

The Clerk to the Fire and Rescue Board
The Chief Executive, Dumfries and Galloway Council
The Chief Executive, Fife Council
Chief Fire Officers

22 March 2010

Dear Colleague

**SCOTTISH FIRE SERVICES CIRCULAR 6/2010
FIRE PENSIONS REFORM – NEW SECONDMENT ARRANGEMENTS**

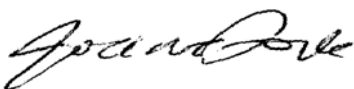
Scottish Fire Services Circular 15/2008 announced an agreement reached between the Scottish Government and COSLA on how to deal with increased police and fire pensions costs arising in 2009-10 and agreement that longer term issues would be addressed by reforming the management of police and fire pensions. Since that announcement a new system has been developed to manage fluctuating levels of pensions costs, previously driven by the variable numbers of firefighters and police officers retiring each year, in a sensible way and providing greater certainty for Police and Fire Boards with the Scottish Government taking on any risk involved in this process.

Guidance on the new system effective 1 April 2010 has been developed in conjunction with CFOA(S), ACPOS and COSLA as well as policy areas within Scottish Government and was issued under cover of Scottish Fire Services Circular 2/2010. The purpose of this Circular is to highlight from the new guidance the new arrangements for dealing with secondments. You should refer to Scottish Fire Services Circular 2/2010 for full details but the key points are as follows:

- Where firefighters are seconded to other Services within Scotland the Fire Authority for the sending Service will retain responsibility for paying employer contributions in respect of the firefighter into its fire pension account and for collecting the firefighter's contributions. To avoid potential double payment by the Scottish Government through the employer contributions appearing as a charge in the fire pension account of both the sending and receiving Fire Authority, the sending Fire Authority should exclude employer contributions when invoicing the receiving Authority for the employer costs arising from the secondment. They should continue to invoice for recovery of all other employment costs. Any additional firefighters recruited to cover the secondment will be funded in the normal way and employer contributions charged to the fire pension account in the normal way.

- The decision to retire a firefighter early on grounds of ill-health will be taken by the sending Authority since it is a matter of retirement on grounds of permanent disablement, not just for the duration of the secondment. The pension costs (commuted lump sum and recurring element) of seconded firefighters who retire early on grounds of ill-health will be met by the sending Authority's fire pension account. The sending Authority will pay the ill-health capital equivalent charge (CEC) into their fire pension account.
- From 1 April 2010 as well as applying to secondments between Services in Scotland, the arrangements above will apply to all secondments within Scotland that involve firefighters in the pension scheme, including secondments from Scottish Services to Scottish Central Services (e.g. Scottish Fire and Rescue Advisory Unit SFRAU and the Scottish Fire Services College SFSC) but excluding cross border secondments.
- In the case of cross border secondments (between Services and to non-Scottish Central /Relevant Services (e.g. the sending Fire Authority should invoice the receiving Authority in any case of a seconded firefighter who is a member of the FPS or NFPS for the full cost of employing the firefighter i.e. the full salary costs, including NI contributions and other allowances plus the employers' pension contribution at the rate in place in Scotland at the time. These reimbursements will be paid into the sending Authority's fire pension account. In any case where a Fire Authority agrees to use a different employer's contribution rate the Fire Authority must make up any shortfall in the fire pension account from its operational accounts General Fund). The difference between the charge rate used and the rate of employers' contribution in place in Scotland at the time.
- Because the organisation receiving the secondee will not have to meet the cost of any ill-health retirement, the full employer contribution rate (i.e. 26%* (25.5% plus 0.5%) for 2010-11 (pending GAD review), will apply and there will be no reduction of 1.3% to reflect the ill-health retirement costs. Of the 26%, 24.7% will be payable to make good the Fire Authority's payments into its fire pension account, with the 1.3% put towards the Fire Authority's operating costs or ear-marked in a general reserve to provide a balance for future ill-health retirement liabilities. This arrangement reflects the fact that the sending Authority retains responsibility for the firefighter's pension. Any funds ear-marked in a general reserve for this purpose should be included as income when considering carry forward limits.

Yours sincerely



JOANNE BOYLE