

This is because the FPS 1992 benefits are based on final salary at retirement. As a final salary scheme, the FPS 1992 treats the member as though they earned the higher final salary in all years of service.

However, the FPS 2015 takes account of salaries earned in any particular year and only future years are affected when there is a promotional salary increase.

You may also want to take account of other considerations at retirement such as death benefits payable under both the FPS 1992 and FPS 2015 schemes. For example, survivor benefits are only paid from the FPS 1992 to married or civil partner while the FPS 2015 provides a pension to unmarried partners.

The FPS 2015 also provides a pension guarantee whereas the FPS 1992 does not. You can find more information at fpsmember.org.

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Example 2

This example is based on the same criteria as the previous example but assumes that the member is promoted over the course of the remedy period and to retirement. This is to show the effect that promotional salary increases can have on the difference between the legacy and reformed benefits.

We have assumed that a Firefighter (competent) at 1 April 2015 will receive the following promotions and additional increases to salary:

Position	Date of promotion	Age at promotion	Increase applied
Crew manager (development)	1 April 2019	47	6.3%
Crew manager (competent)	1 April 2021	49	4.3%
Watch manager (development)	1 April 2026	54	2.2%
Watch manager (competent A)	1 April 2028	56	2.8%
Watch manager (competent B)	1 April 2031	59	6.5%

Using the above promotional increases the recalculated benefit illustrations are given below:

Assumed retirement age	Scheme	Legacy benefits (FPS 1992 benefits up to 31 March 2022 and 2015 FPS 2015 benefits from 1 April 2022 to retirement)			Reformed benefits (FPS 1992 benefits up to 31 March 2015 and 2015 FPS 2015 benefits from 1 April 2015 to retirement)		
		Annual pension £	Cash lump sum £	Deferred pension £	Annual pension £	Cash lump sum £	Deferred pension £
50	FPS 1992	17,577	140,619	-	13,476	107,808	-
50	FPS 2015	-	-	-	-	-	3,842*
50	**Total**	**17,577**	**140,619**	-	**13,476**	**107,808**	**3,842***
55	FPS 1992	19,346	141,225	-	14,832	108,272	-
55	FPS 2015	1,880	7,521	-	4,324	17,294	-
55	**Total**	**21,226**	**148,746**	-	**19,155**	**125,567**	-
60	FPS 1992	22,811	147,514	-	17,489	113,094	-
60	FPS 2015	5,285	21,141	-	8,630	34,519	-
60	**Total**	**28,097**	**168,655**	-	**26,118**	**147,613**	-

*FPS 2015 benefits cannot be paid before age 55 so would be held as a deferred pension.

The detailed calculations used to arrive at these figures are available at fpsmember.org/sites/default/files/2015-Remedy-benefit-illustrations-full-calculations.xlsx There could be some rounding differences.

Annual pension amounts

As expected, both the legacy and reformed benefits are higher than in the previous example with the additional promotional increases.

However, the total pension amounts if the legacy option are chosen have shown a greater increase in benefits than the reformed option. The reason for this is that the FPS 1992 benefits are based on final salary at retirement.

As a final salary scheme, the FPS 1992 treats the member as though they earned the higher final salary in all years of service. However, the FPS 2015 takes account of salaries earned in any particular year and only future years are affected when there is a promotional salary increase.

Cash lump sum amounts

The legacy cash lump sums have increased faster than the reformed cash lump sums due to higher available pension amounts to exchange for cash and higher commutation factors.

Individual circumstances

The effect of promotional increases will depend on your own career path, both in terms of number of promotions and when they occur. It is more than likely that any promotional increases will tend to increase legacy benefits more than reformed benefits due to the reasons given above.

3. FPS 2006 – full-time member

Example member profile details:

Member profile	
Date of birth	31 March 1982
Age at 31 March 2022	40 years
Previous final salary scheme	FPS 2006
Joined scheme at age	25 years
Pensionable service at 31 March 2022	15 years
Salary at 31 March 2015	£29,000
Salary at age 55	£39,645
Salary at age 60	£42,709
Full or part time	Full time

How is pension in the FPS 2006 calculated?

The FPS 2006 is a final salary scheme. Pensions are worked out based on scheme membership, pay and a formula contained in the scheme rules.

FPS 2006 pension is calculated as follows:

Pensionable service	X	Average Pensionable Pay	/	60	=	Annual pension

How is pension in the FPS 2015 calculated?

The FPS 2015 is a Career Average Revalued Earnings (CARE) scheme. Pensions are worked out based on a proportion of pay for each year of membership and added to your pension account.

The FPS 2015 pension build ups year on year with an amount added to your account calculated as follows:

Pensionable service	/	59.7	=	Pension added to your account for the year

Then, on 1 April each year, the accumulated pension is revalued in line with average weekly earnings until retirement. An example is provided at fpsmember.org/fps-2015/how-my-pension-worked-out

Example 1

The following example shows the annual pension and maximum cash lump sum entitlement for a member who remains at firefighter level throughout their career. It shows the benefits available from age 55 (when the member is first able to take their FPS 2006 and FPS 2015 benefits) until age 60 (when the same benefits can be taken unreduced).

The examples assume that:

- The member chooses to exchange the maximum pension possible for cash at retirement.
- Salary increases for the member and the revaluation increase for the FPS 2015 pension are the same (1.5% p.a.).
- The accrual (build-up) rate for the FPS 2015 remains at 1/59.7.
- The early retirement factors in the FPS 2006 and FPS 2015 schemes are as at the date of publication of this communication.

Assumed retirement age	Scheme	Legacy benefits (FPS 2006 benefits up to 31 March 2022 and FPS 2015 benefits from 1 April 2022 to retirement)		Reformed benefits (FPS 2006 benefits up to 31 March 2015 and FPS 2015 benefits from 1 April 2015 to retirement)	
		Annual pension £	Cash lump sum £	Annual pension £	Cash lump sum £
55	FPS 2006	4,467	17,870	2,383	9,531
55	FPS 2015	5,879	23,518	8,623	34,493
55	**Total**	**10,347**	**41,388**	**11,006**	**44,023**
60	FPS 2006	8,008	32,031	4,271	17,083
60	FPS 2015	10,731	42,923	14,487	57,946
60	**Total**	**18,739**	**74,955**	**18,757**	**75,030**

The detailed calculations used to arrive at these figures are available at fpsmember.org/sites/default/files/2015-Remedy-benefit-illustrations-full-calculations.xlsx There could be some rounding differences.

Annual pension amounts

- In the example above, the total pension amounts if the reformed benefits are chosen are slightly more than if legacy benefits are chosen at all retirement ages. The main reasons for this are that the legacy option includes a greater proportion of FPS 2006 benefits which have a greater early retirement reduction, and the FPS 2015 builds up benefits faster due to the better accrual rate (1/59.7 v 1/60).
- For active members, the normal retirement age for both the FPS 2006 and FPS 2015 schemes is 60, so if the member retires before then their pension will be reduced to reflect the fact that it will be paid for longer than expected.
- However, to retire early in the FPS 2006 you have to first leave service to become a deferred member and your benefits are then reduced in relation to the deferred normal retirement age, which is 65. This will result in a bigger reduction than in the FPS 2015 as the reduction is based on the member receiving a pension for a longer period before the normal retirement age. See fpsmember.org/fps-2006/when-can-i-retire and fpsmember.org/fps-2015/when-can-i-retire for more information.
- At age 60, the pension and cash lump sums are very similar due to the FPS 2006 and FPS 2015 schemes no longer having any early retirement reductions applied.

