

RULE LA1

Establishment, maintenance and operation of Firefighters' Pension Fund, etc

Rule LA1 explains how a fire and rescue authority must establish, maintain and operate a Firefighters' Pension Fund.

Establishment of Firefighters' Pension Fund

Rule LA1(1) requires every fire and rescue authority to establish and maintain a Firefighters' Pension Fund ("FPF") for the purpose of the FPS 1992 and in respect of rights acquired and liabilities incurred in respect of all earlier Firefighters' Pension Schemes and which have transferred to the fire and rescue authority. This is to have effect from 1 April 2006, the date at which Part LA was added to the FPS.

The FPS must be maintained in accordance with "proper practices". In this respect there is a cross-reference to Section 21 of the Local Government Act 2003 – "Accounting practices" – and subordinate legislation.

Rule LA1(4) states that every amount paid, or repaid to or by an authority under Part LA should be credited or debited to their FPF. Where appropriate, the money should be paid from or to other accounts held by the authority.

Rule LA1(5) explains that in Part LA references to the total amount payable –

- **out** of a fire and rescue authority's FPF do not include any amount which the Secretary of State may require the authority to pay to him under Rules LA5 to LA8;
- **into** a fire and rescue authority's FPF do not include any amount which the Secretary of State pays to the authority for crediting to their FPF under Rules LA5 to LA8.

Sums to be paid in to the FPF

Rule LA1(2) requires the following to be paid in to the FPF –

- sums received from firefighters as contributions in respect of unpaid absence under Rule F2(3) and (4) together with any contributions paid by the fire and rescue authority under F2(5),
- sums received from another pension scheme as a transfer value under Rule F7,
- sums received from Scottish or Welsh fire and rescue authorities as transfer values under Rule F8, and
- the authority's annual contributions under Rule G2(3) (basic employer's pension contributions).

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Rule LA1 (continued)

Sums to be paid out of the FPF

Rule LA1(3) requires the following to be paid out of the FPF –

- if a refund is paid under Rule B6 to a firefighter leaving the service, the employer's contributions which the fire and rescue authority had paid in to the FPF under Rule G2(3) to cover the pensions liability for that firefighter,
- awards paid out under any provisions of the FPS (including lump sums by commutation),
- sums paid as transfer payments to Scottish and Welsh fire and rescue authorities under Rule B8,
- sums paid as transfer values to other pension arrangements under Rule F9

Useful reference source

- FPSC 9/2006: the introduction of new financing arrangements for pensions

Points To Note

1. The FPF is not the usual type of pension fund as is usually found in the private sector or as operates in respect of the Local Government Pension Scheme; it works as an account.
2. The Secretary of State provides guidance on the financing arrangements for firefighters (which may be amended from time to time). Currently this is set out in the booklet "Guidance for Fire and Rescue Authorities on new financial arrangements for firefighter pensions with effect from April 2006" issued by the Department in March 2006.