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STATUTORY INSTRUMENTS

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**2020 No. 1298**

**PENSIONS**

**The Armed Forces Redundancy Scheme Order 2020**

*Made* - - - - *12th November 2020*  
*Laid before Parliament* *19th November 2020*  
*Coming into force* - - *1st January 2021*

The Secretary of State, in exercise of the powers conferred by sections 1(1) and 10(2) and (3) of the Armed Forces (Pensions and Compensation) Act 2004<sup>(1)</sup>, makes the following Order.

**PART 1**

Preliminary

**Citation and commencement**

1. This Order—
  - (a) may be cited as the Armed Forces Redundancy Scheme Order 2020, and
  - (b) comes into force on 1st January 2021.

**PART 2**

Establishment of the Armed Forces Redundancy Scheme 2020

**Establishment of Armed Forces Redundancy Scheme 2020**

2.—(1) The Scheme set out in the Schedule is to be known as the Armed Forces Redundancy Scheme 2020.

- (2) The Schedule has effect.

## PART 3

### Amendment of the Armed Forces Redundancy Scheme 2006

#### Amendment of the Armed Forces Redundancy Scheme Order 2006

3. The Armed Forces Redundancy Scheme Order 2006(2) (“the AFRS 2006 Order”) is amended in accordance with articles 4 to 8.

#### Amendment of article 3 of the AFRS 2006 Order

4. In article 3 (interpretation), insert at the appropriate place in alphabetical order—

““AFPS 2015” means the pension scheme established by the Armed Forces Pension Regulations 2014(3);

“flexible service” means one or both of the following types of service—

- (a) part-time service;
- (b) restricted separation service,

and references to a member serving on flexible terms must be construed accordingly;

“part-time service” means—

- (a) for enlisted members, a period of service where the member is serving in accordance with an arrangement provided for in regulations made under section 329(2)(ha)) of the Armed Forces Act 2006(4);
- (b) for members who are officers, a period of service on equivalent terms of service;

“restricted separation service” means—

- (a) for enlisted members, a period of service where the member is serving in accordance with an arrangement which does not restrict the member’s service in a particular area but does make it subject to other geographic restrictions provided for in regulations made under section 329(2)(i) of the Armed Forces Act 2006(5);
- (b) for members who are officers, a period of service on equivalent terms of service;

“service reduction percentage” has the meaning given by article 3A;”.

#### Insertion of new article 3A in the AFRS 2006 Order

5. After article 3 (interpretation) insert—

##### “Meaning of “service reduction percentage”

3A.—(1) In the Scheme, the “service reduction percentage” in respect of a period of flexible service is given by the formula, expressed as a percentage—

$$\frac{(A - B)}{A}$$

where—

A is the basic pay which the member would have received in respect of that period of flexible service had the person not been serving on flexible terms;

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(2) S.I. 2006/55 as amended by S.I. 2007/2608 and 2011/208; there are other amending instruments but none is relevant.

(3) S.I. 2014/2336.

(4) 2006 c. 52: section 329(2)(ha) was inserted by the Armed Forces (Flexible Working) Act 2018 (c.2), section 1(3)(a).

(5) Section 329(2)(i) was substituted by the Armed Forces (Flexible Working) Act 2018 (c.2), section 1(3)(b).

B is the basic pay received by the person in respect of that period of flexible service.

(2) For the purposes of the Scheme, a period of flexible service ends and another begins when any change in the service reduction percentage occurs.”.

#### **Amendment of article 4 of the AFRS 2006 Order**

6. In article 4 (eligibility for redundancy payments)—
- (a) in paragraph (3), for sub-paragraph (a) substitute—

“(a) has been notified by or on behalf of the Defence Council that their service is to be terminated and that they will be eligible for compensation under the Scheme;”;
  - (b) for paragraph (5), substitute—

“(5) Condition D is that the person is not entitled to an ill-health pension.”;
  - (c) after paragraph (5) insert—

“(5A) For the purposes of this article references to an ill-health pension include a pension under:

    - (a) rule D.5 in Schedule 1 to the Armed Forces Pension Scheme Order 2005(6),
    - (b) rule D.6(7) in Schedule 1 to the Armed Forces Pension Scheme Order 2005, and
    - (c) article 16 of the EDP Order(8).”;
    - (d) at the end of sub-paragraph 6(b), insert “or the AFPS 2015, or who has opted to cease to be an active member of either of these pension scheme.”.

#### **Amendment of article 6 of the AFRS 2006 Order**

7. In article 6 (amount of payment under article 5: leavers with long service commitments), after paragraph (6), insert—

“(6A) Where a person has served on flexible terms, the person’s relevant service for each period of such service, calculated for the purposes of paragraph (2), is reduced by the service reduction percentage applicable to that period of flexible service.”.

#### **Amendment of article 7 of the AFRS 2006 Order**

8. In article 7 (amount of payment under article 5: leavers with short service commitments), after paragraph (3), insert—

“(3A) Where a person has served on flexible terms, the person’s relevant service for each period of such service, calculated for the purposes of paragraph (3)(a), is reduced by the service reduction percentage applicable to that period of flexible service.”.

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(6) S.I. 2005/438: relevant amending instruments are S.I. 2006/717, 2007/2608 and 2009/544.

(7) Relevant amending instruments are S.I. 2006/717 and 2007/2608.

(8) S.I. 2005/437: relevant amending instruments are S.I. 2006/717 and 2015/568.

## PART 4

### Amendment of the Armed Forces Redundancy Scheme 2010

#### Amendment of the Armed Forces (Redundancy, Resettlement and Gratuity Earnings Schemes (No. 2) Order 2010

9. The Armed Forces (Redundancy, Resettlement and Gratuity Earnings Schemes) (No. 2) Order 2010<sup>(9)</sup> (“the AFRS 2010 Order”) is amended in accordance with articles 10 to 14.

