



Government
Actuary's
Department

Firefighters' Pension Schemes (England)

Guidance for applying McCloud remedy to incoming
non-Club transfers and incoming cross-border
transfers

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1. Introduction

- 1.1 This guidance is addressed to the Home Office (HO) as the responsible authority for the Firefighters’ Pension Scheme (England). The Scheme includes the 1992 and 2006 schemes (the legacy schemes) and the 2015 Scheme.
- 1.2 This guidance has been prepared for the use of the Schemes’ administrators for the purposes of adjusting remediable benefits awarded on receipt of non-Club and cross-border incoming transfers to the Schemes. Remediable non-Club incoming transfer benefits are those received by the Schemes with an effective date in the McCloud period, 1 April 2015 to 31 March 2022, in respect of members who are within the scope of the McCloud remedy.
- 1.3 This guidance also sets out the transfer in credits to be provided where a transfer in for a member who is in scope of the McCloud remedy in the sending scheme is received on or after 1 October 2023 (and between 1 April 2022 and 30 September 2023).
- 1.4 This guidance also sets out the transfer in credits to be provide where the non-Club incoming transfer was sent from another public service pension scheme and the scheme manager has accepted an additional payment as a result of the sending scheme's McCloud remedy.
- 1.5 Transfers from another fire authority in Scotland, Wales or Northern Ireland which include a period of service in the McCloud period, 1 April 2015 to 31 March 2022 (which this guidance note shall refer to as “remediable cross-border transfers”) are covered in Section 6. The approach set out in section 6 should be used for all remediable cross-border transfers, regardless of the effective date of the transfer.
- 1.6 The adjustment calculations set out in this guidance must be carried out at the same effective date as the original calculation. Where a member has multiple remediable non-Club incoming transfers, the adjustment calculations should be repeated for each transfer. The adjusted benefits should be adjusted thereafter in line with the relevant scheme’s rules, for example to reflect early or late retirement factors at the retirement date or to allow for revaluation.
- 1.7 This guidance has been prepared in accordance with the following Regulations of SI 2023/843 (the Remediable Service Regulations):

Administrative procedure	Regulation(s)
Transfers in before 1st October 2023	34(2)
Transfers in from a public service pension scheme on or after 1st October 2023	37(2)

- 1.8 This note reflects GAD’s understanding of the policy on McCloud remedy for non-Club transfers as set out in the note “McCloud remedy: transfers” dated 21 November 2024.
- 1.9 The guidance provided in this document has been prepared in light of our advice to HO dated 27 September 2023, 22 February 2024, 14 June 2024 and 26 July 2024 and its instructions following that advice.

Incoming non-Club transfers: McCloud remedy guidance

- 1.10 This guidance supersedes the guidance, “Firefighters’ Pension Schemes (England): Guidance for applying McCloud remedy to incoming non-Club transfers”, dated 29 September 2023. The main changes since this previous version relate to:
- Amendments to Section 2: “Conversion of 2015 Scheme transferred-in pension to legacy scheme credit on rollback” for cases where a member has service post-31 March 2022.
 - Amendments to Section 4: “Calculating scheme credits for remediable non-Club transfer values received from a public service pension scheme on or after 1 October 2023”.
 - Addition of Section 6: “Transfers from other Fire authorities”.
- 1.11 Where reference in this guidance is made to calculating transfer in credits, calculations should be undertaken using the related guidance and factors in force at the effective date of the original calculation. These include:

Legacy schemes

GAD guidance	Issued on	Effective from
New Firefighters' Pension Scheme 2006 Transfer Values and Pension Sharing	30 Apr 2009	30 Apr 2009
New Firefighters' Pension Scheme 2006 New Firefighters' Pension Scheme (Northern Ireland) 2007 Firefighters' Pension Scheme (Scotland) 2007 Firefighters' Pension Scheme (Wales) 2007	12 Dec 2012	12 Dec 2012
Factors and Example Calculations for Service Credits for non-Club Incoming Transfers		
New Firefighters' Pension Scheme (England) 2006 ("2006 scheme") Service Credits for non-Club Incoming Transfers	29 Jan 2015	29 Jan 2015
New Firefighters' Pension Scheme (Northern Ireland) 2007 Service Credits for non-Club Incoming Transfers	29 Jan 2015	29 Jan 2015
Addendum to GAD Factors and Example Calculations for Service Credits for non-Club Incoming Transfers (FPS Scotland 2006 Scheme)	19 Feb 2015	19 Feb 2015
The New Firefighters' Pension Scheme 2006 (England) The New Firefighters' Pension Scheme 2007 (Wales) Service Credits for non-Club Incoming Transfers Factors and guidance	30 Jan 2020	30 Jan 2020