Cash lump sum amounts

- In the example, the reformed cash lump sums are also slightly higher than the legacy cash lump sums at all retirement ages shown. This is mainly because there is more of the reformed pension to exchange for a cash lump sum.
- The commutation factor for both the FPS 2006 and FPS 2015 is 12. This means for every £1 of annual pension given up the member will receive £12 as a cash lump sum.

Employee contributions

On choosing the legacy or the reformed benefits there may be additional contributions payable by the member, or perhaps a refund, depending on the difference between the contributions already paid and those associated with the chosen benefits.

Individual circumstances

In most cases, the reformed option for former FPS 2006 members would provide higher benefits than the legacy option. However, it should be noted that your choice of whether to receive legacy or reformed benefits for the remedy period will very much depend on your individual circumstances.

FPS 2015 pension earned is increased each year in line with average weekly earnings. How the member's salary increases compare to average weekly earnings may determine which option provides the higher benefits. For example, for simplicity we have kept average pensionable salary for the FPS 2006 and pensionable pay for the FPS 2015 the same for this benefit illustration. However, if average weekly earnings are such that they are greater than salary increases for the same period, then the reformed option would provide more benefits than illustrated above. Alternatively, if salary increases were greater than average weekly earnings then the legacy option may provide higher benefits. This is illustrated in example 2 below.

It's worth noting, however, that the timing of the increases is important. A few large percentage increases to the FPS 2015 pension when it is relatively small may not offset the increase in FPS 2006 due to a large increase to salary. For example, a large promotional increase close to retirement could lead to a large increase to the final salary FPS 2006 pension and in turn, the legacy benefits option may be more attractive.

You'll receive benefit illustrations for your legacy and reformed benefits at retirement. This will allow you to choose the most beneficial option at a time when you have the most certainty over what you are entitled to.

Example 2

This example is based on the same criteria as the previous example but assumes that the member is promoted over the course of the remedy period and to retirement. This is to show the effect that promotional salary increases can have on the difference between the legacy and reformed benefits.

We have assumed that a Firefighter (competent) at 1 April 2015 will receive the following promotions and additional increases to salary:

Position	Date of promotion	Age at promotion	Increase applied
Crew manager (development)	1 April 2019	37	6.3%
Crew manager (competent)	1 April 2021	39	4.3%
Watch manager (development)	1 April 2026	44	2.2%
Watch manager (competent A)	1 April 2028	46	2.8%
Watch manager (competent B)	1 April 2031	49	6.5%

Using the above promotional increases the recalculated benefit illustrations are given below:

Assumed retirement age	Scheme	Legacy benefits (FPS 2006 benefits up to 31 March 2022 and FPS 2015 benefits from 1 April 2022 to retirement)		Reformed benefits (FPS 2006 benefits up to 31 March 2015 and FPS 2015 benefits from 1 April 2015 to retirement)	
		Annual pension £	Cash lump sum £	Annual pension £	Cash lump sum £
55	FPS 2006	5,538	22,154	2,954	11,815
55	FPS 2015	6,911	27,642	9,746	38,984
55	**Total**	**12,449**	**49,796**	**12,700**	**50,800**
60	FPS 2006	9,928	39,710	5,295	21,179
60	FPS 2015	12,785	51,141	16,667	66,667
60	**Total**	**22,713**	**90,852**	**21,962**	**87,846**

The detailed calculations used to arrive at these figures are available at fpsmember.org/sites/default/files/2015-Remedy-benefit-illustrations-full-calculations.xlsx There could be some rounding differences.

Annual pension amounts

As expected, both the legacy and reformed benefits are higher than in the previous example with the additional promotional increases.

- The reformed benefits are still greater at age 55 due to the greater early retirement reductions in the FPS 2006.
- The legacy benefits, however, are now greater than the reformed benefits at age 60. The reason for this is that the FPS 2006 benefits are based on final salary at retirement and the promotional increases have offset the faster rate of build-up of pension in the FPS 2015.

As a final salary scheme, the FPS 2006 treats the member as though they earned the higher final salary in all years of service. However, the FPS 2015 takes account of salaries earned in any particular year and only future years are affected when there is a promotional salary increase.

Cash lump sum amounts

The cash lump sums under both options have increased as expected though the legacy option cash lump sum is now greater at age 60 due to the higher available pension amount to exchange for cash.

Individual circumstances

The choice between legacy or reformed benefits for former FPS 2006 members is not clear cut and will very much depend on your individual career path and how salary increases compare to FPS 2015 revaluation increases (which are in line with average weekly earnings).

As we can see in the examples above, the reformed benefits may provide a higher annual pension and cash lump sum for those who remain in the same role, while the legacy benefits may be more attractive if the member experiences high salary increases, especially later in their career.

You'll receive benefit illustrations for the legacy and reformed benefits at retirement. This will allow you to choose the most beneficial option at a time when you have the most certainty over what you are entitled to.

4. FPS 2006 – part-time/ retained member

Example member profile details:

Member profile	
Date of birth	31 March 1982
Age at 31 March 2022	40 years
Previous final salary scheme	FPS 2006
Joined scheme at age	25 years
Pensionable service at 31 March 2022	4.5 years
Salary at 31 March 2015	£29,000
Salary at age 55	£39,645
Salary at age 60	£42,709
Full or part time	Part time
Part-time hours	30%

How is pension in the FPS 2006 calculated?

The FPS 2006 is a final salary scheme. Pensions are worked out based on scheme membership, pay and a formula contained in the scheme rules.

FPS 2006 pension is calculated as follows:

Pensionable service	X	Average Pensionable Pay	/	60	=	Annual pension

For part-time members, the part-time element is captured in the pensionable service and the full-time equivalent salary is used as average pensionable pay. For example, if a member works 30% over 10 years then they will earn 3 years' pensionable service.

How is pension in the FPS 2015 calculated?

The FPS 2015 is a Career Average Revalued Earnings (CARE) scheme. Pensions are worked out based on a proportion of pay for each year of membership and added to your pension account.

The FPS 2015 pension builds up year on year with an amount added to your account calculated as follows:

Pensionable Pay	/	59.7	=	Pension added to your account for the year

Then, on 1 April each year, the accumulated pension is revalued in line with average weekly earnings until retirement. An example is provided at fpsmember.org/fps-2015/how-my-pension-worked-out

In the FPS 2015, pensionable pay already includes the adjustment for part timers. For example, if a member's salary is £29,000 and they work 30% of the time then the pension earned for that year is £29,000 x 0.30 / 59.7 = £145.73.