#### Amendment of article 2 of the AFRS 2010 Order

10. In article 2 (interpretation), in the appropriate place in alphabetical order, insert—

““flexible service” means one or both of the following types of service—

- (a) part-time service;
- (b) restricted separation service,

and references to a member serving on flexible terms must be construed accordingly;

“part-time service” means—

- (a) for enlisted members, a period of service where the member is serving in accordance with an arrangement under section 329(2)(ha) of the Armed Forces Act 2006<sup>(10)</sup>;
- (b) for members who are officers, a period of service on equivalent terms of service;

“restricted separation service” means—

- (a) for enlisted members, a period of service where the member is serving in accordance with an arrangement which does not restrict the member’s service in a particular area but does make it subject to other geographic restrictions provided for in regulations made under section 329(2)(i) of the Armed Forces Act 2006;
- (b) for members who are officers, a period of service on equivalent terms of service;

“service reduction percentage” has the meaning given by article 2A;”.

#### Insertion of new article 2A in the AFRS 2010 Order

11. After article 2 (interpretation) insert—

##### “Meaning of “service reduction percentage”

2A.—(1) In the Scheme, the “service reduction percentage” in respect of a period of flexible service is given by the formula, expressed as a percentage—

$$\frac{(A - B)}{A}$$

where—

A is the basic pay which the member would have received in respect of that period of flexible service had the person not been serving on flexible terms;

B is the basic pay received by the person in respect of that period of flexible service.

(2) For the purposes of the Scheme, a period of flexible service ends and another begins when any change in the service reduction percentage occurs.”.

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<sup>(9)</sup> S.I. 2010/832.

<sup>(10)</sup> 2006 c. 52.

#### **Amendment of article 3 of the AFRS 2010 Order**

- 12.—(1) Article 3 is re-numbered as paragraph (1) of article 3.
- (2) After newly re-numbered paragraph (1), insert—
- “(2) In the case of a person who has served on flexible terms during any period for which basic pay is to be calculated under paragraph (1), that person’s basic pay is to be calculated as though they had not served on flexible terms for that period.”.

#### **Amendment of article 6 of the AFRS 2010 Order**

13. In article 6(11) (redundancy reckonable service), after paragraph (4), insert—
- “(4A) Where a person has served on flexible terms, the person’s relevant service for each period of such service, calculated for the purposes of paragraph (1), is reduced by the service reduction percentage applicable to that period of flexible service.”.

#### **Amendment of article 9 of the AFRS 2010 Order**

14. In article 9(12) (eligibility for redundancy payments)—
- (a) in paragraph (4), for sub-paragraph (a) substitute—
- “(a) has been notified by or on behalf of the Defence Council that their service is to be terminated and that they will be eligible for compensation under the AFRS 2010;”;
- (b) for paragraph (5A), substitute—
- “(5A) Condition E is that the person is not entitled to an ill-health pension under the AFPS 1975.”;
- (c) for paragraph 6(b) substitute-
- “(b) a person who is an active member of the Armed Forces Pension Scheme 2005 or the AFPS 2015, or who has opted to cease to be an active member of either of these pension schemes.”.

12th November 2020

*Johnny Mercer*  
Parliamentary Under Secretary of State  
Ministry of Defence

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(11) Relevant amending instruments are [2011/208](#), [2011/3013](#) and [2014/3255](#).

(12) [S.I. 2010/832](#), amended by [S.I. 2011/208](#).

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SCHEDULE

Article 2

THE ARMED FORCES REDUNDANCY SCHEME 2020

PART 1

Interpretation and method of calculating periods of service

**General interpretation**

1. In this Schedule—

“active member” in relation to a member of a pension scheme, has the meaning given in section 124(1) of the Pensions Act 1995(13);

“additional duties commitment” means a commitment under section 25 of the Reserve Forces Act 1996(14);

“annualised relevant earnings” has the meaning given in paragraph 3(3);

“AFPS 1975” means the occupational pension scheme arrangements known as the Armed Forces Pension Scheme 1975 and set out in—

- (a) the Naval and Marine Pensions (Armed Forces Pension Scheme 1975 and Attributable Benefits Scheme) Order 2010(15);
- (b) the Army Pensions (Armed Forces Pension Scheme 1975 and Attributable Benefits Scheme) Warrant 2010(16); and
- (c) the Air Force (Armed Forces Pension Scheme 1975 and Attributable Benefits Scheme) Order 2010(17);

“AFPS 2005” means the Armed Forces Pension Scheme 2005 established by the Armed Forces Pension Scheme Order 2005(18);

“AFPS 2015” means the pension scheme established by the Armed Forces Pension Regulations 2014(19);

“AFRS 2006” means the Armed Forces Redundancy Scheme 2006, established by the Armed Forces Redundancy Scheme Order 2006(20);

“AFRS 2010” means the Armed Forces Redundancy Scheme 2010, established by the Armed Forces (Redundancy, Resettlement and Gratuity Earnings Schemes) (No. 2) Order 2010(21);

“AFRS 2020” means the Armed Forces Redundancy Scheme 2020;

“commitment period”, in relation to a member of the armed forces, means the period for which the person’s terms of service commit them to serve;

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(13) 1995 c. 26.

(14) 1996 c. 14.

(15) The rules of the AFPS 1975 in relation to former members of the Navy and Royal Marines are stated in Schedule 1 to the Order, as substituted by the Naval and Marine Pensions (Armed Forces Pension Scheme 1975 and Attributable Benefits Scheme) (Amendment) Order 2010, and as amended by further Orders.

(16) The rules of the AFPS 1975 in relation to former members of the Army are stated in Schedule 1 to the Warrant, as substituted by the Army Pensions (Armed Forces Pension Scheme 1975 and Attributable Benefits Scheme) (Amendment) Warrant 2010, and as amended by further Warrants.

(17) The rules of the AFPS 1975 in relation to former members of the Royal Air Force are stated in Schedule 1 to the Order, as substituted by the Naval and Marine Pensions (Armed Forces Pension Scheme 1975 and Attributable Benefits Scheme) (Amendment) Order 2010, and as amended by further Orders.

(18) S.I. 2005/438 as amended.

(19) S.I. 2014/2336.

(20) S.I. 2006/55.

(21) S.I. 2010/832.