GAD guidance	Issued on	Effective from
The New Firefighters' Pension Scheme 2007 (Northern Ireland) Service Credits for non-Club Incoming Transfers Factors and guidance	30 Jan 2020	30 Jan 2020
The Firefighters' Pension Scheme (England) 1992 The Firefighters' Pension Scheme (Wales) 1992 The Firefighters' Pension Scheme (Northern Ireland) 2007 Service Credits for non-Club Incoming Transfers Factors and guidance	30 Jan 2020	30 Jan 2020
The New Firefighters' Pension Scheme 2006 (England) The New Firefighters' Pension Scheme 2007 (Wales) The New Firefighters' Pension Scheme 2007 (Northern Ireland) Individual Cash Equivalent Transfers Factors and guidance	30 Jan 2020	30 Jan 2020
The New Firefighters' Pension Scheme 2006 (Scotland) Individual Cash Equivalent Transfers Factors and guidance	3 May 2020	3 May 2020

2015 scheme

GAD guidance	Issued on	Effective from
Firefighters' pension schemes (England) 2015 Scheme Actuarial Factors for Individual Cash Equivalent Transfers from 1 April 2015	17 Apr 2015	1 Apr 2015
The Firefighters' Pension Scheme 2015 (England) Club Transfers (Supplement to the Club Memorandum)	10 Dec 2019	10 Dec 2019
The Firefighters' Pension Scheme 2015 (England) Individual Cash Equivalent Transfers Factors and guidance	30 Jan 2020	29 Oct 2018

- 1.12 Where the existing guidance does not contain the factors required for a particular member, these cases should be referred to GAD.

Exclusions

- 1.13 This guidance only covers the cases set out in paragraphs 1.2 to 1.4 above. For non-Club incoming transfers not in scope for the McCloud remedy, the relevant non-Club transfers guidance should be followed.
- 1.14 The action that needs to be taken should the service credit calculated using this guidance result in a breach of the scheme rules relating to service caps is set out in Section 2. Cases where recalculating the remediable service credit leads to any other breach of the scheme rules should be discussed with HO when a breach arises.
- 1.15 This guidance only applies for members of the Schemes who fall within the scope of the McCloud remedy, and any subsequent reference to member is limited to this group. To be in scope of the McCloud remedy, a member must have remediable service as defined by Section 1 of the Public Services Pensions and Judicial Offices Act 2022.
- 1.16 Nothing in this guidance should be read as overriding the regulations which govern the Schemes.
- 1.17 Different instructions and factors should be used to calculate credits for transfers made in accordance with the Public Sector Transfer Club and under bulk transfer terms.
- 1.18 Where an adjustment was applied to Guaranteed Minimum Pension (GMP) (to reflect the inflationary increases on the GMP which were the responsibility of the State Scheme after GMP Payment Age) at the original calculation date, the corresponding adjustment should be applied when undertaking the alternative scheme calculation.

Implementation

- 1.19 This guidance should be used with effect from 1 October 2023.
- 1.20 This guidance has been written for HO and scheme administrators and assumes knowledge of general pension terminology, and familiarity with pensions calculations for the Schemes. Any questions concerning the application of the guidance should, in the first instance, be referred to HO.
- 1.21 In line with best practice and in order to ensure that factors are being used as intended and the instructions are fit for purpose, GAD plan to follow up with example calculations for this guidance note.

Compliance and limitations

- 1.22 This guidance has been prepared for the use of HO and the scheme administrators for the purpose of applying the McCloud remedy to non-Club incoming transfers and cross-border transfers received by the Scheme. This guidance may be published on HO and the scheme administrator's website but must not otherwise be reproduced, distributed or communicated in whole or in part to any other person without GAD's prior written permission.
- 1.23 Other than HO and the scheme administrator, no person or third party is entitled to place any reliance on the contents of this guidance, except to any extent explicitly stated herein. GAD has no liability to any person or third party for any action taken or

for any failure to act, either in whole or in part, on the basis of this guidance, whether or not GAD has agreed to the disclosure of its advice to the third party.

