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## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order amends the Firefighters' Pension (Wales) Scheme (set out in Schedule 2 to the Firemen's Pension Scheme Order 1992) as it has effect in Wales ("the Scheme"). The amendment that introduces new rule B5A: entitlement to two pensions (made by article 2 and paragraph 1 of the Schedule) has effect from 1 April 2007. The other amendments have effect from 1 July 2007. The power to give retrospective effect is conferred by section 12 of the Superannuation Act 1972, as applied by section 16(3) of that Act.

The amendment that introduces new rule B5B relates to the discontinuance, with effect from the end of June 2007, of long service increments payable to firefighters who have at least 15 years' continuous service at that point. The amount of the increment, which was pensionable, was frozen, with effect from 7 November 2003, at the annual rate of £990 and reduced, with effect from 1 October 2006, to an annual rate of £495 (but some fire and rescue authorities made compensatory interim or transitional payments). The effect of the amendment that introduces the related new rule G1(7A) is that the pension of a regular firefighter who was entitled to a long service increment and either retires or becomes entitled to a deferred pension after 30 September 2006 but before 1 October 2007 will be calculated (in accordance with rule G1(3)) without regard to the reduction in the annual rate. The effect of the amendment that introduces new rule G1(7B) is that the pension of a regular firefighter who was entitled to a long service increment (or a compensatory interim or transitional payment) and either retires or becomes entitled to a deferred pension on or after 1 October 2007 will be calculated (in accordance with rule G1(3)) either with regard to the amount credited under new rule B5B and without regard to the firefighter's actual long service increment (and any compensatory interim or transitional payment) or with regard to the firefighter's actual long service increment (and any compensatory interim or transitional payment) and without regard to the amount credited under new rule B5B, according to whichever rule produces the more beneficial result for the firefighter.

Other amendments are consequential on the introduction by the National Joint Council for Local Authority Fire and Rescue Services, with effect from 1 July 2007, of a new scheme of payments in respect of continual professional development. Under that scheme the payments are subject to annual review and therefore temporary in nature. For that reason, they would not ordinarily be regarded as pensionable for the purposes of the Scheme. However, the amendments have the effect of making the payments part of pensionable pay. This attracts, among other provisions, those of rule G2 of the Scheme, which require the making of pension contributions in respect of pensionable pay. But the amendment that introduces new rule G1(7C) provides for additional pension benefit credited in respect of continual professional development to be disregarded for the purposes of determining the amount of average pensionable pay (on which the amount of the ordinary pension is based).

The amendment to rule G3 of the Scheme ensures that a person cannot make an election to discontinue pension contributions only in respect of additional pension benefit under new rule B5C.

A Regulatory Impact Assessment prepared in conjunction with this Order can be obtained from the Fire and Rescue Branch, Welsh Assembly Government, Rhydycar, Merthyr Tydfil, CF48 1UZ, or by calling 01685 729227.