Example 1

The following example shows the annual pension and maximum cash lump sum entitlement for a part-time member who remains at firefighter level throughout their career. It shows the annual pension and cash lump sum entitlement from age 55 (when the member is first able to take their FPS 2006 and FPS 2015 benefits) until age 60 (when the same benefits can be taken unreduced).

The examples assume that:

- The member's part-time hours remain at 30% throughout.
- The member chooses to exchange the maximum pension possible for cash at retirement.
- Salary increases for the member and the revaluation increase for the FPS 2015 pension are the same (1.5% p.a.).
- The accrual (build-up) rate for the FPS 2015 remains at 1/59.7.
- The early retirement factors in the FPS 2006 and FPS 2015 schemes are as at the date of publication of this communication.

Assumed retirement age	Scheme	Legacy benefits (FPS 2006 benefits up to 31 March 2022 and FPS 2015 benefits from 1 April 2022 to retirement)		Reformed benefits (FPS 2006 benefits up to 31 March 2015 and FPS 2015 benefits from 1 April 2015 to retirement)	
		Annual pension £	Cash lump sum £	Annual pension £	Cash lump sum £
55	FPS 2006	1,340	5,361	715	2,859
55	FPS 2015	1,764	7,055	2,587	10,348
55	**Total**	**3,104**	**12,416**	**3,302**	**13,207**
60	FPS 2006	2,402	9,609	1,281	5,125
60	FPS 2015	3,219	12,877	4,346	17,384
60	**Total**	**5,622**	**22,486**	**5,627**	**22,509**

The detailed calculations used to arrive at these figures are available at fpsmember.org/sites/default/files/2015-Remedy-benefit-illustrations-full-calculations.xlsx There could be some rounding differences.

Annual pension amounts

- In the example above, the total pension amounts if the reformed benefits are chosen are slightly more than if legacy benefits are chosen at all retirement ages. The main reasons for this are that the legacy option includes a greater proportion of the FPS 2006 benefits which have a greater early retirement reduction and the FPS 2015 builds up benefits faster due to the better accrual rate (1/59.7 v 1/60).
- For active members, the normal retirement age for both the FPS 2006 and FPS 2015 schemes is 60, so if the member retires before then their pension will be reduced to reflect the fact that it will be paid for longer than expected.
- However, to retire early in the FPS 2006 you have to first leave service to become a deferred member and your benefits are then reduced in relation to the deferred normal retirement age which is 65. This will result in a bigger reduction than in the FPS 2015 as the reduction is based on the member receiving a pension for a longer period before the normal retirement age. See fpsmember.org/fps-2006/when-can-i-retire and fpsmember.org/fps-2015/when-can-i-retire for more information.
- At age 60, the pension and cash lump sums are very similar due to the FPS 2006 and FPS 2015 schemes no longer having any early retirement reductions applied.

Cash lump sum amounts

- In the example, the reformed cash lump sums are also slightly higher than the legacy cash lump sums at all retirement ages shown. This is mainly because there is more of the reformed pension to exchange for a cash lump sum.
- The commutation factor for both the FPS 2006 and FPS 2015 is 12. This means for every £1 of annual pension given up the member will receive £12 as a cash lump sum.

Employee contributions

On choosing the legacy or the reformed benefits there may be additional contributions payable by the member, or perhaps a refund, depending on the difference between the contributions already paid and those associated with the chosen benefits.

Individual circumstances

In most cases, the reformed option for former FPS 2006 members would provide higher benefits than the legacy option. However, it should be noted that your choice of whether to receive legacy or reformed benefits for the remedy period will very much depend on your individual circumstances.

FPS 2015 pension earned is increased each year in line with average weekly earnings. How the member's salary increases compare to average weekly earnings may determine which option provides the higher benefits. For example, for simplicity we have kept average pensionable salary for the FPS 1992 and pensionable pay for the FPS 2015 the same for this benefit illustration. However, if average weekly earnings are such that they are greater than salary increases for the same period, then the reformed option would provide more benefits than illustrated above. Alternatively, if salary increases were greater than average weekly earnings then the legacy option may provide higher benefits. This is illustrated in example 2 below.

It's worth noting however, that the timing of the increases is important. A few large percentage increases to the FPS 2015 pension when it is relatively small may not offset the increase in FPS 2006 due to a large increase to salary. For example, a large promotional increase close to retirement could lead to a large increase to the final salary FPS 2006 pension and in turn, the legacy benefits option may be more attractive.

You'll receive benefit illustrations for the legacy and reformed benefits at retirement. This will allow you to choose the most beneficial option at a time when you have the most certainty over what you are entitled to.

Example 2

This example is based on the same criteria as the previous example but assumes that the member is promoted over the course of the remedy period and to retirement. This is to show the effect that promotional salary increases can have on the difference between the legacy and reformed benefits.

We have assumed that a Firefighter (competent) at 1 April 2015 will receive the following promotions and additional increases to salary:

Position	Date of promotion	Age at promotion	Increase applied
Crew manager (development)	1 April 2019	37	6.3%
Crew manager (competent)	1 April 2021	39	4.3%
Watch manager (development)	1 April 2026	44	2.2%
Watch manager (competent A)	1 April 2028	46	2.8%
Watch manager (competent B)	1 April 2031	49	6.5%

Using the above promotional increases the recalculated benefit illustrations are given below:

Assumed retirement age	Scheme	Legacy benefits (FPS 2006 benefits up to 31 March 2022 and FPS 2015 benefits from 1 April 2022 to retirement)		Reformed benefits (FPS 2006 benefits up to 31 March 2015 and FPS 2015 benefits from 1 April 2015 to retirement)	
		Annual pension £	Cash lump sum £	Annual pension £	Cash lump sum £
55	FPS 2006	1,662	6,646	886	3,545
55	FPS 2015	2,073	8,293	2,924	11,695
55	**Total**	**3,735**	**14,939**	**3,810**	**15,240**
60	FPS 2006	2,978	11,913	1,588	6,354
60	FPS 2015	3,836	15,342	5,000	20,000
60	**Total**	**6,814**	**27,256**	**6,588**	**26,354**

The detailed calculations used to arrive at these figures are available at fpsmember.org/sites/default/files/2015-Remedy-benefit-illustrations-full-calculations.xlsx There could be some rounding differences.

Annual pension amounts

As expected, both the legacy and reformed benefits are higher than in the previous example with the additional promotional increases.

- The reformed benefits are still greater at age 55 due to the greater early retirement reductions in the FPS 2006.
- The legacy benefits, however, are now greater than the reformed benefits at age 60. The reason for this is that the FPS 2006 benefits are based on final salary at retirement and the promotional increases have offset the faster rate of build-up of pension in the FPS 2015.

As a final salary scheme, the FPS 2006 treats the member as though they earned the higher final salary in all years of service. However, the FPS 2015 takes account of salaries earned in any particular year and only future years are affected when there is a promotional salary increase.

Cash lump sum amounts

The cash lump sums under both options have increased as expected though the legacy option cash lump sum is now greater at age 60 due to the larger available pension amount to exchange for cash.

