

FIREFIGHTERS' PENSION COMMITTEE: AUTOMATIC ENROLMENT

Issue

- To allow fire and rescue authorities to comply with their duties under automatic enrolment, the Department for Communities and Local Government will be making amendments to the New Firefighters Pension Scheme (England).

Recommendation

- That the Committee notes, and comments on, the steps that the Department for Communities and Local Government proposes in order for fire and rescue authorities to comply with automatic enrolment requirements.

Background

- Under the Pensions Act 2008, all eligible workers not currently contributing to a pension scheme will be automatically enrolled into a qualifying pension scheme on their employer's automatic enrolment staging date.
- Workers can choose to opt out of the pension scheme once they have been automatically enrolled. However, employers have a duty to automatically re-enrol workers who have opted out back into their pension scheme every three years and whenever an employee achieves eligibility under the legislation.
- Both the New Firefighters Pension Scheme 2006 and the Firefighters Pension Scheme 1992 are qualifying schemes for this purpose. A recent informal consultation with Fire and Rescue Authorities indicates that the earliest staging date for an authority will be 1 January 2013.
- The Firefighters Pension Scheme 1992 is a closed scheme and no new members are eligible to join that scheme. Any member that elects to opt out of the scheme under rule G3 is unable to rejoin this scheme. It is the Department's view therefore that this scheme does not need to provide for automatic enrolment or re-enrolment. Any former member of the 1992 scheme, that had chosen to opt out, could be enrolled into the New Firefighters Pension Scheme 2006.
- The New Firefighters Pension Scheme 2006 already meets the requirements for automatic enrolment. However, the Department's view is that the Scheme will need to be amended, as set out below, to comply with re-enrolment requirements.

Next Steps

- In order to comply with re-enrolment, the Department proposes to amend the existing New Firefighters Pension Scheme 2006 regulations by removing rules 6(2) and 6(3) of Part 2. Currently these rules:
 - Prevent fire and rescue authorities from being able to re-enrol firefighters in that scheme more than once;
 - prevent fire and rescue authorities from re-enrolling firefighters if they can reckon 40 or more years of pensionable service; and
 - give fire and rescue authorities an option not to allow members to rejoin the scheme unless the firefighter has undergone a medical examination, and satisfied the authority that they are in good health.
- Following views from the Firefighters' Pension Committee, the Department will also be consulting on amending the following rules:
 - Rule 5 of Part 2 currently allows a firefighter member, who has been automatically enrolled or re-enrolled, to make a 'contributions election', ie the firefighter elects not to pay contributions. This will require amendment to provide for additional provision to allow a firefighter to opt out of a scheme when re-enrolled.
 - Rule 6 of Part 2 will need amendment to enable a Fire and Rescue Authority to deduct pension contributions from a person who is automatically enrolled or re-enrolled into the scheme, and allow them to become a firefighter member of the scheme.
 - Rule 8 of Part 3 will need to be amended to ensure that a firefighter is entitled to a return of his pension contributions when he has been re-enrolled in the scheme and chooses to opt out. Under Auto-enrolment provisions the opt out period is approximately one month, determined by the later of their re-enrolment date or when they are provided with written enrolment confirmation. The Department will be seeking views as to whether this length of notice period for the firefighters pension scheme should be extended. Members who have accrued service previously will not be entitled to a return of pension contributions in respect of this previous period.

Timing

- The Department proposes to consult on amendments to the New Firefighters Pensions Scheme regulations 2006 during the summer, so that the amended legislation is in force before 1 January 2013.