

FIREFIGHTERS' PENSION COMMITTEE

NEW FIREFIGHTERS' PENSION SCHEME (NFPS)

UPDATE

Note by ODPM

1. This paper updates the Committee on developments in relation to the NFPS and related issues.

DRAFT ORDER

2. FPC(06)4 set out that the Blueprint for the NFPS had been sent to ODPM lawyers as instructions for drafting the Scheme Order. A draft is awaited.
3. Ministers have agreed, since the last FPC meeting:
 - Flexible duty allowance should be pensionable under the NFPS;
 - The contribution rate for members would be 8.5% of pensionable pay; and
 - Interim arrangements for those joining the Fire and Rescue Service between 6 April 2006 and the coming into operation of the Scheme Order. These were set out in FPS Circular No. 4/2006.

Guidance

4. We have prepared draft Guidance for new entrants. This is attached. We are currently discussing the draft with interest groups including HR and pension administration. The FPC is invited to comment.
5. Further guidance on specific aspects of the new scheme are being prepared.
6. A Guidance Note 3/2006 was issued on 22 February dealing with concerns that had been raised about career breaks, following publication of FPS circular 4/2006. In brief, if a fire and rescue authority has agreed to a firefighter taking a career break and treats that firefighter as a qualifying member of the existing scheme (ie similar to someone going on short periods of unpaid leave) then on returning to the service the firefighter would remain in the existing scheme. If, in order to take an extended or open ended break, the firefighter resigned returning after 6 April 2006 he/she would be able to join the NFPS but could not rejoin the existing scheme.

Outstanding Actions

7. The following actions will need to be completed in due course:

- (i) Election to join the Public Sector Transfer Club – administrations for England, Scotland, Wales and Northern Ireland will need to apply for separate membership. At present, England, Scotland and Wales participate jointly and Northern Ireland has separate membership. The Club network makes it easier for employees who move between participating schemes to transfer their accrued pension rights. In general, transfers between Club schemes give broadly equivalent service credit even if on transfer there is an increase in salary.
- (ii) Election to contract-out of the State Second Pension. To contract-out the scheme guarantees to pay pensions at least the equivalent of the State Second Pension. In return scheme members pay a lower National Insurance Contribution. A Notice of Intention to Contract-Out will need to be issued, following which fire and rescue authorities (FRAs) will need to make an election (via CA 7300) to HM Revenue and Customs for a contracting-out certificate. We will be issuing advice to FRAs.
- (iii) Issue of actuarial tables including for non-Club transfers in and out of the NFPS; early retirement: actuarial reduction for early retirement and amounts payable by employer for approved early retirement; added years factors; allocation. The Government Actuary has initiated the necessary action.
- (iv) Update of ODPM website. We will continue to place copies of all relevant documentation on the website so that it is readily accessible. Guidance referred to in paragraphs 4 and 5 will be placed on the website and it will be available for FRAs to adapt and/or badge for their own use.

8. The FPC is invited to note.

ODPM
March 2006