Individual circumstances

The choice between legacy or reformed benefits for former FPS 2006 members is not clear cut and will very much depend on your individual career path and how salary increases compare to FPS 2015 revaluation increases (which are in line with average weekly earnings).

As we can see in the examples above, the reformed benefits may provide a higher annual pension and cash lump sum for those who remain in the same role, while the legacy benefits may be more attractive if the member experiences high salary increases, especially later in their career.

You'll receive benefit illustrations for the legacy and reformed benefits at retirement. This will allow you to choose the most beneficial option at a time when you have the most certainty over what you are entitled to.

5. FPS 2006 for special members (RDS modified)

Example member profile details:

Member profile	
Date of birth	31 March 1977
Age at 31 March 2022	45 years
Previous final salary scheme	Special members in the FPS 2006
Joined scheme at age	25 years
Pensionable service at 31 March 2022	6 years
Salary at 31 March 2015	£29,000
Salary at age 55	£36,801
Salary at age 60	£39,645
Full or part time	Part time
Part-time hours	30%

How is pension for special members in the FPS 2006 calculated?

The scheme for special members in the FPS 2006 is a final salary scheme. Pensions are worked out based on scheme membership, pay and a formula contained in the scheme rules.

The FPS 2006 pension for special members is calculated as follows:

Pensionable service	X	Average Pensionable Pay	/	45	=	Annual pension

For part-time members, the part-time element is captured in the pensionable service and the full-time equivalent salary is used as average pensionable pay. For example, if a member works 30% over 10 years then they will earn 3 years' pensionable service.

How is pension in the FPS 2015 calculated?

The FPS 2015 is a Career Average Revalued Earnings (CARE) scheme. Pensions are worked out based on a proportion of pay for each year of membership and added to your pension account.

The FPS 2015 pension builds up year on year with an amount added to your account calculated as follows:

Pensionable Pay	/	59.7	=	Pension added to your account for the year

Then, on 1 April each year, the accumulated pension is revalued in line with average weekly earnings until retirement. An example is provided at fpsmember.org/fps-2015/how-my-pension-worked-out

In the FPS 2015, pensionable pay already includes the adjustment for part timers. For example, if a member's salary is £29,000 and they work 30% of the time then the pension earned for that year is £29,000 x 0.3 / 59.7 = £145.73.

Example 1

The following example shows the annual pension and maximum cash lump sum entitlement for a special member who remains at firefighter level throughout their career. It shows the annual pension and cash lump sum entitlement from age 55 (when the special member is first able to take their FPS 2006 and FPS 2015 benefits) until age 60 (when the FPS 2015 benefits can be taken unreduced).

The examples assume that:

- The member's part-time hours remain at 30% throughout.
- The special member chooses to exchange the maximum pension possible for cash at retirement.
- Salary increases for the member and the revaluation increase for the FPS 2015 pension are the same (1.5% p.a.).
- The accrual (build-up) rate for the FPS 2015 remains at 1/59.7.
- The early retirement factors for the FPS 2015 are as at the publication date of this communication.

Assumed retirement age	Scheme	Legacy benefits (FPS 2006 benefits up to 31 March 2022 and FPS 2015 benefits from 1 April 2022 to retirement)		Reformed benefits (FPS 2006 benefits up to 31 March 2015 and FPS 2015 benefits from 1 April 2015 to retirement)	
		Annual pension £	Cash lump sum £	Annual pension £	Cash lump sum £
55	FPS 2006*	3,680	25,515	2,392	16,585
55	FPS 2015	1,092	4,366	1,856	7,422
55	**Total**	**4,772**	**29,881**	**4,248**	**24,007**
60	FPS 2006*	3,964	24,976	2,577	16,234
60	FPS 2015	2,241	8,965	3,287	13,148
60	**Total**	**6,206**	**33,941**	**5,864**	**29,383**

*For special members

The detailed calculations used to arrive at these figures are available at fpsmember.org/sites/default/files/2015-Remedy-benefit-illustrations-full-calculations.xlsx There could be some rounding differences.

Annual pension amounts

- In the example above, the total pension amounts if the legacy benefits are chosen are greater than if the reformed benefits are chosen at all retirement ages. The reason for this is that the legacy option pension amounts include a greater proportion of FPS 2006 special members benefits, which are based on a better rate of accrual, meaning more pension benefits are built up for each year of pensionable service.
- FPS 2006 special members have a normal pension age of 55. Benefits cannot be taken earlier than this.
- The FPS 2015 has a normal pension age of 60 for active members and State Pension age for deferred members. If the FPS 2015 pension is taken before normal pension age, the pension will be reduced to reflect the fact that it will be paid for longer than expected.
- For active members, an early retirement reduction of 21% is applied to the FPS 2015 pension at age 55. The reduction is lowered by 4-5% each year until there is no reduction applied at age 60. See fpsmember.org/fps-2015/when-can-i-retire for more information. The early retirement reduction factors for deferred members are higher.

Cash lump sum amounts

- In the example above, the legacy option cash lump sums are also greater than the reformed option cash lump sums at all retirement ages shown. There are two main reasons for this:
  - There is more of the legacy pension to exchange for a cash lump sum; and
  - The commutation factors for FPS 2006 special members are higher, meaning that the member receives more cash lump sum per £1 of annual pension given up. For example, at age 55, the age-related commutation factor for FPS 2006 special members is 20.8 while the FPS 2015 commutation factor is 12. This means that the member receives £20.80 cash for each £1 of FPS 2006 special members' pension given up compared to £12 cash for each £1 of FPS 2015 pension given up.
- Please note that the age-related commutation factors for special members of the FPS 2006 decrease as the member ages (to reflect the fact that the pension is expected to be paid for a shorter period), but remain fixed at 12 for all ages in the FPS 2015.
- The illustrations do not take account of any tax charge that may be applied due to exceeding the HMRC limit on tax-free cash. The limit is most likely to be exceeded if the commutation factor is greater than 20.
- For more information please visit fpsmember.org/fps-2006-special-members/how-much-lump-sum-can-i-take

Employee contributions

On choosing the legacy or the reformed benefits there may be additional contributions payable by the member, or perhaps a refund, depending on the difference between the contributions already paid and those associated with the chosen benefits.

Individual circumstances

In most cases, the legacy option for former special members of FPS 2006 would provide higher benefits than the reformed option. However, it should be noted that your choice of whether to receive legacy or reformed benefits for the remedy period will depend on your individual circumstances.

For example, for simplicity we have kept average pensionable salary for special members of the FPS 2006 and pensionable pay for the FPS 2015 the same for this benefit illustration, though it may be the case that your pensionable pay in the FPS 2015 includes additional elements that contribute towards a higher pension.

Furthermore, FPS 2015 pension already earned is increased each year in line with average weekly earnings. If average weekly earnings are higher than salary increases over a period of time, this may lead to higher reformed benefits. For this to happen, a member would need to receive salary increases (including any promotional increases) below the national average by a significant amount over a prolonged period of time.