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“EDP 2015 payments” mean payments under regulation 9 of the Armed Forces Early Departure Payments Scheme Regulations 2014(22);

“EDP 2005 payments” mean payments under article 9 of the Armed Forces Early Departure Payments Scheme Order 2005(23);

“eligible person” means a person who is eligible within the meaning of paragraph 7;

“final relevant earnings” has the meaning given in paragraph 3;

“flexible service” means one or both of the following types of service—

- (a) part-time service;
- (b) restricted separation service,

and references to a member serving on flexible terms must be construed accordingly;

“FTRS commitment” means a full time reserve service commitment under section 24 of the Reserve Forces Act 1996(24);

“maximum pension”, in relation to any person, means a pension calculated by reference to the highest number of years of reckonable service that may be used in that calculation;

“part-time service” means—

- (a) for enlisted members, a period of service where the member is serving in accordance with an arrangement provided for in regulations made under section 329(2)(ha) of the Armed Forces Act 2006(25);
- (b) for members who are officers, a period of service on equivalent terms of service;

“redundancy qualifying service” has the meaning given in paragraph 5;

“relevant earnings” has the meaning given in paragraph 4;

“restricted separation service” means—

- (a) for enlisted members, a period of service where the member is serving in accordance with an arrangement which does not restrict the member’s service in a particular area but does make it subject to other geographic restrictions provided for in regulations made under section 329(2)(i) of the Armed Forces Act 2006;
- (b) for members who are officers, a period of service on equivalent terms of service;

“service reduction percentage” has the meaning given in paragraph 2.

### Meaning of “service reduction percentage”

2.—(1) In this Schedule, the “service reduction percentage” in respect of a period of flexible service is given by the formula, expressed as a percentage—

$$\frac{(A - B)}{A}$$

where—

A is the basic pay which the member would have received in respect of that period of flexible service had the person not been serving on flexible terms;

B is the basic pay received by the person in respect of that period of flexible service.

(2) For the purposes of the Scheme, a period of flexible service ends and another begins when any change in the service reduction percentage occurs.

(22) S.I. 2014/2328.

(23) S.I. 2005/437.

(24) 1996 c. 14.

(25) 2006 c. 52.

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### **Meaning of “final relevant earnings”**

3.—(1) In this Schedule, “final relevant earnings” in relation to a person, means the greatest amount that is the person’s total relevant earnings for 365 consecutive days falling within the period of 3 years ending with the person’s last day of redundancy qualifying service.

(2) If the person was required to be in service as a member of the armed forces during any period of 365 consecutive days falling within the period of 3 years mentioned in sub-paragraph (1), but was not in such service for a period of 365 consecutive days, then the sub-paragraph applies as if it referred to the person’s annualised relevant earnings in the period of redundancy qualifying service ending with the last day of such service.

(3) The person’s “annualised relevant earnings” in a period of service are the amount given by the formula—

$$\frac{RE \times 365}{N}$$

where—

RE is the person’s relevant earnings for the period, and

N is the number of days in the period for which relevant earnings were received.

### **Meaning of “relevant earnings”**

4.—(1) In this Schedule, “relevant earnings” in relation to a person in service as a member of the armed forces means—

- (a) basic pay for a person of the person’s rank and seniority, and
- (b) any other amount if and to the extent that the Secretary of State has determined that it is to be treated as relevant earnings for this purpose.

(2) Subject to sub-paragraph (1)(b), “pensionable earnings” does not include—

- (a) any allowances,
- (b) any additional amounts payable in respect of particular qualifications or duties, the location of service or the conditions in which service is temporarily performed, or
- (c) any additional amounts payable to medical or dental officers as such.

(3) In the case of a person who has served on flexible terms during any period for which relevant earnings are to be calculated under sub-paragraph (1), that person’s relevant earnings are to be calculated as though they had not served on flexible terms for that period.

### **Meaning of “redundancy qualifying service”**

5.—(1) In this Schedule, and subject to sub-paragraph (2), “redundancy qualifying service” means pensionable service in the AFPS 2015, or service that would have been pensionable service in the AFPS 2015 had the person not opted to cease to be an active member of that scheme.

(2) “Redundancy qualifying service”—

- (a) does not include any service before a gap in service, where that gap is 5 years or more,
- (b) does not include any service by a person while serving as a member of the non regular permanent staff,
- (c) does not include any period of unauthorised absence from service,



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- (d) does not include any period of unpaid leave in respect of which a person is not treated as receiving assumed pay and “assumed pay” has the same meaning as in section 24 of the Armed Forces Pension Regulations 2014<sup>(26)</sup>,
- (e) does not include any period of service detention and “service detention” has the same meaning as in section 374 of the Armed Forces Act 2006<sup>(27)</sup>, and
- (f) does not include any period of imprisonment.

(3) Where a person has served on flexible terms, the person’s redundancy qualifying service for each period of such service, calculated for the purposes of sub-paragraph (1), is reduced by the service reduction percentage applicable to that period of flexible service.

(4) For the purposes of paragraphs 9, 10 and 11, pensionable service in the AFPS 2015 is pensionable service as a member of the regular forces.

### **Periods of service: method of calculation**

6.—(1) In this Schedule, periods of service are to be calculated in accordance with sub-paragraphs (2) to (5).

(2) Periods of service are to be expressed in the first instance in whole years, and days, and the initial aggregation of periods that require to be aggregated is done in the first instance by reference to periods so expressed.

(3) If, when all periods of service that are required to be aggregated have been aggregated, there is any excess part day over the number of whole days, that excess is rounded up to a full day.

(4) To determine years of service—

- (a) the days referred to in sub-paragraph (2), and
- (b) the full days referred to in sub-paragraph (3)

are converted into years by dividing the number of days in excess of the period of whole years by 365 or in the case of a leap year by 366, and rounding the result to four decimal places.

(5) If a period of service is less than one year—

- (a) sub-paragraph (2) applies with the omission of “whole years, and”, and
- (b) sub-paragraph (4) applies with the omission of “in excess of the period of whole years”.

## **PART 2**

### **Eligibility, entitlement and amount of compensation**

#### **Eligibility for a payment**

7.—(1) A person is eligible for a payment under paragraph 8(1) if they meet conditions A to E as provided for in sub-paragraphs (2) to (6).

