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13 April 2026

## **Review of the Firefighters' Compensation Scheme – Informal Consultation**

This response is submitted on behalf of the Firefighters' Pension Scheme Advisory Board (SAB).

The SAB recognises that it does **not** have statutory governance responsibility for the Firefighters' Compensation Scheme (FCS). However, given the Board's statutory responsibilities in relation to the Firefighters' Pension Schemes, the SAB felt it appropriate to engage with this consultation on a limited and focused basis.

Many firefighters who access the Compensation Scheme are also members of the Firefighters' Pension Schemes, and there is an important degree of interaction and crossover between the two frameworks—particularly in relation to calculations, consistency of outcomes, and avoiding duplication of provision. In addition, the SAB is the national voice of governance for firefighter pensions and considers it important that governance arrangements for the FCS are fair, transparent and robust, to maintain confidence among members, employers and taxpayers.

Accordingly, this response focuses on governance and funding arrangements, rather than the detailed design of compensation benefits. Individual members of the SAB may wish to respond separately in their own capacities on other aspects of the consultation.

### **Relationship Between the Compensation Scheme and the Pension Schemes**

The SAB understands that the Compensation Scheme was historically part of the Firefighters' Pension Scheme, but that this position changed in 2006 due to differences in tax treatment and the need to preserve the tax-free status of injury awards. The Board recognises that the FCS is now a separate scheme. The Board also notes that the Pensions Ombudsman (TPO) has decided that, following an earlier decision of the Court of Appeal concerning the Police Injury Benefit Regulations 2006 (SI [2006/932](#)), the FCS is not an occupational pension scheme. This decision is being challenged in the High Court. This consultation proceeds on the basis that the decision that the FCS is not an occupational pension scheme is upheld.

However, this separation has created practical and legal issues, particularly where compensation and pension decisions are made at the same time or rely on similar employment, pay or medical evidence. This reinforces the importance of strong governance arrangements to ensure alignment, consistency and clarity for members.

## **Disputes Resolution and the Role of The Pensions Ombudsman**

The SAB notes the ongoing uncertainty regarding disputes resolution within the Compensation Scheme.

In particular, the fact that the FCS may fall outside the scope of occupational pension legislation has led to a perceived lack of a clear, accessible and proportionate dispute resolution mechanism, and an unresolved legal question concerning the jurisdiction of TPO. This position contrasts with the Firefighters' Pension Schemes, which benefit from established Internal Dispute Resolution Procedures (IDRP) and Ombudsman oversight.

The SAB considers this an important governance gap which risks undermining confidence in the scheme and increasing the likelihood of costly litigation.

## **Governance Framework and the Effective System of Governance**

The SAB believes the Firefighters' Compensation Scheme would benefit from adopting a number of principles drawn from the Effective System of Governance (ESOG) mandated by The Pensions Regulator for private sector schemes and encouraged as a framework for public sector schemes.

If the FCS is not a pension scheme and if it should therefore not be subject to identical requirements, the SAB considers that proportionate governance structures would improve consistency, transparency and accountability.

### **1. Governing Body**

The SAB supports the introduction of a formal Governing Body (such as a Board or Committee) to oversee the operation and administration of the Compensation Scheme.

Key considerations would include:

- Clearly defining the purpose, responsibilities and remit of the Governing Body;
- Agreeing appropriate membership, including expertise and independence;
- Clarifying how the body operates in practice, including:
  - its ability to request and review data,
  - the proactive nature of its role,
  - secretariat and administrative support,
  - responsibility for developing and maintaining policies, procedures, risk registers and operating plans.

Such a body would provide national oversight and reduce the risk of inconsistent application across Fire and Rescue Authorities.

### **2. Administration**

Governance oversight could play an important role in strengthening administrative arrangements, including:

- Ensuring each FRA has clearly identified **named contact(s)** responsible for the Compensation Scheme;
- Establishing consistent and transparent **dispute resolution procedures**;

- Requiring regular **management information**, including anonymised data on accepted and rejected claims, to support consistency and quality assurance;
- Providing oversight of **timeliness and efficiency** in processing claims.

These measures would mirror good practice already embedded within pension scheme governance.

### **3. Financing and Funding Oversight**

Depending on the funding model ultimately adopted—whether continuing with local funding, introducing risk pooling, reserves, or insurance-based solutions—the SAB considers that a Governing Body would need oversight of:

- Total volumes and values of claims;
- Contributions, premiums or funding arrangements;
- The sustainability and fairness of funding models over time;
- Where relevant, the use of investment vehicles or the selection and review of insurance arrangements.

This would help ensure that funding decisions are evidence-based and aligned with the long-term sustainability of the scheme.

### **4. Communications**

The SAB believes governance arrangements should also support improved communications, including:

- Issuing guidance and best-practice information to FRAs;
- Providing consistent information about claims, premiums and reserves;
- Identifying inconsistencies or emerging risks across the sector;
- Acting as a channel for formal engagement with MHCLG where the scheme requires review or amendment.

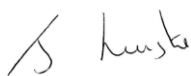
Clear and consistent communication is essential to maintaining trust among firefighters and employers.

### **Closing Comments**

The SAB welcomes the opportunity to contribute to this informal consultation and supports the review's focus on fairness, sustainability and transparency. The Board strongly believes that robust, proportionate governance and funding oversight are essential to the scheme's long-term effectiveness and credibility.

The SAB would be happy to engage further with MHCLG and the LGA as the review progresses.

Yours sincerely



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Chair of the Firefighters' (England) Pension Scheme Advisory Board