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Consultation on Retained Firefighters' Pensions: Matthews Remedy – proposed changes to the Firefighters' Pension Scheme (England) 2006

The [Firefighters Pensions \(England\) Scheme Advisory Board](#) (the Board) submits its response to the Home Office consultation seeking views on the Retained Firefighters' Pensions: Matthews Remedy – proposed changes to the Firefighters' Pension Scheme (England) 2006. Thank you for the opportunity to provide this response.

This response is submitted on behalf of the Board by the Local Government Association (LGA) who act as secretariat to the Board. Neither the Board nor LGA act in the capacity of [scheme manager](#) or Fire and Rescue Authority (FRA).

The purpose of the Board is to provide advice in response to a request from the Secretary of State on the desirability of making changes to this scheme and any connected scheme and to provide advice to scheme managers and local pension boards in relation to the effective and efficient administration and management of this scheme and any connected scheme.

While not directly relevant to the consultation, we would like to provide some background and context to the administration and management of the scheme, which provide unique challenges to the implementation of Matthews.

Under the scheme regulations, each of the 44 Fire and Rescue Authorities (FRAs) are responsible for the management and administration of their scheme for their employees and are defined in law as the scheme manager. This puts the responsibility to comply with overriding pension legislation on each of the political bodies charged with governance of the Fire and Rescue Service (FRS), i.e., Combined Fire Authorities, PFCCs, County Councils, Mayoral functions etc.

Each FRA is required to administer the pension scheme either in-house or through appointing a third-party administrator. There are currently 11 different pension administrators in England, ranging from single client sites to the largest administrator with 24 FRA clients. They are mostly not for profit organisations, with one known exception,

and are often linked to LGPS administering authorities. This complex picture means that ensuring consistency between FRAs is difficult and this is especially relevant in the case of Matthews where there will have been different practices with regard to the employment of retained firefighters and to the retention of data.

The Board has been informed, on several occasions, that the management of this second options exercise has been informed by learning from the first. However, the Board notes that this second exercise is considerably more complex than the first, given the much longer historical timespan involved. Our responses to the questions raised by the consultation are contained in the attachment, however we would like to highlight some specific areas that fall outside of those questions.

Draft amendments

Within the draft regulations there are some typing/drafting errors, as set out below:

Draft regulations 4 (12) should reference (10) and not (11), so should read as follows:

(12) Where a person did not receive a notification from the authority under paragraph (10), despite the authority using reasonable endeavours to notify eligible persons as required by that paragraph, an application under paragraph (3) may be made after 31 March 2026

Within the draft amendments for special deferred members, at amendment 5, it is missing 5(5) as it jumps from 5(4) to 5(6).

Recommendation for amendments

References

We recommend that those errors identified and raised above should be amended accordingly.

Timings

Within each regulation amendment as follows it is drafted that within two months the fire and rescue authority should notify 'all persons' who may be entitled.

- Missed pension lump sums
- Survivor's missed pension lump sum
- Special deferred members conversion options
- Opted out service
- Special pensioner members in receipt of a Member Initiated Early Retirement MIER (Pension) given opportunity to convert standard service to special service

We believe that such a short time scale will put undue pressure on FRA's who are already struggling to complete the Matthews exercise, which is acknowledged by the Home Office in their proposed amendment to extend the overall deadline to ensure that all eligible individuals receive their options.

Within the existing regulations for the second options exercise, it provides for three months, and therefore we would recommend that the drafted amendments should also be consistent with providing FRAs three months to do this.

Service and Pay information

Within the draft amendments for payment of missed pension lump sums there is no provision for how to address the situation where the authority is unable to establish the relevant service and/or pay information needed for the FRA to calculate the missed pension payments that will be converted to a lump sum. This contrasts with the existing regulations which provide the methodology within regulations 4(7), 4(8) and 4(9), and those drafted for the proposed Survivor's missed pension lump sum grant at regulation 4 (5-9).

