

Additional Pension Benefits (APBs)

Introduction

This factsheet has been prepared to give guidance to Fire and Rescue Authorities (FRAs) on APBs and the requirement for FRAs to make a discretionary determination on whether these should be treated as pensionable or not.

Additional Pension Benefits: scheme rules

	SI	Amendments	APB(LSI)	APB
1992 Scheme	2008/214	2013/1392	B5B	B5C
2006 Scheme	2008/213	2013/1393	7A	7B
2015 Scheme	2014/2848	-	-	17(d)

Final Salary Schemes (FPS 1992, FPS 2006)

Long Service Increment (LSI)

FPS 1992: Rule B5B; FPS 2006: Rule 7A

Prior to 1 July 2007, firefighters with over 15 years' service received an additional amount of pay known as 'Long Service Increment' (LSI). This payment was phased out between 2003 and 2007, and ceased altogether on 30 June 2007. To compensate firefighters who had received LSI payments and had paid pension contributions on the payment – but would not see it feature in their final pensionable pay – an additional pension benefit (APB) based on LSI was introduced to ensure firefighters would receive a compensatory pension for the contributions they had paid while in receipt of LSI.

Due to the nature of this payment, i.e. a firefighter had to have over 15 years' service by 30 June 2007 in order to qualify, all firefighters will cease to qualify for this payment by July 2022.

LSI APB is an automatic payment and is not discretionary. There is no action needed by employers to ensure this is paid.

How is LSI (APB) calculated?

The APB pension is calculated based on the amount of service up to and including 30 June 2007 which exceeds 15 years (accounting for double accrual) divided by 60 and multiplied by a fixed value of £990. (£990 was the highest value of the LSI payments before they were phased out)

The regulations determine the formula as

$$(A + (B * 2) * £990) \div 60$$

Where

- A is the number in years (counting part of a year as the appropriate fraction) by which the firefighter's continuous pensionable service in the employment of a fire and rescue authority and subsequent continuous pensionable service in the employment of another fire and rescue authority in England up to and including 30 June 2007, exceeds 15 but does not exceed 20; and
- B is the number in years (counting part of a year as the appropriate fraction) by which his continuous pensionable service in the employment of a fire and rescue authority and subsequent continuous pensionable service in the employment of another fire and rescue authority in England up to and including 30 June 2007, exceeds 20 but does not exceed 30.

Additional Pension Benefit

FPS 1992: Rule B5C; FPS 2006: Rule 7B

Additional Pension Benefits (APBs) are a form of contributions-based pension paid in addition to the main final salary pension. They were introduced to cater for non-regular pensionable pay. It ensured that firefighters received a pension benefit for a payment determined as pensionable but that might not be in payment within the final three years of employment, and therefore not treated as final pensionable pay.

The 2008 amendment orders originally only applied to payments received for Continual Professional Development (CPD).

FRA should ensure that their discretion policy accounts for the position on CPD as confirmed in [FPS Bulletin 9 - June 2018](#) and NJC collective agreement [[NJC circular 03/07 appendix A](#)]. The circular confirms the agreement reached within the NJC for Local Authority Fire and Rescue Services on the introduction of the national Continual Professional Development Scheme, and that payments in relation to that Scheme were pensionable (paragraph 19).

“19. A Continual Professional Development payment will be treated as basic pay for all pay-related purposes i.e. maternity leave, annual leave, pensionability, sickness.”

APB provisions were later extended by the 2013 amendment orders to apply to the payments below (where the FRA have exercised their discretion to make pensionable):

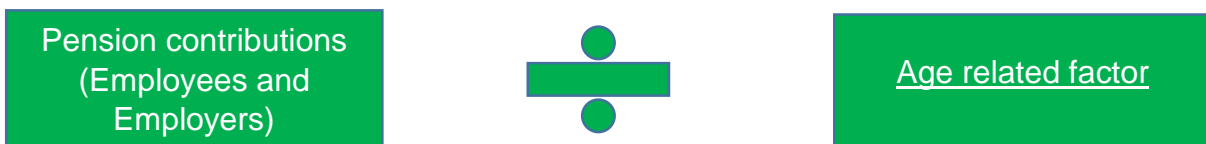
- (a) any allowance or supplement to reward additional skills and responsibilities that are applied and maintained outside the requirements of the firefighter's duties under the contract of employment but are within the wider functions of the job;
- (b) the amount (if any) paid in respect of a firefighter's continual professional development;
- (c) the difference between the firefighter's basic pay in their day to day role and any pay received whilst on temporary promotion or where he is temporarily required to undertake the duties of a higher role;
- (d) any performance related payment which is not consolidated into his standard pay.

This rule requires FRAs to make a discretionary determination on whether these payments should be treated as pensionable

How are APBs calculated?

As per the regulations, APBs are calculated in line with GAD guidance. GAD guidance for APBs can be found [here](#).

The amount of additional pension benefit secured for the APB year 1 July to 30 June is found by dividing the amount of employer and employee contributions paid on the payments deemed pensionable by the employer, by the appropriate factor based on age last birthday at the relevant date.



Unlike a final salary benefit, the APB is calculated annually for the period 1 July to 30 June, and is increased each year by Pension Increase Orders.

Supplying information to administrators

In order to ensure the APB is calculated annually FRAs must provide their administrator with the details of any payments made for the benefits listed above. The administrator will confirm the expected timetable for provision of this information.

Career Average Pension Scheme (FPS 2015)

APBs are not a feature of FPS 2015, because the scheme is career average and already designed to deal with non-regular pensionable pay. All pay deemed pensionable under FPS 2015 builds up a pension on an annual basis.

The FPS 2015 rules [\[17\(d\)\]](#) make clear that CPD is pensionable where the scheme manager has determined.

FRAAs are advised that the email sent to pension practitioners and FRAAs on 3 July 2015 reminded Authorities of the NJC collective agreement as above which confirmed payments in relation to CPD are pensionable. Please see [FPS Bulletin 9 - June 2018](#) for more information.

Further Resources

The archived commentary on rule [B5B](#) and [B5C](#) are useful sources of reference, albeit as archived documents, they are no longer endorsed by Home Office or LGA

[FPSC 2/2008](#) which is also as an archived document is no longer endorsed by the Home Office, but nevertheless remains a useful reference source.

Paragraph 7.9 of the [explanatory memorandum](#) to SI 2013/1392

GAD Guidance page on www.fpsregs.org

This factsheet has been prepared by LGA to give some guidance on the rules of the pension scheme using the regulations as they stand at February 2019, however they should be used only as an informal view of the interpretation of the Firefighters' Pension Scheme as only a court can provide a definitive interpretation of legislation. This factsheet should not be interpreted as legal advice

Please address any queries on the content of this factsheet to bluelight.pensions@local.gov.uk

March 2019