Sent by email to: Samantha.Dixon.MP@parliament.uk
CC: William.king@communities.gov.uk and Helen.fisher@communities.gov.uk

30 June 2026

Dear Minister,

Implementation of revised commutation factors following the SCAPE discount rate change

The Scheme Advisory Board (SAB) is writing to you directly in the exercise of its statutory function to provide advice to the Secretary of State on the desirability of making changes to the Firefighters' Pension Scheme (England) and any connected scheme.

The SAB wishes to set out its concerns regarding the recent implementation of revised actuarial factors following the announcement of the change to the SCAPE discount rate on 19 May 2026.

The Board recognises that periodic changes to actuarial assumptions are necessary to ensure the long-term sustainability of public service pension schemes, and that such changes can move in either direction. The Board would like to work with government to ensure that future changes are managed and implemented in a way that satisfies the aims of government whilst reducing the impact on both members and the scheme administrators.

Impact on members

With regards to the recent change, the immediate concern for the Board relates to firefighters who were in the process of retiring at the point the revised factors were introduced.

In many cases, members had:

- Received formal pension quotations;
- Made retirement decisions; and
- Put financial arrangements in place based on the information provided.

The application of revised commutation factors with immediate effect meant that some members experienced a reduction in the anticipated value of their lump sum, in some cases at or after the point of retirement. In addition, scheme administrators have had to recall payments and recover any overpayments made, creating uncertainty and distress for affected individuals.

There is particular concern regarding the recovery of amounts already paid and the reliance on standard caveats in retirement quotations for individuals who were already in very close proximity to retirement. In practice, members reasonably expect a high degree of certainty at this stage of the process.

More broadly, the way in which the change has been implemented has led to concerns being raised by representative bodies about a perception of instability within the pension scheme, which risks undermining member confidence and potentially has a direct impact on future participation rates.

The impact on members is compounded by the difficulty in obtaining clear and reliable pension information at a critical point in their decision-making. For those approaching retirement—often as a result of injury, ill health, or the physical demands of the role—this lack of certainty is particularly challenging. Changes to actuarial factors do materially affect commutation and early retirement calculations, leading to a tangible reduction in expected benefits and creating additional complexity for members attempting to plan their retirement.

Operational and administrative impacts

The timing of the announcement and the immediate implementation of revised factors has also created significant operational challenges for scheme managers and administrators.

As highlighted more widely across the public service pensions landscape, late notification left insufficient time to:

- Update calculations and member communications;
- Adjust payroll processes; and
- manage cases already in progress.

This has resulted in:

- The need to revisit retirement quotes and recalculate benefits;
- Overpayments arising where processing could not be amended in time; and
- Additional administrative activity, including complaint handling and member engagement.

Scheme Managers have faced increased workload and administration costs, arising from circumstances outside of their control.

In practical terms, these challenges have also led to delays in finalising retirement cases and issuing payments, with real-world consequences for members who depend on timely access to their pension benefits.

An opportunity to improve the approach
The SAB considers that there are practical steps that could be taken to mitigate these impacts in future, without undermining the principle of maintaining actuarial equivalence.

One example would be, where the factors have a negative impact on members, to allow for a short transitional period where two sets of actuarial factors operate in parallel. Under such an approach:

- members who are already "in train" (for example, those who have received a formal quotation or submitted retirement notice) could proceed on the basis of the factors that informed their decision-making; while
- new cases initiated after a specified date would apply the updated factors.

This would:

- provide fairness and certainty to members who have already taken irreversible decisions;
- reduce the need for recalculations, overpayments and recoveries; and
- ease administrative burdens on scheme managers.

Importantly, given the relatively small cohort affected and the operational constraints on altering retirement dates within the fire and rescue service, such an approach is unlikely to have a material impact on overall scheme costs but would significantly improve member outcomes and confidence.

Communication and implementation approach
The Board shares concerns raised across the sector that the communication of the SCAPE change did not sufficiently set out the implications for members in advance of implementation, nor provide scheme managers with adequate time to prepare.

While the principle of ensuring actuarial equivalence is understood, the case for immediate implementation is less compelling in circumstances where the revised factors result in reduced benefits for members, rather than addressing situations where members were previously disadvantaged.
In addition, the operational realities of the fire and rescue service should be recognised. Firefighters are not typically able to alter retirement timing at short notice due to:

- Notice periods and workforce requirements;
- Operational constraints associated with maintaining a 24/7 emergency service; and
- scheme design features that limit flexible access to benefits.

As such, providing earlier notice or allowing a short implementation window would be unlikely to have a material impact on overall scheme costs, but would significantly improve fairness, transparency and member experience.

Learning for the future
The SAB is keen to work constructively with government to ensure that lessons are learned from this experience.

There is a strong and consistent view that future changes of this nature would benefit from a more structured approach, including:

- Earlier and clearer communication of potential impacts on members;
- Sufficient lead-in time for schemes to update systems, processes and communications;
- Consideration of protections for members who have already made irreversible retirement decisions or whose cases are in progress; and
- Implementation dates that align with administrative cycles to minimise disruption.

Such an approach would support both better member outcomes and more efficient scheme administration, while maintaining the integrity of the actuarial framework.

Conclusion
In summary, while the Board accepts the need to review actuarial factors periodically, there is clear concern that the speed and manner of this implementation has led to avoidable detriment for members and additional strain on schemes.

The SAB would welcome the opportunity to engage further with officials to:

- Reflect on the lessons from this exercise; and
- Consider how future changes can be delivered in a way that better balances actuarial accuracy, fairness to members, and operational practicality.

Yours sincerely,

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