- 1.24 If any cases arise which do not fall under the standard approach set out in this guidance, they should be referred to HO in the first instance.
- 1.25 This guidance has been carried out in accordance with the applicable Technical Actuarial Standard: TAS 100 issued by the Financial Reporting Council (FRC). The FRC sets technical standards for actuarial work in the UK.

2. Conversion of 2015 Scheme transferred-in pension to legacy scheme credit on rollback

- 2.1 This section applies for all members at 30 September 2023 (including active, deferred, pensioner and deceased) who are to be rolled back to their relevant legacy scheme on implementation of the McCloud remedy and for whom the transfer payment has an effective date which falls between 1 April 2015 and 31 March 2022.
- 2.2 On implementation of the remedy, the 2015 Scheme transferred-in pension originally awarded in respect of the non-Club transfer in should be rolled back to the relevant legacy scheme where an equivalent credit in the legacy scheme should be calculated in line with the paragraphs set out below.
- 2.3 For active and deferred members, this conversion is treated as having taken effect when the Remediable Service Regulations came into force and the original credit is treated as a legacy scheme credit. For pensioner and deceased members this conversion is treated as having taken effect at point of election or at the end of the member's immediate choice election period.
- 2.4 For a member who transferred-in under the cross-border transfer arrangements please see Section 6.
- 2.5 If at the time of the transfer, the transfer would have been allowed under legacy scheme rules, a legacy scheme credit can be calculated.

Calculation of equivalent legacy scheme credit

Legacy scheme credit = *Credit calculated in respect of original transfer in amount using legacy scheme guidance*

- 2.6 The equivalent legacy scheme service credit for the transfer value received should be determined using the same effective date as the original calculation using the legacy scheme guidance and factors effective at that date (see Section 1).
- 2.7 This calculation will require the following information:
- Transfer value received
 - Scheme/section of receipt
 - Pensionable pay as required by the relevant guidance note
 - Effective date of the original calculation
 - Member age, Normal Pension Age and gender (at the effective date of the original calculation)
 - Related GMP information (if an adjustment was applied at the time of the original calculation)
- 2.8 If the legacy scheme credit will increase the member's legacy scheme service above the maximum allowable, the legacy scheme credit should be limited so that legacy service remains within the limit. The amount of the transfer value received that was not used to generate a legacy scheme credit should be treated as follows:

- If the member has service after 31 March 2022 then a revised 2015 Scheme transferred-in pension (calculated as at the original transfer date) should be applied to their post-31 March 2022 record. This revised transferred-in pension should be calculated as:

Calculation of revised 2015 Scheme transferred-in pension

Revised 2015 Scheme transferred-in pension =

Original 2015 Scheme transferred-in pension

× (original monetary amount transferred in – monetary amount allocated to legacy scheme)

÷ original monetary amount transferred in

The effective date of the revised 2015 Scheme transferred-in pension is the original transfer date. This credit should be revalued as appropriate in line with 2015 Scheme revaluation.

- If the member does not have service after 31 March 2022 the member is entitled to an amount of compensation equivalent in value to the amount of the transfer value that was received that was not used to generate the legacy scheme credit. Any such cases should be referred to HO in the first instance.

2.9 There are situations in which the whole of the transfer would not have been allowed under legacy scheme rules at the time of the transfer. These should be addressed as follows.

- If the member has service after 31 March 2022 then the transfer should be applied to their post-31 March 2022 record. The effective date of the revised 2015 Scheme transferred-in pension is the original transfer date. This credit should be revalued as appropriate in line with 2015 Scheme revaluation.
- If the member does not have service after 31 March 2022 then the member is entitled to an amount of compensation equivalent in value to the amount that was transferred-in. Any such cases should be referred to HO in the first instance.

2.10 Records of the member's original 2015 Scheme transferred-in pension should be retained, to facilitate any future 2015 Scheme election.

3. Conversion of legacy scheme credit to 2015 Scheme transferred-in pension on election

- 3.1 This section applies on a 2015 Scheme election where the member has a legacy scheme credit. There are two approaches depending on how the legacy scheme credit was established.

