

FBU Pensions Bulletin



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Deadline approaches for the great pensions robbery **UNFAIR FOR FIREFIGHTERS**

UNWORKABLE FOR THE FIRE SERVICE

The government's attack on our pensions will reach crunch time very soon. Their plans for firefighters' pensions are still **unaffordable, unfair and unworkable**.

The next week or so will be crucial for your pension. Our discussions with government are at a critical stage. We have not walked away from talks, nor will we walk away. But the government has imposed an arbitrary and unrealistic deadline of 20 January for the FBU to sign their agreement. If their proposals are unacceptable, the FBU's executive council will consider our next options – including balloting members for industrial action.

The key attacks on our pensions are still in place:

Pay more: they want all firefighters to pay more pension contributions from April 2012 until the end of your career

Work longer: they plan to raise the normal pension age to 60 – or state pension age for control members

Get less: they still want to impose a worse pension scheme at the end of your career

These attacks would mean:

- Wholetime firefighters in the Firefighters Pension Scheme (FPS) to pay an extra **£2,000** in pension contributions over the next three years

- Wholetime firefighters in the New Firefighters Pension Scheme (NFPS) to pay an extra **£900** in pension contributions over the next three years
- Some retained firefighters to pay **£330** extra over the next three years
- Officers to pay at least **£2,700** extra over the next three years
- An unworkable scheme to be introduced from 2015
- Firefighters to work until 60 — and 68 in fire controls
- Increasing number of members being sacked under 'capability' procedures, according to fire employers
- The 'savings' the government wants **will not** be made, as more people opt out
- The future of fire service occupational pensions will be undermined and threatened by these changes.

What to do

- **Take part in fire station and brigade meetings**
- **Speak to FBU officials about the facts**
- **Lobby your MP and local politicians**
- **Speak to local media about this attack on firefighters**
- **If the union has to ballot, vote Yes**

What the government plans for your pension

The government is attempting to impose three years of extra pension contributions on most firefighters and public sector workers. At the same time it wants to design a new firefighters' pension scheme to come into force from April 2015. They want the new scheme to include all firefighters except control members. The Fire Brigades Union continues to talk and we hope that further progress can be made. However, at present insufficient progress has been made on the key issues.

Contributions hiked up

Firefighters already pay an extremely high level of contributions for our pensions. The majority of firefighters pay 11% – **the highest rate in the public sector** and more than twice the average employee contribution in the private sector (5.5%). With a **pay freeze** imposed for the past two years we simply cannot afford to pay more.

The government announced it would impose **higher contributions**, phased in over the next three years as part of its plans to cut the budget deficit. It wants firefighters and other public sector workers to pay for the financial crisis we did not cause. This is a **tax on firefighters** – none of the money will be used to improve firefighters' pensions.

For firefighters in the Firefighters Pension Scheme (FPS), they plan a 1.3% increase from April this year, with the same again the following year and another 0.6% after that. Overall that is a **3.2% increase**. It will amount to over **£900 extra contributions EVERY YEAR** from every firefighter in the scheme.

Officers hard hit

For officers in the FPS, the bill is even higher because of higher tiered contributions. By 2014:

- **Crew managers would be paying over £1,000 a year extra contributions**
- **Watch managers over £1,200 a year extra**
- **Station managers nearly £2,000 a year extra**
- **Group managers over £2,500 a year extra**
- **Area managers over £3,000 a year extra.**

Retained and younger firefighters hard hit

Firefighters in the New Firefighters Pension Scheme (NFPS) will also have to pay substantially more over the next three years – an overall increase of 1.5%. By 2014:

- **A wholetime firefighter would have to pay over £400 extra a year – and considerably more after 2015!**
- **A retained firefighter on £10,000 pensionable pay would pay £150 extra – and considerably more after 2015!**

Unworkable scheme from 2015

The government has also announced massive changes to our pensions to begin in April 2015. Every firefighter will be expected to pay at least 13.2% of their salary in pension contributions.