If a member is promoted over the course of the remedy period and to retirement, any increases to the member's salary will increase both the legacy and reformed benefits, however, it is likely that any promotional increases will tend to increase legacy benefits more than reformed benefits. This is illustrated in example 2 on the next page.

This is because the FPS 2006 special member benefits are based on final salary at retirement. As a final salary scheme, the FPS 2006 treats the member as though they earned the higher final salary in all years of service. However, the FPS 2015 scheme takes account of salaries earned in any particular year and only future years are affected when there is a promotional salary increase.

You'll receive benefit illustrations for your legacy and reformed benefits at retirement. This will allow you to choose the most beneficial option at a time when you have the most certainty over what you are entitled to.

Example 2

This example is based on the same criteria as the previous example but assumes that the example member is promoted over the course of the remedy period and to retirement. This is to show the effect that promotional salary increases can have on the difference between the legacy and reformed benefits.

We have assumed that a Firefighter (competent) at 1 April 2015 will receive the following promotions and additional increases to salary:

Position	Date of promotion	Age at promotion	Increase applied
Crew manager (development)	1 April 2019	42	6.3%
Crew manager (competent)	1 April 2021	44	4.3%
Watch manager (development)	1 April 2026	49	2.2%
Watch manager (competent A)	1 April 2028	51	2.8%
Watch manager (competent B)	1 April 2031	54	6.5%

Using the above promotional increases the recalculated benefit illustrations are given below:

Assumed retirement age	Scheme	Legacy benefits (FPS 2006 benefits up to 31 March 2022 and FPS 2015 benefits from 1 April 2022 to retirement)		Reformed benefits (FPS 2006 benefits up to 31 March 2015 and FPS 2015 benefits from 1 April 2015 to retirement)	
		Annual pension £	Cash lump sum £	Annual pension £	Cash lump sum £
55	FPS 2006*	4,562	31,632	2,965	20,561
55	FPS 2015	1,248	4,991	2,037	8,150
55	**Total**	**5,810**	**36,623**	**5,003**	**28,711**
60	FPS 2006*	4,915	30,964	3,195	20,126
60	FPS 2015	2,634	10,537	3,715	14,861
60	**Total**	**7,549**	**41,501**	**6,910**	**34,987**

The detailed calculations used to arrive at these figures are available at fpsmember.org/sites/default/files/2015-Remedy-benefit-illustrations-full-calculations.xlsx There could be some rounding differences.

Annual pension amounts

As expected, both the legacy and reformed benefits are higher than in the previous example with the additional promotional increases.

However, the total pension amounts if the legacy option are chosen have shown a greater increase in benefits than the reformed option. The reason for this is that the FPS 2006 special scheme benefits are based on final salary at retirement and promotional increases have offset the faster build-up of pension in the FPS 2015.

As a final salary scheme, the FPS 2006 special members scheme treats the member as though they earned the higher final salary in all years of service. However, the FPS 2015 takes account of salaries earned in any particular year and only future years are affected when there is a promotional salary increase.

Cash lump sum amounts

The legacy cash lump sums have increased faster than the reformed cash lump sums due to higher available pension amounts to exchange for cash and higher commutation factors.

Individual circumstances

The effect of promotional increases will depend on your own career path, both in terms of number of promotions and when they occur. It is more than likely that any promotional increases will tend to increase legacy benefits more than reformed benefits due to the reasons given above.

APPENDIX 4

HM Treasury
The Correspondence and Enquiry Unit
1 Horse Guards Road
Westminster
London
SW1A 2HQ

Sent by email to the Chief Secretary to the Treasury - The Rt Hon Simon Clarke MP at public.enquiries@hmtreasury.gov.uk

Cc: The Home Office Police Workforce and Professionalism Unit

Published on www.fpsboard.org and www.fpsregs.org

17 December 2021

Dear Sirs

I am writing to you as Chair of the Firefighters' Pensions (England) Scheme Advisory Board (the SAB) in connection with your note, Processing immediate detriment cases – November 2021. This note sets out HM Treasury's best assessment at this point on the advisability of processing immediate detriment cases before new legislation to enact the McCloud remedy is in place, and the implications of this assessment for the Home Office guidance on processing immediate detriment cases published in August 2020 and revised in June 2021.

You will be aware that on 29 November 2021, the Home Office withdrew its informal and non-statutory guidance on processing certain kinds of immediate detriment case ahead of legislation, with immediate effect. This decision was based on the above guidance note from HMT and the Home Office stated that, although the decision remains for scheme managers to make, it does not advise schemes to process any immediate detriment cases before legislation is in place, given the risk and uncertainty of correcting benefits before the PSPJO Bill, scheme regulations and relevant tax legislation come into force.

At our most recent SAB meeting, held on 9 December, we discussed the position as a result of these developments, given our remit to provide advice to scheme managers and local pension boards in relation to the effective and efficient administration and management of this scheme. The SAB would like to be able to fulfil this role by helping the scheme managers to understand better the nature of the risk and uncertainties mentioned in your note.

The scheme managers are the Fire and Rescue Authorities (FRAs) who, as you will be aware, recently considered the extent of their powers. This consideration took the form of an appeal under Schedule 22 of the Equality Act 2010, in which the FRAs argued that they were required to follow the pensions regulations and so by law they had no choice but to implement the transitional protections which have now been established as being discriminatory. On 12 February 2021, the Employment Appeal Tribunal (EAT) gave its judgment on the FRAs appeal which was that FRAs could not rely on the Schedule 22 defence. Effectively, the EAT held that the FRAs in their capacity as scheme manager could have decided not to follow the discriminatory legislation and in fact should have done so by refusing to treat firefighters as having transferred into the 2015 scheme. This is because it held that Section 61 prohibits FRAs from acting in a manner which discriminates on the grounds of age, and it prioritises that obligation over other provisions in the pension scheme which would oblige the FRAs to act in that way. In addition, the EAT held that, under Section 62 of the Equality Act 2010, the FRAs have vested in them the power to pass a resolution making non-discrimination alterations to the scheme of which they are managers.

Legal cases concerning immediate detriment issues were brought in the High Court against two FRAs; the claimants were supported by the FBU. It was apparent similar issues would arise more widely across the sector. The FBU was clear that matters for affected individuals needed to be resolved sooner rather than later and it would, if necessary, support further legal cases.

The SAB understands that, with that in mind, the LGA and the FBU commenced discussions to identify a mutually acceptable Framework, setting out a mechanism for handling immediate detriment cases, to assist all parties prior to completion and implementation of the remedying legislation. Agreement was reached on a Memorandum of Understanding and Framework on 8 October 2021.

Whilst the withdrawal of the Home Office Guidance does not fundamentally alter the position of the Framework, as the MoU is separate from, and is not subject to or dependent on, any guidance issued in relation to immediate detriment before the legislation comes into force, understandably it is a cause of concern to FRAs who are considering adopting or who have adopted the MoU. This is particularly the case given the statements made with regard to funding of immediate detriment cases processed in the interim period between the guidance being withdrawn and the retrospective elements of remedy being effective.