(2) Condition A is that the person is a member of either—

- (a) the regular forces, or
- (b) the reserve forces on either an FTRS commitment or an additional duties commitment.

(3) Condition B is that the person is an active member of the AFPS 2015 or has opted to cease to be an active member of that scheme.

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<sup>(26)</sup> S.I. 2014/2336.

<sup>(27)</sup> 2006 c. 52.

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- (4) Condition C is that the person—
- (a) is a member of the regular forces who has been notified by or on behalf of the Defence Council that their service is to be terminated and that they are eligible for compensation under the AFRS 2020,
  - (b) is a member of the regular forces and is an officer of at least the rank of Commodore, Brigadier or Air Commodore who has been notified by or on behalf of the Defence Council that they are directed to take early retirement and that they are eligible for compensation under the AFRS 2020,
  - (c) is a member of the reserve forces on either an FTRS commitment or an additional duties commitment and is an officer of at least the rank of Commodore, Brigadier or Air Commodore who has been notified by or on behalf of the Defence Council that they are directed to take early retirement and that they are eligible for compensation under the AFRS 2020, or
  - (d) is a member of the reserve forces on either an FTRS commitment or an additional duties commitment who has been notified by or on behalf of the Defence Council that their commitment is to be terminated and that they are eligible for compensation under the AFRS 2020.
- (5) Condition D is that the person, having received a notification under sub-paragraph (4)—
- (a) ceases to be in service as a member of the regular forces, or
  - (b) ceases to be on an FTRS commitment or an additional duties commitment.
- (6) Condition E is that the person is not entitled to an ill-health pension.
- (7) In this Schedule references to an ill-health pension include a pension under:
- (a) regulation 51 of the Armed Forces Pension Regulations 2014<sup>(28)</sup>,
  - (b) regulation 52 of the Armed Forces Pension Regulations 2014,
  - (c) regulation 19 of the Armed Forces Early Departure Payments Scheme Regulations 2014<sup>(29)</sup>, and
  - (d) regulation 9 of the Armed Forces Early Departure Payments Scheme Regulations 2014, where the scheme administrator has determined that a payment should be made under that regulation instead of under regulation 19.

### **Entitlement to a redundancy payment**

**8.—(1)** An eligible person becomes entitled to a lump sum payment when they cease to be in service as referred to in paragraph 7(5)(a) or cease to be on a commitment as referred to in paragraph 7(5)(b).

(2) The lump sum must be paid before the end of the 3 month period beginning with the day on which the person ceases to be in service as referred to in paragraph 7(5)(a) or on a commitment as referred to in paragraph 7(5)(b).

- (3) The eligible person is not entitled to the lump sum if—
- (a) the person has already received a lump sum (“previous lump sum”) under this paragraph or under corresponding provisions in the AFRS 2006 or the AFRS 2010,
  - (b) the previous lump sum is liable to repayment under paragraph 14, and
  - (c) the previous lump sum has not been repaid before the time when the person would otherwise be entitled to the lump sum under this paragraph.

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<sup>(28)</sup> S.I. 2014/2336.

<sup>(29)</sup> S.I. 2014/2328.

**Amount of payment: regulars on long service commitments leaving before EDP 2015 point**

9.—(1) This paragraph applies to an eligible person who—

- (a) has joined the regular forces on or after 1st April 2015,
- (b) would have become entitled to EDP 2015 payments or have reached age 60 had their service continued to the end of their commitment period, and
- (c) ceases service before becoming entitled to EDP 2015 payments or reaching age 60.

(2) The amount payable under paragraph 8(1) is 10.2% of the person's final relevant earnings multiplied by the number of years of redundancy qualifying service served by the person (subject to a maximum of 20 years).

**Amount of payment: regulars on long service commitments leaving after EDP 2015 point**

10.—(1) This paragraph applies to an eligible person who—

- (a) has joined the regular forces on or after 1st April 2015;
- (b) ceases service before the end of their commitment period, but on or after becoming entitled to EDP 2015 payments or reaching age 60.

(2) Subject to sub-paragraphs (3) and (4), the amount payable under paragraph 8(1) is equal to the person's final relevant earnings.

(3) If the number of remaining years that the person had left to serve in their commitment ("R") is less than 4, the amount payable under paragraph 8(1) is 25% of their final relevant earnings multiplied by R.

(4) If the person has 40 or more years of pensionable service as a member of AFPS 2015, the maximum amount payable under paragraph 8(1) is half of the person's final relevant earnings.

**Amount of payment: regulars on short service commitments**

11.—(1) This paragraph applies to an eligible person who—

- (a) joined the regular forces on or after 1st April 2015,
- (b) would neither have become entitled to EDP 2015 payments nor reached age 60, even had their service continued to the end of their commitment period, and
- (c) ceases service before the end of that period.

(2) The amount payable under paragraph 8(1) is the lower of—

- (a)  $10.2\% \times F \times Q$ , and
- (b)  $(10.2\% \times F \times R) + (10.2\% \times F)$ ,

where—

F is the person's final relevant earnings,

Q is the number of years of redundancy qualifying service served by the person, and

R is the number of remaining years that the person had left to serve in their commitment.

**Amount of payment: reservists on FTRS commitments**

12.—(1) This paragraph applies to an eligible person who is serving in the reserve forces on an FTRS commitment.

(2) The amount payable under paragraph 8(1) is the lower of—

- (a)  $10.2\% \times F \times Q$ , and

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(b)  $(10.2\% \times F \times R) + (10.2\% \times F)$ ,

where—

F is the person's final relevant earnings,

Q is the number of years of redundancy qualifying service served by the person in their current commitment, and

R is the number of remaining years that the person had left to serve in their current commitment.

#### **Amount of payment: reservists on additional duties commitments**

**13.**—(1) This paragraph applies to an eligible person who is serving in the reserve forces on an additional duties commitment.

(2) The amount payable under a paragraph 8(1) is calculated as follows—

Step 1: Take the lower of—

(a)  $10.2\% \times F \times Q$ , and

(b)  $(10.2\% \times F \times R) + (10.2\% \times F)$ ,

where—

F is the person's final relevant earnings,

Q is the number of years of redundancy qualifying service served by the person in their current commitment, and

R is the number of remaining years that the person had left to serve in their current commitment.

