
EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the Firemen's Pension Scheme Order 1992 (S.I.1992/129) (“the 1992 Order”) to authorise the payments made by fire and rescue authorities between 12th November 1979 and 5th April 2009 of annual increases to certain persons who are entitled to a guaranteed minimum pension. They also introduce a new entitlement to an Increased Pension Entitlement (“IPE”).

Paragraphs 2, 3 and 4 of the Schedule to this Order introduce a new Part P (Increased Pension Entitlement) into Schedule 2 of the 1992 Order. New rule P2 provides that Part P applies only to persons who, on 5th April 2009, were entitled to a pension (under the scheme established by the 1992 Order (“the 1992 scheme”)) and to a guaranteed minimum pension (“GMP”), and who have in any tax year since entitlement to that GMP began, received a GMP-related payment.

Section 5 of the Pensions (Increase) Act 1971 (“the 1971 Act”) requires pensions authorities to increase annually pensions to which that Act applies. The 1971 Act is modified by sections 59 and 59A of the Social Security Pensions Act 1975 (“the 1975 Act”). Pensions authorities pay annual increases on pensions in accordance with the annual Pensions (Increase) Review Orders (“the annual PIROs”) which are made under section 59 of the 1975 Act. The combined effect of section 59(5) of the 1975 Act, Directions by the Treasury made under section 59A of the 1975 Act and relevant provisions of the annual PIROs is that the amount of increase payable by a pensions authority under the annual PIROs is reduced by the amount equal to the rate of the GMP which is paid by the Department of Work and Pensions (“DWP”). Affected pensioners (to whom Part P applies) have received duplicate payments, from both DWP and the fire and rescue authority.

New rule P3 defines a GMP-related payment as a payment made by the fire and rescue authority applying the annual PIROs as if no reduction fell to be made in relation to the person’s GMP.

New rule P4 authorises the past payment of GMP-related payments. This provision has effect from 12th November 1979 until 5th April 2009. Paragraph (2) provides that where a fire and rescue authority has made such payments to an affected pensioner, it may not recover them.

New rule P5 sets out the entitlement to IPE. Although entitlement to IPE begins on 6th April 2009, the effect of the 1971 Act is that annual increases must apply to IPE from the beginning date of the pension (usually the day after the person’s date of retirement). IPE is therefore defined as the amount a pension would have to be at the beginning date of a pension in order for that amount, after annual increases have been applied under the annual PIROs, to equal the GMP-related payment for the tax year 2009-2010. The effect is that for the tax year 2009-10 the IPE that the affected pensioner will receive is equal to the GMP-related payment he or she would have received were the fire and rescue authority to apply the 2009 PIRO as if no reduction fell to be made in relation to the person’s GMP. Thereafter, IPE will continue to be increased in line with the annual PIROs although future PIROs will no longer be applied as if no reduction fell to be made.

Paragraph 1 of the Schedule to this Order amends rule E8 of Schedule 2 to the 1992 Order so that the IPE is included in the increase paid for the first 13 weeks following the death of a member who is entitled to an IPE.

Article 3 of this Order amends paragraph 2(1) of Part 1 of Schedule 1 to Part 2 of the Firefighters' Compensation Scheme (Scotland) Order 2006 (S.S.I.

2006/338) so that any reduction of an injury award which is calculated by reference to pensions payable under rule B3 of the 1992 scheme or rule 2 of Part 3 of the 2006 scheme also takes an IPE entitlement into account.