FRAs may now be in the untenable position of having to choose to either process immediate detriment cases at what you have termed to be significant financial risk with unknown consequences for the authority and the member or facing potential legal action if they follow the latest government advice. As noted earlier, the SAB is keen to try to assist the FRAs in being able to analyse these risks and to take an informed decision on them. With over 40 FRAs involved in the English Scheme there is clearly a risk to the overall governance of this public sector scheme if the various managers get their own legal opinions and adopt different practices.

It was therefore agreed that I should write to you to request more information about the benefit risks and uncertainties that you have identified in general about relying on Section 61 (and we assume also Section 62) to remedy the benefits in advance of the retrospective regulations, so that we can consider whether these are relevant in the case of the Firefighters' Pension Schemes. You have indicated that there are some obscure areas of the McCloud remedy where Section 61's impact is not clear.

Whilst we understand that Section 61 may not override some of the taxation impacts where payments are deemed unauthorised, we do not understand for example, the problem you have quoted regarding the payment of contributions to the reformed vs legacy scheme. Contributions to fire schemes all fall into one notional account in this regard and under the EAT's interpretation of the FRA's powers to make resolutions, I might expect that either both contributions and benefits could be determined to have been both paid and earned in the legacy scheme respectively or if this were not the case that the managers could resolve to accept a notional transfer of the contribution for the purposes of remedying the discrimination. Whilst we understand that your legal advice on this issue is privileged, it would be helpful to understand the alternative legal arguments and more about the problems that might be encountered.

It would also be useful to understand whether the risks and uncertainties that have now been identified are likely to be mitigated, at least in part, once the Finance (No.2) Bill is enacted in April 2022 or whether you anticipate that the risk will only be significantly reduced once all remedying legislation is in force; expected to be October 2023 for the FPS, as indicated to me by the Home Office

In particular, we have been informed that members would prefer to see benefits remedied sooner rather than later even though they are already aware of the risk that the tax position may take a little time to sort with potentially iterations of calculations.

I look forward to hearing from you with what I hope will be a more detailed explanation of the risks so that the SAB is able to fulfil its brief. You will appreciate the urgency of this request given the competing challenges and legal risks that FRAs are facing, therefore your early attention would be welcome.

Kind regards

[redacted]

Joanne Livingstone

APPENDIX 5

HM Treasury

Joanne Livingstone
Chair, Firefighters' Pensions (England) Scheme Advisory Board
By email

23 March 2022

Dear Joanne

Thank you for your letter of 17 December to HM Treasury regarding the processing of immediate detriment (ID) cases in the Firefighters' pension scheme. I apologise for the delay in replying.

You have asked for more detail on the factors behind the withdrawal of the Home Office's informal and non-statutory guidance on processing certain ID cases, and in particular the risks and uncertainties of relying on Section 61 of the Equality Act to remedy benefits in advance of retrospective regulations.

I appreciate that this is a difficult situation for scheme managers in the Firefighters scheme, for the reasons you have set out, and the SAB's understandable desire to have the best information possible to inform future discussions. I will therefore set out these issues in detail.

The fundamental difficulty is that retrospectively changing pension entitlement through section 61 of the Equality Act 2010 cannot mitigate all of the consequences that arise from that. Legislation is therefore needed to address these consequences, particularly in respect of the complicated interplay with the tax system which is dependent on changing facts. The tax system requires certainty about the nature of payments made to and from pension schemes in the past in order to operate predictably and to produce proportionate results.

In some situations, processing cases without the full remedy legislation, including on tax, could lead to disadvantageous outcomes. The Public Services and Judicial Offices Act addresses some of these issues but others will need to be addressed though secondary legislation, the Finance Act 2022 and tax regulations. Legislation is also necessary to allow compensation to be paid by scheme managers, for example where an individual has overpaid tax beyond the usual statutory time limits for claiming it back.

I will now set out some of the detail of the specific tax issues that may arise and will be dealt with through legislation:

1. <u>Tax relief on contributions for members who paid contributions to the reformed scheme</u>.
   - If section 61 was used so that these members never left the legacy scheme for the remedy period, the effect would be that amounts deducted from their earnings and paid as pension contributions to the reformed scheme were paid incorrectly, because they were not a member of that scheme. This matters for tax purposes because only active members of a scheme are entitled to tax relief on their contributions.

- Tax relief can be given at the point the contributions are paid, and the legacy scheme and reformed scheme are two separate registered pension schemes. It is unclear what effect section 61 has on the contributions that were paid to the reformed scheme; it is not certain that section 61 means they can be assumed to have been paid to the legacy scheme. If section 61 can't be interpreted in that way, there is a separation of the members' contributions and the service, which mean that members were not entitled to the tax relief they received on their pension contributions (as they were not active members).
- Employers would therefore need to correct their RTI submissions for the relevant tax years to remove the tax relief that was given incorrectly. This would probably require the contributions to be returned by the scheme to the employer and then for the employer to pay them to the correct scheme, which would give tax relief at that point, but this may not equal the tax relief that members were entitled to previously. In addition, any contributions payable by or due to be returned to the member in respect of the tax years 2015-15 to 2021-22 because differences in contribution rates will also impact on their tax position, meaning that those who submit self assessment returns will need to contact HMRC to amend the information they declared previously.
- The provisions to address this are made in the PSP&JO Act, which will require commencement through scheme regulations, and in forthcoming legislation to allow tax relief to apply to contributions made during the remedy period years and for any contributions corrections to be made without the need for correcting RTI submissions.
- The combination of the PSP&JO Act, scheme regulations and tax regulations will alleviate the administrative burdens on the member, the scheme and the employer but if ID cases were processed prior to those statutory changes, existing legislation will apply. The full amount of historic contributions to a scheme where the individual is not a member would be taxable and a tax charge will be due as a result, that may not equal the tax relief the individual will be entitled to when the contributions are made to the correct scheme. So individuals in this situation may still need to have their position revised when the provisions of the PSP&JO Act are brought in.

2. <u>Payment of benefits to date</u>.
   - Where an ID case is processed before legislation, there is uncertainty as to the status of payments that have been made from the Reformed Scheme to an individual who, according to section 61, is not a member of that scheme. It is not clear whether under section 61 the amounts paid would be assumed to have been paid by the legacy scheme. There is a risk that if the amount that was paid as a tax-free lump sum is seen as being paid from the reformed scheme, it would be taxable because it does not meet the conditions to be paid tax free as the individual is a member of the legacy scheme. Once commenced through scheme regulations, provisions in the PSP&JO Act will have the effect of treating pension benefits arising from remediable service paid out of the Reformed Scheme as having been paid out of the Legacy Scheme, clarifying the section 61 position.
3. <u>New or increased lump sum payments.</u>
   - There could also be issues where the operation of section 61 Equality Act 2010 means that an individual has not been paid sufficient lump sum under the legacy scheme, because any further lump sum payment will be tax free only if the pension supporting the lump sum started no more than 12 months prior to the adjustment. If it is outside this time limit the adjusted lump sum would also be an unauthorised payment and an unauthorised payments charge would apply before tax legislation is in place to address this.