Step 2: Take the result of Step 1 and multiply by ND/365

where ND is the number of days in the person's current additional duties commitment.

#### **Effect of resuming armed forces service after receiving a redundancy payment**

**14.**—(1) This paragraph applies where a person who has received a payment under paragraph 8(1) or under corresponding provisions in the AFRS 2006 or the AFRS 2010—

(a) enters service as a member of the regular forces again otherwise than as a result of his being recalled for service under Part 7 of the Reserve Forces Act 1996<sup>(30)</sup> or under the Reserve Forces Act 1980<sup>(31)</sup>,

(b) enters service on an FTRS commitment, or

(c) enters service on an additional duties commitment,

and in this paragraph that service is referred as “the new service”.

(2) If the service break is less than the relevant period, the person must repay the relevant portion of the payment.

(3) In this paragraph—

(a) the “service break” means the period beginning with the day the person became entitled to the payment and ending with the day before the start of the new service;

(b) the “relevant period” means—

(i) where the payment was made under the AFRS 2010—

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<sup>(30)</sup> 1996 c. 14.

<sup>(31)</sup> 1980 c. 9.

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$$\frac{P \times 365}{F}$$

where—

P is the amount of payment, and

F is the annual pay by reference to which the payment was calculated;

- (ii) where the payment was made under the AFRS 2006 or paragraph 8(1) to a person who ceased to be a member of the armed forces—

$$\frac{P \times 365}{F}$$

where—

P is the amount of payment, and

F is the final relevant earnings by reference to which the payment was calculated;

- (iii) where the payment was made under paragraph 8(1) to a person who ceased service under a FTRS commitment—

$$\frac{P \times 365}{A}$$

where—

P is the amount of payment, and

F is the annual pay by reference to which the payment was calculated;

- (iv) where the payment was made under paragraph 8(1) to a person who ceased service under an additional duties commitment—

$$\frac{P \times 365}{E}$$

where—

P is the amount of payment, and

F is the annual pay by reference to which the payment was calculated; and

- (c) the “relevant portion” means—

$$\frac{RP - SB}{RP}$$

where—

RP is the number of days in the relevant period, and

SB is the number of days in the service break.

## PART 3

### Special provision for eligible persons with AFPS 1975 service

#### Overview and application of this Part

**15.** This Part applies to and determines the amount of compensation for a person who is eligible under paragraph 7, but who also had a period of service before 1st April 2015 which entitled them

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to be an active member of AFPS 1975, and where there was either no gap between those periods of service, or any gap was 5 years or less(32).

**Interpretation of this Part**

16. In this Part—

“AFRS 2010 redundancy reckonable service” in relation to a person means service that would have counted as redundancy reckonable service under the AFRS 2010 had the person been eligible for a payment under that scheme, and

“total service”, in relation to a person, means the sum of their redundancy qualifying service and their AFRS 2010 redundancy reckonable service.

**Amount of payment: long service commitment – leaves before AFPS 1975 redundancy point**

17.—(1) This paragraph applies to an eligible person who—

(a) had their service continued to the end of their commitment period, would have served to age 60 or become entitled to EDP 2015 payments, and

(b) actually ceases service before serving 18 years after having reached age 18 or (in the case of officers only) 16 years after having reached age 21,

and in this paragraph references to service are to redundancy qualifying service.

(2) The amount payable under paragraph 8(1) is comprised of an AFRS 2010 style payment and an AFRS 2020 style payment.

(3) The AFRS 2010 style payment is calculated as follows—

Step 1:  $\frac{1}{8} \times F \times TS$

where—

F is final relevant earnings, and

TS is total service.

Step 2: take the result of step 1 and multiply by  $\frac{RRS}{TS}$ .

where—

RRS is the person’s AFRS 2010 redundancy reckonable service, and

TS is total service.

(4) The AFRS 2020 style payment is calculated as follows—

Step 1:  $10.2\% \times F \times TS$

where—

F is final relevant earnings, and

TS is total service.

Step 2: take the result of step 1 and multiply by  $\frac{Q}{TS}$

(32) If a person has a gap of more than 5 years between their service as a member of the AFPS 1975 and their service as a member of the AFPS 2015, their AFRS 2020 redundancy payment is based purely on their service on or after 1st April 2015, and their service as a member of AFPS 1975 is ignored.

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where—

Q is redundancy qualifying service, and

TS is total service.

**Amount of payment: long service commitment – leaves between AFPS 75 redundancy point and EDP 2015 point**

18.—(1) This paragraph applies to an eligible person who—

(a) had their service continued to the end of their commitment period, would have served to age 60 or become entitled to EDP 2015 payments, and

(b) actually ceases service on or after serving 18 years after having reached age 18 or (in the case of officers only) 16 years after having reached age 21, but before either reaching age 60 or becoming entitled to EDP 2015 payments,

and in this paragraph references to service are to redundancy qualifying service.

(2) The amount payable under paragraph 8(1) is comprised of an AFRS 2010 style payment and an AFRS 2020 style payment.

(3) The AFRS 2010 style payment is calculated as follows—

Step 1: If R is more than or equal to one year,  $25\% \times F$

If R is less than one year,  $25\% \times F \times R$

where—

F is final relevant earnings, and

R is the number of years' service the member had left to serve in their current commitment.

Step 2: take the result of step 1 and multiply by  $\frac{RRS}{TS}$

where—

RRS is the person's AFRS 2010 redundancy reckonable service, and

TS is total service.

(4) The AFRS 2020 style payment is calculated as follows—

Step 1:  $10.2\% \times F \times TS$

Step 2: take the result of step 1 and multiply by  $\frac{Q}{TS}$

where—

F is final relevant earnings,

Q is redundancy qualifying service, and

TS is total service (to be no more than 20).

**Amount of payment: long service commitment – leaves after EDP 2015 point**

19.—(1) This paragraph applies to an eligible person who—

(a) had their service continued to the end of their commitment period, would have served to age 60 or become entitled to EDP 2015 payments, and

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(b) actually ceases service on or after either reaching age 60 or becoming entitled to EDP 2015 payments,

and in this paragraph references to service are to redundancy qualifying service.

