



Firefighters' Pension Scheme Circular

Circular Number:	FPSC 05/2007	Date Issued:	14 th May 2007
Action:	For information and action		
Title:	<i>Firefighters' Pension Scheme</i>		
Issued by:	Martin Hill Local Government and Firefighters' Pensions Division		

Summary:	This circular advises FRAs on: (i) the NFPS - contracted-out status: action required by FRAs; (ii) actuarial data required for setting contributions rates; and (iii) the role of a Sub-Scheme Administrator
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Addressed to:	Please Forward to:
The Clerk to the Fire and Rescue Authority	Pension and human resources managers
The Chief Fire Officer	Medical/Occupational health managers

Enquiries:

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General Enquiries: firepensions@communities.gsi.gov.uk

Firefighters' Pension Scheme Website: www.communities.gov.uk/firepensions

1. New Firefighters' Pension Scheme: Contracted-out status

- 1.1 We have applied to HM Revenue and Customs for a contracting-out certificate for the New Firefighters' Pension Scheme to be effective from 6th April 2006. The scheme actuary has issued a certificate confirming that the scheme satisfies the reference test for contracting-out status.
- 1.2 A pre-requisite for registration is the publication of the benefits of contracting-out. A note detailing the National Insurance contribution rates is attached at [Annexe A](#). Could you please arrange for this to be issued to members of the NFPS.
- 1.3 To complete the process HMRC have advised that they will require an election on form APSS101 from each sub scheme administrator. We had hoped that the election to contract-out could be handled centrally by the Department so that individual forms would not be necessary, particularly as much of the election form does not apply to public service pension schemes, but unfortunately this is not permitted.

Each UK Fire and Rescue Authority is therefore required to complete a form APSS101. The form can be downloaded from:

<http://www.hmrc.gov.uk/pensionschemes/apss101.pdf>

- 1.4 Guidance on completing the form is below and an example form is attached at [Annexe B](#).

Part Number	Information Required
Part 1 - General	
1.1	Insert "New Firefighters' Pension Scheme 2006" followed by the name of your Fire and Rescue Authority.
1.2	Enter the NFPS PSTR: 00677944RB
1.3	Leave blank - not applicable
1.4	Leave blank - not applicable
2	Tick box 2 (COSR)
3	Enter 6 / 4 / 06
4	Enter details (preferably including a named individual) of the body responsible for day to day sub-scheme administrator duties. This is likely to be either the FRA or the FRA's pensions practitioner.
5	Leave blank - not applicable
6	Tick "Yes"
Part 2 - Occupational pension schemes	
7.1	Tick the first box and enter 31/3/07 (NB: End of Options Exercise)
7.2	Tick the first box
7.3	Tick the second and the fourth box
8.1	Tick the first box (Public service) and the sixth box (Centrally administered)
9.1	Leave blank - not applicable
9.2	Leave blank - not applicable
10.1	Tick the second box
11.1	Leave blank - not applicable
11.2	Enter the name and address of your FRA
11.3	Leave blank - not applicable
11.4	Tick the first box and enter previous ECON if known
11.5	Tick the second box and leave the rest blank - not applicable
11.6	Tick the second box and leave the rest blank - not applicable
11.7	Tick the first box and leave the rest blank - not applicable
11.8	Tick the first box and leave the rest blank
11.9	Tick the second box and leave the rest blank - not applicable
12	Tick the first box

Part 3 - Appropriate Personal Pension schemes / Appropriate Personal Pension Stakeholder Pension schemes	
13.1	Leave blank - not applicable
13.2	Leave blank - not applicable
14	Leave blank - not applicable
15	Leave blank - not applicable
Part 4 - Rebate of National Insurance Contributions (NICs)	
16.1	Leave blank - not applicable
16.2	Leave blank - not applicable
16.3	Leave blank - not applicable
16.4	Leave blank - not applicable
16.5	Leave blank - not applicable
Part 5	
Part 5	Tick the confirmation box and enter a signature and a date. Tick to indicate capacity and tick both of the declaration boxes

1.5 Once completed the form should be submitted to:

Keith Lowthian
HM Revenue and Customs
Audit and Pension Schemes Services
Yorke House
Castle Meadow Road
Nottingham
NG2 1BG

1.6 A covering letter should accompany the form confirming that it is in relation to the NFPS Reference Scheme Test Certificate provided to HMRC by DCLG. A copy should be retained for record purposes. A Scheme Contracting-out Number will then be issued to each FRA.

Transfers

1.7 It has been pointed out to us that the delays in registration of the NFPS mean that transfer value payments from other pension schemes have not yet been accepted by some fire and rescue authorities for those firefighters who have joined the Fire and Rescue Service since 6th April 2006 and that this is causing problems, including additional costs.

1.8 We recognise that such additional costs are incurred through no fault of the fire and rescue authority and therefore we agree exceptionally that:

(I) where, as a consequence of these delays, it is necessary to ask the sending scheme for a new valuation and there is a charge that the cost should be charged to the Firefighters' Pension Fund; and

(II) in the event of the delay being detrimental to the person transferring into the scheme, i.e. there has been a reduction in the transfer value between the first and subsequent valuation, the service credit should reflect the period which would otherwise be lost.

2. Actuarial data required for setting Contribution Rates

2.1 The guidance on the new financial arrangements for firefighter pensions attached to Fire and Rescue Circular 8-2006, issued on 2 March 2006, explained that, under the new system, data must be collected for regular actuarial assessments or

valuations of the true cost of accruing pensions. The guidance further explained that full valuations will normally be carried out every four years.

- 2.2 It has been decided that the first revaluation date will be 31 March 2007. FRAs will be asked to supply the Department with specific data about membership of the pension schemes. DCLG will provide the Government Actuary's Department (GAD) with the data once it is complete and in a suitable format. GAD will only be able to undertake the valuation work when CLG has provided a full data set.
- 2.3 DCLG and GAD are in discussions with Heywood, as the principal provider of pensions' software to fire and rescue authorities, to ensure that FRAs will be able to produce the necessary reports from the AX/Se system. We understand that the Class Group have already commissioned Heywood to carry out the development work.
- 2.4 The information will be required later this year. The timetable has yet to be confirmed but it is likely that data collection will begin in July. This will be confirmed in a further circular.
- 2.5 The actuarial data required was specified in Annex D of FRS Circular 8-2006 and a copy is attached at [Annex C](#) for ease of reference.
- 2.6 It is our understanding that whilst data regarding active members of the 1992 and 2006 schemes will be on the AX/Se system, information about deferred, pensioner and dependent members will be held separately. You may want to consider checking the data on these members to ensure that it is accurate in advance of the exercise and to transfer to AX/Se. As, in future, regular data collection will be necessary this should ease the burden in future years.

3. Role of a Sub-scheme Administrator

- 3.1 A copy of a document issued by HM Revenue and Customs which provides guidance on the obligations and requirements of sub-scheme administrators of Split pension schemes has been attached at [Annexe D](#). Pension administrators may find this helpful.

Martin Hill