4. Annual allowance tax charge.
    - An individual's liability for an annual allowance tax charge is calculated by deducting their pension value at the start of the year from the value at the end of the year in that pension scheme. If ID cases were processed using section 61 this could lead to a situation where those values were incorrectly reported because the member was recorded as building up service in the Reformed Scheme instead of the Legacy Scheme.
    - This could lead to considerable difficulties where the Reformed Scheme had reported and paid an individual's annual allowance charge. The whole payment would need to be unwound as there would be no basis for the Reformed Scheme to pay the individual's tax charge as they were not a member of the scheme. The scheme would have to adjust the return on which they originally paid the charge (which may also have an administrative impact on the scheme in relation to any tax they have paid subsequently as tax is paid on a scheme basis). The individual would then owe their annual allowance charge and interest for late payment. Similarly, any overpaid annual allowance charges for out of scope years would need to be compensated, and as set out above, in advance of legislation there are no provisions in place to enable this.
5. Lifetime Allowance Charge
    - Issues might arise with respect to lifetime allowance charges paid by the reformed scheme in relation to a member who, as a result of the operation of section 61, was always a member of the legacy scheme. The reformed scheme would need to claim a refund of the tax paid (where they were in time to do so), adjusting the return on which they originally paid the charge (which may also have an administrative impact on the scheme).
    - The legacy scheme would now be liable to pay (i) any lifetime allowance charges in relation to that member's rights. and, (ii) any benefits payable under those rights. It is unclear what effect section 61 would have on the benefits that have been paid to the individual, whether it follows that these benefits must have been paid by the legacy scheme or the reformed scheme made payments to individuals who were not members. Depending on the interpretation of the operation of section 61 in relation to pension benefits already paid, the legacy scheme may be liable to pay benefits including amounts already paid by the reformed scheme. Legislation will be required to address these issues.
    - In addition, if a member has paid their lifetime allowance charge themselves and section 61 provides that they were a member of their legacy scheme, where this provides for a lower charge, they can notify HMRC to claim for the overpayment. However, where the charge was paid for a year beyond the usual statutory time limits for correction of tax, compensation for this would not be available until the full remedy legislation is in place.

I hope that this gives you further insight into the tax issues that are likely to arise where ID cases are dealt with prior to legislation being in place and assists in future SAB discussions.

I would also note that, in addition to these tax issues, there are also other aspects of the remedy that remain to be determined and/or consulted upon on a scheme specific basis, such as how interest is to be calculated and paid on amounts that are owed to the scheme or by the scheme to a member or the specifics of rights of appeal.

For all of these reasons, the Government's view remains that processing immediate detriment cases before all of the necessary legislation is in place could give rise to significant consequences for schemes and members, although that ultimately is a decision for individual scheme managers. I also recognise that this places scheme managers in a difficult position and we will continue to work with Home Office colleagues and others to explore any mitigations, where this is possible.

Finally, I would like to thank you for the Scheme Advisory Board's continued constructive engagement in helping to resolve the complex and difficult issues necessary to design and implement a legislative remedy.

Yours sincerely,

Henry Elks
Deputy Director
Workforce Pay and Pensions Team
HM Treasury

APPENDIX 6

Security Classification/FoI 2000	Official
FoI Requests on rationale	Yes
Author	Clair Alcock
Force/organisation	NPCC Pensions Team
NPCC Coordination Committee	Workforce
Date created	22 March 2022

To: Chief Constables

22 March 2022

Immediate Detriment Update

I am writing to provide an important update on the matter of Immediate Detriment and recommend that forces review their current policy to reflect the latest Counsel opinion that we have received that clearly advises forces not to be applying Immediate Detriment prior to legislation being in place. NPCC Pensions team met with Counsel on 15th March and received oral opinion and subsequently their advice is not to proceed with any Immediate Detriment cases. Full written advice will be circulated when it has been received.

Background

In February 2021 the government published its consultation response on how it intended to remove the discrimination identified by the courts in the 2015 pension reforms through legislation and changes to pension regulations. The key provisions of the McCloud remedy were to move all members to the 2015 scheme from 1 April 2022 and allow eligible members the choice of having either legacy or reform benefits for the remedy Period (1 April 2015 to 31 March 2022). Legislation is needed in three main areas:

1. The Public Service Pensions and Judicial Offices Bill has now received royal assent and has been made into an act The Public Service Pensions and Judicial Offices Act 2022 (PSPJO). This means that all legacy schemes will now be closed to future accrual and all service from 1st April 2022 will be accrued in the 2015 scheme.

   Part 1, Chapter 1 of the Act will come into force no later than 1 October 2023[1] and will remedy the discrimination between 1 April 2015 and 31 March 2022 by moving members back to the legacy scheme for the remedy period[2]. The Act will be supported in due course by Treasury directions which specify certain aspects such as the rate of interest to apply to payments owed and due.

2. Secondary regulation amendments to the Police Pension Schemes will be required that are in keeping with the primary legislation. It is the responsibility of Home Office to draft and lay these regulations by 1 October 2023 and a three-month consultation is expected in late summer/autumn this year.

3. Section 11 of the Finance Act 2022 requires treasury to make changes to the Finance Act 2004 in connection with the discrimination rectification provisions. It is expected these will be

[1] Part 4, Section 131, Para 2
[2] Part 1, Section 2

retrospective from 1 April 2022, however they are not yet available, and drafts are expected in summer/autumn of 2022.

Immediate Detriment

Immediate Detriment provides officers retiring with 2015 Scheme membership in advance of remedy legislation the option to take their legacy pension for the 2015-2022 period. This has been a complicated issue for scheme managers to deal with, trying to balance the moral duty of providing members with the pension they are entitled to against the limitations provided by the current legislation which relies solely on section 61 and 62 of the Equality Act which requires scheme managers to not discriminate.

Until now those members of the 1987 legacy scheme reaching retirement age have been fully protected, so Immediate Detriment affected only a few members leaving before 30 years' service with an entitlement to an immediate pension (including ill health cases).

From April 2022, most 'normal' retirements will be members with an element of their service in the 2015 scheme. This 2015 element will increase as time goes on, reflecting the tapered protection arrangements which have been found discriminatory, so those retiring at 30 years' service late in 2022 are likely to have 29 years' 1987 membership plus 1 year's 2015 membership.

There is no question that eligible members are entitled to receive a choice of legacy or reformed benefits for the period between 1 April 2015 and 31 March 2022, nor is there any doubt that this will be available. Section 2 of the PSPJO Act 2022 has the effect that on the coming into force of the secondary regulations which must be enacted by 1 October 2023, members will be reverted to their legacy schemes for the remedy period. Those who have retired or died before the coming into force of the secondary regulations will be treated as 'Immediate Choice' members under sections 6 to 9[3] and given a choice of benefits to receive.

However, government are responsible for implementing the legislation, and the pace of those changes is led by the treasury, and not within the gift of NPCC or individual police forces to change.

Home Office Guidance

In August 2020 guidance was issued to scheme managers[4] by the Home Office which had been prepared by Her Majesties Treasury (HMT) and set out guidelines for making Immediate Detriment payments in certain areas. The NPCC took legal advice on that guidance at the time shared with scheme managers which raised concerns on the limitation of relying on section 61 of the Equality Act to extinguish 2015 scheme benefits.