(2) The amount payable under paragraph 8(1) comprises an AFRS 2010 style payment and an AFRS 2020 style payment.

(3) The AFRS 2010 style payment is calculated as follows—

Step 1: If R is more than or equal to one year,  $25\% \times F$

If R is less than one year,  $25\% \times F \times R$

where—

F is final relevant earnings, and

R is the number of years' service the member had left to serve in their current commitment.

But where the person is entitled to a maximum pension under AFPS 1975 when that person's service ceases, or would be so entitled if that person were an active member of the AFPS 1975 in relation to the service that is ceasing, the result of Step 1 must not exceed 6 months' pay.

Step 2: take the result of step 1 and multiply by  $\frac{RRS}{TS}$

where—

RRS is the person's AFRS 2010 redundancy reckonable service, and

TS is total service.

(4) The AFRS 2020 style payment is calculated as follows—

Step 1: If R is more than 4, the result of step 1 is  $F$

If R is less than or equal to 4,  $25\% \times F \times R$

where—

F is final relevant earnings, and

R is the number of remaining years of service the member had left to serve in their current commitment.

But where the person has 40 or more years of pensionable service as a member of the AFPS 2015, the result of step 1 can be no more than half of final relevant earnings.

Step 2: take the result of step 1 and multiply by  $\frac{Q}{TS}$

where—

Q is redundancy qualifying service, and

TS is total service.

**Amount of payment: hybrid commitment – leaves before AFPS 1975 redundancy point**

**20.**—(1) This paragraph applies to an eligible person who—

(a) had their service continued to the end of their commitment period, would have served at least 18 years after having reached age 18 or (in the case of officers only) at least 16 years after having reached age 21, but would not have reached age 60 or been entitled to EDP 2015 payments, and



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(b) actually ceases service before serving 18 years after having reached age 18 or (in the case of officers only) 16 years after having reached age 21, and before reaching age 60 or becoming entitled to EDP 2015 payments,  
and in this paragraph references to service are to redundancy qualifying service.

(2) The amount payable under paragraph 8(1) is comprised of an AFRS 2010 style payment and an AFRS 2020 style payment.

(3) The AFRS 2010 style payment is calculated as follows—

Step 1: 
$$\frac{1}{8} \times F \times TS$$

where—

F is final relevant earnings, and

TS is total service.

Step 2: take the result of step 1 and multiply by 
$$\frac{RRS}{TS}$$

where—

RRS is AFRS 2010 redundancy reckonable service, and

TS is total service.

(4) The AFRS 2020 style payment is calculated as follows—

Step 1: Take the lower of—

(a)  $10.2\% \times F \times TS$ , and

(b)  $(10.2\% \times F \times R) + (10.2\% \times F)$

where—

F is final relevant earnings,

R is the number of years' service that the member had left to serve in their commitment,  
and

TS is total service.

Step 2: take the result of step 1 and multiply by 
$$\frac{Q}{TS}$$

where—

Q is redundancy qualifying service, and

TS is total service.

**Amount of payment: hybrid commitment – leaves between AFPS 1975 redundancy point and EDP 2015 point**

21.—(1) This paragraph applies to an eligible person who—

(a) had their service continued to the end of their commitment period, would have served at least 18 years after having reached age 18 or (in the case of officers only) at least 16 years after having reached age 21, but would not have reached age 60 or been entitled to EDP 2015 payments, and

(b) actually ceases service having served at least 18 years after having reached age 18 or (in the case of officers only) at least 16 years after having reached age 21, but before either reaching age 60 or becoming entitled to EDP 2015 payments,

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and in this paragraph references to service are to redundancy qualifying service.

(2) The amount payable under paragraph 8(1) is comprised of an AFRS 2010 style payment and an AFRS 2020 style payment.

(3) The AFRS 2010 style payment is calculated as follows—

Step 1: If R is more than or equal to one year, the result of step 1 is  $25\% \times F$

If R is less than one year, the result of step 1 is  $25\% \times F \times R$

where—

F is final relevant earnings, and

R is the number of years' service the member had left to serve in their current commitment.

Step 2: take the result of step 1 and multiply by  $\frac{RRS}{TS}$

where—

RRS is the person's AFRS 2010 redundancy reckonable service, and

TS is total service.

(4) The AFRS 2020 style payment is calculated as follows—

Step 1: Take the lower of—

(a)  $10.2\% \times F \times TS$ , and

(b)  $(10.2\% \times F \times R) + (10.2\% \times F)$

where—

F is final relevant earnings,

R is the number of remaining years that the member had left to serve in their commitment, and

TS is total service.

Step 2: take the result of step 1 and multiply by  $\frac{Q}{TS}$

where—

Q is redundancy qualifying service, and

TS is total service.

**Amount of payment: short service commitment**

22.—(1) This paragraph applies to an eligible person who—

(a) had their service continued to the end of their commitment period, would not have 18 years after having reached age 18, or (in the case of officers only) 16 years after having reached age 21, and

(b) actually ceases service before serving 18 years after having reached age 18 or (in the case of officers only) at least 16 years after having reached age 21,

and in this paragraph references to service are to redundancy qualifying service.

(2) The amount payable under paragraph 8(1) is comprised of an AFRS 2010 style payment and an AFRS 2020 style payment.

(3) The AFRS 2010 style payment is calculated as follows—

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Step 1: Take the lower of—

- (a)  $\frac{1}{8} \times F \times TS$ , and
- (b)  $\left(\frac{1}{8} \times F \times R\right) + \left(\frac{1}{8} \times F\right)$

where—

F is final relevant earnings,

R is the number of remaining years that the member had left to serve in their commitment, and

TS is total service.

Step 2: take the result of step 1 and multiply by  $\frac{RRS}{TS}$

where—

RRS is the person's AFRS 2010 redundancy reckonable service, and

TS is total service.

(4) The AFRS 2020 style payment is calculated as follows—

Step 1: Take the lower of—

- (a)  $10.2\% \times F \times TS$ , and
- (b)  $(10.2\% \times F \times R) + (10.2\% \times F)$

where—

F is final relevant earnings,

R is the number of remaining years that the member had left to serve in their commitment, and

TS is total service.