Calculation where the original transfer was received into the legacy scheme

2015 Scheme transferred-in pension = *Pension calculated in respect of original transfer in amount using 2015 Scheme guidance*

- 3.2 The equivalent 2015 Scheme transferred-in pension for the transfer value received should be determined as at the date of the original calculation using the 2015 Scheme guidance and factors effective at that date (see Section 1).
- 3.3 This calculation will require the following information:
- Transfer value received
 - Effective date of the original calculation
 - Member age, Normal Pension Age and gender (at the effective date of the original calculation)
 - Related GMP information (if an adjustment was applied at the time of the original calculation)

Calculation where the original transfer was received into the 2015 Scheme and subsequently rolled back to the legacy scheme

2015 Scheme transferred-in pension = *Originally calculated 2015 Scheme transferred-in pension*

4. Calculating scheme credits for remediable non-Club transfer values received from a public service pension scheme on or after 1 October 2023

- 4.1 On receipt of a non-Club remediable transfer value on or after 1 October 2023, where the sending scheme is a public service pension scheme the following approach should be taken.
- 4.2 Calculate the 2006 Scheme credit for the transfer value received using the 2006 Scheme guidance and factors effective at the time of receipt of the transfer.
- 4.3 Calculate the 2015 Scheme transferred-in pension for the transfer value received using the 2015 Scheme guidance and factors effective at the time of receipt of the transfer.
- 4.4 In line with the Public Sector Transfer Club, for transfers where a member transfers from Scheme A to Scheme C (where both Scheme A and Scheme C are public service pension schemes) with more than a 5 year break between the sending and receiving schemes (but has not had a continuous break of more than 5 years in active membership of a public service scheme, because he / she had been a member of Scheme B, also a public service pension scheme, in between A and C) the transfer will be a non-Club transfer but would still entitle the member to a final salary link where the conditions in Schedule 7 of the Public Service Pensions Act 2013 are met. In these cases, both records calculated in paragraphs 4.2 and 4.3 must be maintained until the member makes their choice between legacy and 2015 Scheme benefits.
- 4.5 HO have instructed that, for all other non-Club remediable transfer values received from a public service pension scheme on or after 1 October 2023, the 2006 Scheme credit calculated in paragraph 4.2 should be disregarded and the 2015 Scheme transferred-in pension calculated in paragraph 4.3 should be implemented.
- 4.6 The same process also applies to any non-Club remediable transfer values received between 1 April 2022 and 30 September 2023 where the sending scheme is a public service pension scheme.

5. Credits from additional payments for remediable transfer values

- 5.1 Where the non-Club incoming transfer was sent from another public service pension scheme, the scheme manager may accept an additional payment as a result of the sending scheme's McCloud remedy. For example, the sending scheme will provide the receiving scheme with an additional CETV amount based on remedy. The additional credits to be awarded in respect of these additional payments, should be calculated using the same effective date and terms as the original transfer value (and converted in line with this guidance).

Calculation for additional payments in respect of remediable non-Club incoming transfers

Scheme credit = Credit calculated in line with the approach used for the associated remediable non-Club incoming transfer, awarded in same scheme

6. Transfers from other fire authorities

- 6.1 This section relates to members who are eligible for McCloud remedy and took up employment with an English fire authority having been employed as a firefighter in Scotland, Wales or Northern Ireland immediately prior (“remediable cross-border transfers”). This section explains how to determine the pension benefits that are to be transferred across to the new fire authority.

A. Where the member transferred employer prior to rollback

Conversion of 2015 Scheme transferred-in pension to legacy scheme credit on rollback

- 6.2 This section applies for all members as at 30 September 2023 (including active, deferred, pensioner and deceased) who are to be rolled back to their relevant legacy scheme on implementation of the McCloud remedy and for whom the effective date of the transfer payment was after 1 April 2015. It should also be applied for any members who transferred across after 30 September 2023 but before the approach set out in section 6B below was implemented).
- 6.3 On implementation of the remedy, the remediable part of the 2015 Scheme pension originally awarded in respect of the cross-border transfer in should be rolled back to the relevant legacy scheme. For tapered members this may only be a part of the original transfer.

The equivalent service credit in the legacy scheme is calculated as the period of reckonable service that the member accrued in the remediable period.