Although the guidance was informal only, it offered a pathway for some forces to offer Immediate Detriment and it was left to Individual scheme managers to determine their approach using the Home Office guidance to minimise the adverse consequences of acting in advance of Remedy legislation.

[3] Public Service Pensions and Judicial Offices Act 2022 (legislation.gov.uk)
[4] Subsequently updated in June 2021

However, on 29 November 2021 the Home Office and HMT withdrew the guidance[5]. Without replicating the guidance in full the key reason for withdrawal of the guidance was uncertainty on the power of section 61 to support correction of immediate detriment cases before the new legislation is in place.

The particular concern cited in the document is the power of section 61 to deem contributions having been made under the relevant legacy scheme instead of the 2015 scheme under which they were made. The effect of that is to make the tax relief that members would have received on the 2015 contributions unlawful, because in fact you are deeming them not to have been members of that scheme. This poses a significant risk to members that HMRC will claw back all the tax relief received by them on making pension contributions during 1 April 2015 to 31 March 2022.

The withdrawal guidance quoted further concerns from HMT and in a covering letter Home Office outlined the funding position and confirmed that forces would not be provided with additional funding for costs associated with Immediate Detriment which are paid outside of the pension account. This means that, were forces to try and compensate members for lost tax or pension outside of the regulations, they would not be funded and this would come from operational budgets only.

Legal Advice March 2022

The NPCC Pension Team has now taken further legal advice on the impact of the withdrawal of the guidance, and in particular HMTs comments on the power of section 61.

The written legal advice will be provided in due course, however it is imperative that the view of Counsel is shared with scheme managers as soon as possible, so they can take heed of it.

Counsel's view was unequivocally that scheme managers should not be implementing immediate detriment at this time as there is no legal mechanism to pay without undue risks to both members and the force.

That represents a change in the previous view, which advised that there were some risks but recognised the HMT guidance and cautioned to be very careful of making payments. With the withdrawal of the guidance that takes away any 'safety net' the force may have relied upon to mitigate the risks of implementing Immediate Detriment.

We understand that this will be disappointing to Chief Constables who are now placed in this extremely difficult position that may result in further representations from staff associations who are keen to see that their members receive remedy as soon as possible. Unfortunately, we have found ourselves in the position where we are prevented from applying Immediate Detriment due to government timelines in laying regulations. Counsel has been very clear that significant risk would be faced by both members and the force operational account by making payments with no clear legal mechanism.

[5] Police pension schemes: processing immediate detriment cases - GOV.UK (www.gov.uk)

Along with the written legal advice that we will share with scheme managers, the pension team will also draft communications to members that can be used to explain the position that forces have been forced into, this will highlight that benefits will be rectified by the forthcoming remedy and how forces may support members understanding of their retirement benefits in advance of that legislation.

This letter has been copied to both Home Office and staff associations who we are continuing to have constructive conversations with regarding the pace of the legislative change that is needed to rectify benefits and the impact that has on the workforce.

If you have any questions, please let me know.

Yours sincerely

[redacted]

Jeremy Vaughan
Chief Constable South Wales Police
NPCC Pay and Conditions Lead

Copies to

Peter Spreadbury, Home Office
PSA
CPOSA
Police Federation

APPENDIX 7

Henry Elks
Deputy Director
Workforce Pay and Pensions Team
HM Treasury
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Peter Spreadbury
Deputy Director
Public Safety Group
Home Office
peter.spreadbury@homeoffice.gov.uk

4 April 2022

BY EMAIL ONLY

Dear Messrs Elks and Spreadbury,

Firefighters Pension Scheme - Age discrimination remedy

This letter is submitted jointly by the Local Government Association (LGA) on behalf of Fire and Rescue Authorities (FRAs), and by the Fire Brigades Union (FBU) on behalf of their members.

We cannot express strongly enough our continued frustration at the government's failure, as expressed by HM Treasury and Home Office, to support FRAs in ensuring affected FPS members are placed in the position required by the Court of Appeal in December 2018 (McCloud/Sargeant), prior to implementation of remedy legislation. Affected members are those who have, or are, taking benefits prior to the implementation of remedy legislation and therefore could face an immediate detriment.

As you are aware from discussions beforehand and correspondence with the LGA, we agreed a framework in October 2021 designed to make payments to FPS members in scope of remedy within existing legal powers on the basis that it would mitigate or avoid an immediate detriment to such members, therefore avoiding the need for continued legal action by those members.

Since that time we have seen the withdrawal of the Home Office Guidance and the position of HM Treasury, as expressed in the accompanying note, of opposing any possible solution for scheme members other than waiting for final regulations in October 2023. This has left FRA's in a position of uncertainty and affected scheme members are actively preparing legal action once again.

Should such action commence, that would again mean a separate set of proceedings running in parallel to the proceedings currently before the Employment

Tribunal, and also wholly avoidable legal costs to FRA's (and ultimately the taxpayer).

We accept that there are, as set out in the HMT note, significant difficulties in making *some* payments, in particular those connected with contributions until the tax position becomes clear and we would be happy to discuss with you how best to make progress in this area. The Claimants in any new proceedings will claim that they are entitled to damages that place them in the same position, net of any tax, that they would have found themselves in if there had been no discriminatory treatment (as did the Claimants in the proceedings that have already been issued and settled). If we assume that the court determines the claim in favour of the Claimants and grants the relief sought, at best, from the FRAs' perspective, that would mean having to pay compensation in respect of any additional tax charges and then spending very considerable administrative time and expense seeking recovery of the tax paid from HRMC. At worst it would mean paying compensation in respect of the tax and not being able to recover it.

We do not however see any issues with the immediate payment of pension arrears or arrears of lump sum for those within 12 months of leaving and would be grateful for your support in making such payments, in particular, by confirming that such payments will be treated no differently from payments of pension outside of the scope of remedy with regard to funding.

Furthermore, with the Finance No 2 Bill gaining Royal Assent it is entirely within the gift of HM Treasury to bring forward regulations to authorise the payment of lump sum arrears beyond 12 months of leaving and we would ask that this is progressed as soon as possible.

Finally, your stance in respect of the position of members who receive payments prior to the implementation of the remedy legislation not being able to be regularised by remedy legislation is unhelpful. Although we can appreciate your desire to be prudent in not providing 'carte blanche' for unreasonable payments, the provisions of both the Public Service Pensions and Judicial Offices Act and the Finance Act 2022 appear to provide more than adequate flexibility to ensure the regularisation of scheme members benefiting from a considered approach to immediate detriment cases.

None of us wish to see taxpayer money being wasted on legal actions which will no doubt merely confirm a scheme member's right to payments in line with the Court of Appeal's judgment. We stand ready to meet with you at any time to discuss how this regrettable situation can be avoided.

Yours sincerely,

[redacted]

Jo Donnelly	**Matt Wrack**
Local Government Association	**Fire Brigades Union**