Step 2: take the result of step 1 and multiply by  $\frac{Q}{TS}$

where—

Q is redundancy qualifying service, and

TS is total service.

## PART 4

### Special provision for eligible persons with AFPS 2005 service

#### Overview and application of this Part

**23.** This Part applies to and determines the amount of compensation for a person who is eligible under paragraph 7, but who also had a period of service before 1st April 2015 which entitled them to be an active member of AFPS 2005, and where there was either no gap between those periods of service, or any gap was 5 years or less.

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**Interpretation of this Part**

**24.** In this Part—

- (a) “AFRS 2006 relevant service”, in relation to a person, means service that would have counted as relevant service under the AFRS 2006 had the person been eligible for a payment under that scheme.
- (b) “total service”, in relation to a person, means the sum of their redundancy qualifying service and their AFRS 2006 relevant service.

**Amount of payment: long service commitment – leaves before EDP 2005 point**

**25.**—(1) This paragraph applies to an eligible person who—

- (a) had their service continued to the end of their commitment period, would have reached age 60 or become entitled to EDP 2015 payments, and
- (b) actually ceases service before either reaching age 55 or becoming entitled to EDP 2005 payments,

and in this paragraph references to service are to redundancy qualifying service.

(2) The amount payable under paragraph 8(1) is comprised of an AFRS 2006 style payment and an AFRS 2020 style payment.

(3) The AFRS 2006 style payment is calculated as follows—

Step 1: If TS is less than or equal to 18, the result of step 1 is  $\frac{1}{8} \times F \times TS$

If TS exceeds 18, the result of step 1 is  $\frac{1}{8} \times F \times 18$

where—

- F is final relevant earnings, and
- TS is total service.

Step 2: take the result of step 1 and multiply by  $\frac{RS}{TS}$

where—

- RS is AFRS 2006 relevant service, and
- TS is total service.

(4) The AFRS 2020 style payment is calculated as follows—

Step 1:  $10.2\% \times F \times TS$

where—

- F is final relevant earnings, and
- TS is total service (to be no more than 20).

Step 2: take the result of step 1, and multiply by  $\frac{Q}{TS}$

where—

- Q is redundancy qualifying service, and
- TS is total service.

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**Amount of payment: long service commitment – leaves between EDP 2005 point and EDP 2015 point**

26.—(1) This paragraph applies to an eligible person who—

(a) had their service continued to the end of their commitment period, would have reached age 60 or become entitled to EDP 2015 payments, and

(b) actually ceases service on or after reaching age 55 or becoming entitled to EDP 2005 payments, but before either reaching age 60 or becoming entitled to EDP 2015 payments,

and in this paragraph references to service are to redundancy qualifying service.

(2) The amount payable under paragraph 8(1) is comprised of an AFRS 2006 style payment and an AFRS 2020 style payment.

(3) The AFRS 2006 style payment is calculated as follows—

Step 1: If R is more than or equal to 4,  $F$ .

If R is less than 4,  $25\% \times F \times R$

where—

F is final relevant earnings, and

R is the number of years' service the member had left to serve in their current commitment.

But if the person is entitled to a maximum pension as a member of AFPS 2005, step 1 can be no more than half of final relevant earnings.

Step 2: take the result of step 1, and multiply by  $\frac{RS}{TS}$

where—

RS is AFRS 2006 relevant service, and

TS is total service.

(4) The AFRS 2020 style payment is calculated as follows—

Step 1: If TS is less than or equal to 20, the result of step 1 is  $10.2\% \times F \times TS$

If TS is more than 20, the result of step 1 is  $10.2\% \times F \times 20$

where—

F is final relevant earnings, and

TS is total service.

Step 2: take the result of step 1 and multiply by  $\frac{Q}{TS}$

where—

Q is redundancy qualifying service, and

TS is total service.

**Amount of payment: long service commitment – leaves after EDP 2015 point**

27.—(1) This paragraph applies to an eligible person who—

(a) had their service continued to the end of their commitment period, would have reached age 60 or become entitled to EDP 2015 payments, and

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(b) actually ceases service on or after either reaching age 60 or becoming entitled to EDP 2015 payments,

and in this paragraph references to service are to redundancy qualifying service.

(2) The amount payable under paragraph 8(1) comprises an AFRS 2006 style payment and an AFRS 2020 style payment.

(3) The AFRS 2006 style payment is calculated as follows—

Step 1: If R is more than or equal to 4, the result of step 1 is  $F$

If R is less than 4, the result of step 1 is  $25\% \times F \times R$

where—

F is final relevant earnings, and

R is the number of remaining years that the member had left to serve in their commitment.

But if the person is entitled to a maximum pension as a member of the AFPS 2005, step 1 can be no more than half of final relevant earnings.

Step 2: take the result of step 1 and multiply by  $\frac{RS}{TS}$

Where—

RS is the person's AFRS 2006 relevant service, and

TS is total service.

(4) The AFRS 2020 style payment is calculated as follows—

Step 1: If R is more than 4, the result of step 1 is  $F$

If R is less than or equal to 4, the result of step 1 is  $25\% \times F \times R$

where—

F is final relevant earnings, and

R is the number of remaining years that the member had left to serve in their commitment.

Step 2: take the result of step 1 and multiply by  $\frac{Q}{TS}$

where—

Q is redundancy qualifying service, and

TS is total service.

**Amount of payment: hybrid commitment – leaves before EDP 2005 point**

28.—(1) This paragraph applies to an eligible person who—

(a) had their service continued to the end of their commitment period, would have reached age 55 or become entitled to EDP 2005 payments but would not have reached age 60 or become entitled to EDP 2015 payments, and

(b) actually ceases service before either reaching age 55 or becoming entitled to EDP 2005 payments,

and in this paragraph references to service are to redundancy qualifying service.

(2) The amount payable under paragraph 8(1) is comprised of an AFRS 2006 style payment and an AFRS 2020 style payment.

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(3) The AFRS 2006 style payment is calculated as follows—

Step 1: If TS is less than or equal to 18, the result of step 1 is  $\frac{1}{8} \times F \times TS$

If TS exceeds 18, the result of step 1 is  $\frac{1}{8} \times F \times 18$

where—

F is final relevant earnings, and

TS is total service.