- 6.4 It may be necessary to ask the sending scheme for service details if these were not provided at transfer.
- 6.5 A contribution adjustment, which reflects the different contribution requirements across the 2015 Scheme and legacy scheme, should be determined. This calculation will require the actual and whole-time equivalent pensionable salary (under both the legacy scheme and reformed scheme definitions) for each relevant year of the remediable period that the member was a member of the sending scheme. The cross-border contribution adjustment should be treated as per contribution adjustments for accrued scheme benefits.
- 6.6 Records of the member’s original 2015 Scheme transferred-in pension should be retained, to facilitate any future 2015 Scheme election.

Conversion of legacy scheme credit to 2015 Scheme transferred-in pension on election

- 6.7 This section applies on a 2015 Scheme election where the member has a remediable legacy scheme credit. There are two approaches depending on how the legacy scheme credit was established.

Calculation where the original transfer was received into the legacy scheme (e.g. for a protected member or the legacy scheme part for a taper protected member)

2015 Scheme transferred-in pension = *Determine the pension that would have been accrued in the 2015 Scheme had the member been a member of this scheme over the remediable period*

- 6.8 This calculation will require the 2015 Scheme pensionable salary for each relevant year of the remediable period that the member was a member of the sending scheme.

Calculation where the original transfer was received into the 2015 Scheme and subsequently rolled back to the legacy scheme (e.g. for an unprotected member or the reformed scheme part for a taper protected member)

2015 Scheme transferred-in pension = *Originally calculated 2015 Scheme transferred-in pension determined using the cross-border transfer guidance*

- 6.9 For the avoidance of doubt, no adjustment to the transfer payment already made from the sending scheme to the receiving scheme is required.

B. Where the member changes employer on or after 1 October 2023

- 6.10 This section applies for all McCloud eligible members, who have remediable service, who are taking up employment in England and bringing in a transfer of benefits from a fire authority in Scotland, Wales or Northern Ireland on or after 1 October 2023.
- 6.11 When such a member transfers their pension across to the new authority, the following three-part approach needs to be taken.
- 6.11.a Service before 1 April 2015: service in the legacy scheme to be awarded on a day for day basis¹.
 - 6.11.b Remediable service: **both** legacy scheme service credit¹ **and** 2015 Scheme transferred-in pension² will need to be determined.
 - 6.11.c Service post 31 March 2022: calculation of 2015 Scheme transferred-in pension to be determined².
- 6.12 The calculation will require the following information from the sending scheme:
- 6.12.a Service in the legacy scheme split between service pre and post 1 April 2015

¹ In accordance with the **approach** set out in “The Firefighters’ Pension Scheme 1992 (England) and (Wales), and Firefighters’ Pension Scheme 2007 (Northern Ireland) Statutory Cash Equivalent Transfer Values and Club Transfers Out guidance note” dated 30 January 2020 or “The New Firefighters’ Pension Scheme 2006 (England), The New Firefighters’ Pension Scheme 2007 (Wales) and the New Firefighters’ Pension Scheme 2007 (Northern Ireland) Individual Cash Equivalent Transfers” guidance note dated 30 January 2020, as appropriate and using the **tables of factors** relevant at the date of the transfer.

² In accordance with the **approach** set out in “The Firefighters’ Pension Scheme 2015 (England) Club Transfers (Supplement to the Club Memorandum)” note dated 10 December 2019 and using the **tables of factors** relevant at the date of the transfer.

6.12.b Cross-border transfer amount for 2015 Scheme benefits split between the periods pre and post 1 April 2022

6.13 Both records under 6.11.b must be maintained until the member makes their choice between legacy and 2015 Scheme benefits.

6.14 Payment amount: the sending scheme should pay the higher of the two CETVs (calculated allowing for the remediable service to be treated as legacy or reformed scheme benefits) calculated using the McCloud CETV guidance³. The payment amount should be increased to reflect any outstanding contribution adjustment due to roll back that is payable from the scheme to the member (or decreased to reflect any outstanding contribution adjustment due to roll back that is payable from the member to the scheme).

To enable the receiving scheme to calculate the relevant 2015 scheme cross-border transfer credit, the sending scheme will need to provide information about the 2015 Scheme cross-border transfer amount for the remediable service period.

6.15 The sending scheme must provide information about the contributions paid and the alternative scheme contribution adjustment (which reflects the different contribution requirements across the schemes) relating to the payment of these benefits so that this can be stored and implemented by the receiving scheme, as necessary, when the member makes their choice.

³ “The Firefighters’ Pension Scheme (England), Guidance for applying McCloud remedy to non-Club and cross-border transfers out” note dated 17 December 2024.