We would therefore recommend that this provision is also included for missed pension lump sums.

Request for clarifications

There are some areas of clarification that the Board would like to receive, which have been set out below:

Consultation Document reference	Area of clarification needed
Payment of missed pension lump sum	<p>Will the lump sum be subject to tax?</p> <p>Will the missed pension payments include pension increase? We note that the consultation suggests that this is the intention, but it may be helpful if the regulations explicitly referred to such increases.</p> <p>Will this be relevant to those who opted out, who would have been covered under the proposed amendments allowing opted out service in the standard 2006 Scheme to count as special service had they not have died.</p> <p>Should the lump sum be rightly paid to the member's estate rather than the survivor, as the lump sum relates to missed instalments of a member's pension rather than missed instalments of a survivor's pension?</p>

	How is tax relief taken into account when determining the deduction required to reflect member contributions.
Survivor's missed pension payment	<p>The proposed calculation of this payment is the same as the "additional death grant" under paragraphs 1B and 1C of Part 5 (Awards on Death) of the 2006 Regulations.</p> <p>Under the current provisions the payment of the "additional death grant", together with a basic death grant of 2.5 x pensionable pay, extinguishes the right to a survivor's pension, a bereavement pension or a child's pension under Part 4 of the 2006 Regulations. However, this does not seem to have been followed through in the draft regulations. Is the intention that payment of this survivor's missed pension payment will extinguish the right to a survivor's pension etc?</p>
Extending eligibility for 'additional death grant'	We note in the draft regulations the proposed amendment to Paragraph 1C of the current 2006 Regulations to extend the 'additional death grant' in respect of the retained firefighters, and to extend the application deadline to 31 March 2026. However, as there is no obligation on the authority to notify the member's spouse, civil partner etc how are individuals going to know to make such as application?
Special deferred members – option to convert relevant standard service in 2006 scheme to special service	What happens if the retained firefighter has already reached age 55 (i.e. the normal pension age for the modified scheme)? Could they get immediate payment of their pension and back payments? On what basis?
Allowing opted out service in the standard 2006 Scheme to count as special service	<p>If the retained firefighter did not join the 2006 standard scheme at their earliest opportunity i.e. on and from 6 April 2006, will they be able to purchase this as special service even though technically it is not 'opted-out' service? i.e. they did not 'cease' to be a member as per the draft regulations.</p> <p>If this applies to a 'special pensioner member' what will the process be for making the additional payments of pension?</p>
Providing for the closure deadline of the 2023 Options Exercise to be extended to 31	Given the feedback from the sector that the 31 March 2025 won't be met in many cases, an extension to this is welcomed. The difficulty is that the 2006 Regulations currently provide that an election to purchase special membership must not take effect after 31 March 2025. This deadline in the 2006 Regulations is

March 2026	<p>unlikely to be amended until after the 31 March 2025. Therefore, the sector will require some ministerial comfort that applications received after the 31 March 2025 deadline can still be processed pending amendments to the 2006 Regulations.</p> <p>What if the extended deadline is missed? Could any flexibility be built into the regulations to avoid having to make further amendments?</p>
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Interaction with Sargeant remedies

Whilst we welcome the extension of the deadline to account for the feedback from the fire sector, we do wish to highlight the impact that this has on individuals who are involved in both the Matthews and Sargeant remedies.

Administration challenges

The Board notes that administering the options exercise is complex, may entail the creation of new processes between the FRAs and their administrators, and that resource is already expected to be stretched administering the Sargeant remedy. It is for this reason that the Board is keen to promote sharing of solutions and information.

The FPS 2006 Regulations currently provide that an election to purchase special membership must not take effect after 31 March 2025. This deadline in the 2006 Regulations is unlikely to be amended until after the 31 March 2025. Therefore, the sector will require some ministerial comfort that applications received after the 31 March 2025 deadline can still be processed pending amendments to the 2006 Regulations.