Step 2: take the result of step 1 and multiply by  $\frac{RS}{TS}$

where—

RS is AFRS 2006 relevant service, and

TS is total service.

(4) The AFRS 2020 style payment is calculated as follows—

Step 1: Take the lower of—

(a)  $10.2\% \times F \times TS$ , and

(b)  $(10.2\% \times F \times R) + (10.2\% \times F)$

where—

F is final relevant earnings,

R is the number of remaining years that the member had left to serve in their commitment,  
and

TS is total service.

Step 2: take the result of step 1 and multiply by  $\frac{Q}{TS}$

where—

Q is redundancy qualifying service, and

TS is total service.

**Amount of payment: hybrid commitment – leaves between EDP 2005 point and EDP 2015 point**

29.—(1) This paragraph applies to an eligible person who—

(a) had their service continued to the end of their commitment period, would have reached age 55 or become entitled to EDP 2005 payments but who would not have reached age 60 or become entitled to EDP 2015 payments, and

(b) actually ceases service on or after either reaching age 55 or becoming entitled to EDP 2005 payments but before either reaching age 60 or becoming entitled to EDP 2015 payments,

and in this paragraph references to service are to redundancy qualifying service.

(2) The amount payable under paragraph 8(1) is comprised of an AFRS 2006 style payment and an AFRS 2020 style payment.

(3) The AFRS 2006 style payment is calculated as follows—

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Step 1: If R is more than or equal to 4, the result of step 1 is  $F$

If R is less than 4, the result of step 1 is  $25\% \times F \times R$

where—

F is final relevant earnings, and

R is the number of remaining years that the member had left to serve in their commitment.

But if the person is entitled to a maximum pension as a member of AFPS 2005, step 1 can be no more than half of final relevant earnings.

Step 2: take the result of step 1 and multiply by  $\frac{RS}{TS}$

where—

RS is AFRS 2006 relevant service, and

TS is total service.

(4) The AFRS 2020 style payment is calculated as follows—

Step 1: Take the lower of—

(a)  $10.2\% \times F \times TS$ , and

(b)  $(10.2\% \times F \times R) + (10.2\% \times F)$

where—

F is final relevant earnings,

R is the number of remaining years that the member had left to serve in their commitment, and

TS is total service.

Step 2: take the result of step 1 and multiply by  $\frac{Q}{TS}$

where—

Q is redundancy qualifying service, and

TS is total service.

**Amount of payment: short service commitment**

**30.**—(1) This paragraph applies to an eligible person who—

(a) had their service continued to the end of their commitment period, would not have reached age 55 or become entitled to EDP 2005 payments, and

(b) actually ceases service before either reaching age 55 or becoming entitled to EDP 2005 payments,

and in this paragraph references to service are to redundancy qualifying service.

(2) The amount payable under paragraph 8(1) is comprised of an AFRS 2006 style payment and an AFRS 2020 style payment.

(3) The AFRS 2006 style payment is calculated as follows—

Step 1: Take the lower of—

(a)  $\frac{1}{8} \times F \times TS$ , and



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$$(b) \quad \left( \frac{1}{8} \times F \times R \right) + \left( \frac{1}{8} \times F \right)$$

where—

F is final relevant earnings, and

TS is total service.

Step 2: take the result of step 1 and multiply by  $\frac{RS}{TS}$

where—

RS is AFRS 2006 relevant service, and

TS is total service.

(4) The AFRS 2020 style payment is calculated as follows—

Step 1: Take the lower of—

(a)  $10.2\% \times F \times TS$ , and

(b)  $(10.2\% \times F \times R) + (10.2\% \times F)$

where—

F is final relevant earnings,

R is the number of remaining years that the member had left to serve in their commitment,  
and

TS is total service.

Step 2: take the result of step 1 and multiply by  $\frac{Q}{TS}$

where—

Q is redundancy qualifying service, and

TS is total service.

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## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order amends the Armed Forces Redundancy Scheme Order 2006 ([S.I. 2006/55](#)) and the Armed Forces (Redundancy, Resettlement and Gratuity Earnings (Schemes) (No. 2) Order 2010 ([S.I. 2010/832](#)), and establishes a new redundancy scheme for members of the Armed Forces: the Armed Forces Redundancy Scheme 2020 (“the AFRS 2020”).

Part 1 of the Order provides that it comes into force on 1st January 2021.

Part 2 of the Order establishes the AFRS 2020.

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Part 3 of the Order amends the Armed Forces Redundancy Scheme 2006 to reflect the introduction of flexible service under the Armed Forces (Flexible Working) Act 2018, and to add further detail regarding eligibility and criteria.

Part 4 of the Order amends the Armed Forces (Redundancy, Resettlement and Gratuity Earnings Schemes) (No. 2) Order to reflect the introduction of flexible service under the Armed Forces (Flexible Working) Act 2018, and to add further detail regarding eligibility criteria.

The Schedule to the Order sets out the rules of the AFRS 2020. This is a redundancy compensation scheme for service personnel who were, immediately before ceasing service, either active members of the Armed Forces Pension Scheme 2015 or who were entitled to active membership of that scheme but who had opted out of such membership. The AFRS 2020 applies to regular armed forces, and to members of the reserve forces who are on either a full time reserve service commitment or an additional duties commitment at the time their service ceases.

- Part 1 of the Schedule contains definitions of terms used in the AFRS 2020 and methods of calculation.
- Part 2 of the Schedule contains the rules relating to eligibility for, entitlement to and amount of compensation.
- Part 3 of the Schedule makes transitional provision for persons who, before 1st April 2015, were active members of the Armed Forces Pension Scheme 1975.
- Part 4 of the Schedule makes transitional provision for persons who, before 1st April 2015, were active members of the Armed Forces Pension Scheme 2005.

A full impact assessment has not been produced for this instrument as no, or no significant, impact on the private, voluntary or public sectors is foreseen. An Explanatory Memorandum has been published alongside these Regulations on [www.legislation.gov.uk](http://www.legislation.gov.uk).