If you have any questions, please let me know.

Yours sincerely,



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

Consultation Questions

To ensure compliance with data protection legislation, we request that you do not provide any personally identifiable information (for example, names, dates, and locations) in your answers to the following questions:

Q1. Do you agree that the proposal for missed pension payments for deceased individuals achieves the stated policy objective (see paragraph 4.4)?

Agree	Disagree
X	

If you disagree, please explain your answer:

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Q2. Do you agree that the proposal to provide a survivor's missed pension lump sum payment achieves the stated policy objective (see paragraph 4.5)?

Agree	Disagree
X	

If you disagree, please explain your answer:

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Q3. Do you agree that the proposal to extend the eligibility criteria for the 'additional death grant' achieves the stated policy objective (see paragraphs 4.12-4.15)?

Agree	Disagree
X	

If you disagree, please explain your answer:

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Q4. Do you agree that the proposal to extend the conversion options for 'special deferred members' achieves the stated policy objective (see paragraphs 4.16-4.18)?

Agree	Disagree
X	

If you disagree, please explain your answer:

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Q5. Do you agree that the proposal to amend formula at Part 5, Rule 1B(8) to change the reference from 'additional death grant' to 'extended death grant' achieves the stated policy objective (see paragraphs 4.19-4.21)?

Agree	Disagree
X	

If you disagree, please explain your answer:

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Q6. Do you agree that the proposal to allow individuals to purchase any period/s of opted out standard service as special service achieves its stated objective (see paragraphs 4.22-4.23)?

Agree	Disagree
X	

If you disagree, please explain your answer:

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Q7. Do you agree the proposal to extend flexibility for payments relating to new provisions achieves its stated policy objective (see paragraph 4.24)?

Agree	Disagree
X	

If you disagree, please explain your answer:

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Q8. Are there any adverse consequences that we might not have considered of extending the closing date of the 2023 Options exercise to 31 March 2026 (see paragraphs 4.26-4.27)?

Yes	No
X	

If "Yes", please explain your answer:

We agree that following the evidence received from the sector, that there is risk that not all members will receive their options by the deadline of 31 March 2025, we therefore support the extension to 31 March 2026. The extension of this acknowledges that resolution of this issue has been delayed for members which is an adverse consequence.

Q9. Do you agree that the proposal to allow special pensioner members who are in receipt of a 'member initiated early retirement' pension to convert standard service to special service achieves the stated policy objective (see paragraphs 4.28-4.31)?

Agree	Disagree

X	
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If you disagree, please explain your answer:

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Q10. Do you anticipate any equality issues arising from the implementation of the proposals in this consultation (see section 6)?

Yes	No	Don't Know
X		

If yes, please explain the issue(s) and cause(s):

As referenced in our response to Question 8, we believe that the extension to the deadline as proposed through the draft regulations will create a group of individuals who will have been sent their options i.e. within January 2025 to March 2025 who will not have been given the same amount of time i.e. six months, to make their decision.

Whilst we know the time limits are indicative within the regulations, FRAs will want to provide equality for all members. The suggested amendment will cause disparity between groups of people within the sector, but particularly within the same FRA, as the way in which the consultation is worded suggests that the deadline will be extended for circumstances where the FRA is unable to meet the 31 March 2025 deadline, whereas the regulations only allow for an extension where the member has not yet been sent their options. Therefore, if the member has been sent their options close to the 31 March 2025 deadline, they will not be able to extend the decision date beyond 31 March 2025, whereas someone who is sent their options after the proposed regulations come into effect, will be given a longer period to make their decision.

The consultation does not make this disparity clear, and therefore does not protect all members equally.

Q11. Do you agree that the proposed changes effectively address the issues that have been identified in this consultation?

Agree	Disagree	Don't know
X		

If you disagree, please explain the issue(s) and cause(s):

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Thank you for participating in this consultation