From 2015, all wholetime firefighters would pay over **£3,700 a year in pension contributions**. A wholetime firefighter in the NFPS would see contributions **jump by more than £1,000 extra** from 2014 to 2015. These higher contributions would continue for the rest of your career. Those FPS members in their last ten years of service with 'protection' face paying higher contributions of 14.2% or more. Officers are also likely to face even higher tiered contributions. Every one of us would pay more than we do today.

Retained members also face a massive hit. A retained firefighter on £10,000 pensionable would pay £470 a year more than they do now for the rest of their career.

The government's proposals to raise contributions don't make sense. They claim that only 1% of members will drop out of the schemes as a result. This does not add up. A YouGov survey commissioned by the FBU shows that between 12% and 27% are likely to opt out. If only 7% opt out the government will not make the savings it expects. **They have got their sums wrong!** If they proceed, they are likely to actually cost the scheme millions and wreck pensions in the fire service.

No evidence for working longer

The government is proposing a new fire service scheme from 2015, although control members are excluded. They have set a 'cost ceiling' and say that the new scheme must be designed within these tight financial limits.

The cost ceiling is based upon a **Normal Pension Age (NPA) of 60**. The FBU did not agree with retirement at 60 when it was imposed with the NFPS in 2006. At the time the government promised more fire safety and other roles for older firefighters. These simply have not materialised as the service has been cut.

The most recent substantial government research – the Haisman report – found that the existing arrangements for the FPS, of retirement at 55 or earlier were appropriate, given the demands of the job and reasonable expectations of firefighters' health and fitness. The FBU has commissioned further reports by occupational health experts, which have also found **no evidence** that sufficient numbers of firefighters could work safely until 60. Neither the Hutton report on pensions nor the government itself have produced a shred of proof that working until 60 is feasible for most firefighters.

Because the assumed pension age is wrong, the whole design of the new scheme is flawed. While the FBU have tried to work with government officials on the figures, these discussions have not so far been able to produce proposals for a scheme which would be fair or which could work.

Fire service employers have admitted that under the proposed scheme, large numbers of firefighters are likely to face dismissal under capability procedures, as fitness levels decline with age. This is completely unacceptable. The FBU cannot sign up to a pensions scheme which everyone knows cannot deliver for firefighters or for the public – a scheme that simply cannot work.

Still offering less

The government has already imposed the switch from retail prices to consumer prices when uprating pension benefits for inflation. This slashes the value of the pensions firefighters will get by 15% - according to government's own figures. The FBU and other unions took the government to court over this imposition. The government refuses to negotiate on this issue and has indicated it will proceed regardless. The FBU and other unions are now taking our legal case to the appeal court.

They also plan to scrap final salary pensions from April 2015 and impose a career average scheme. However they have not provided the vital information on what this

would mean for firefighters, including whether we would be worse off as a result.

The government plan is to create entirely new schemes for the public sector from 2015. Despite the fact this is some time away, they want agreement now. They have set a deadline of 20 January for such an agreement to be reached. The FBU says this timetable is completely arbitrary and unworkable.

Control members and the LGPS

The government has produced a 'Heads of Agreement' document for the LGPS for England and Wales

- **It increases the normal pension age from 2014, eventually rising to 68, which does not take account of the operational elements of the role of a fire control operator;**
- **The protection for low paid workers proposed in the 'Heads of Agreement' does not apply to any fire control member.**

The FBU wants control members to be part of the firefighters' pension scheme.



Message from Matt Wrack, FBU General Secretary



Our aim throughout the past year has been to **protect pension rights for all firefighters**. This includes protecting the rights of members of the Firefighters Pension Scheme (FPS). It is also about addressing the needs of **newer members** who joined the service after April 2006 and are in the New Firefighters Pension

Scheme (NFPS). We have never endorsed this scheme and always argued that the Normal Pension Age needs to be **brought down** from 60. We are now pressing that point strongly and have a great deal of evidence to support us.

We are also pressing for improvements for **retained firefighters**. We won an important legal battle for retained members, but the government has delayed and delayed implementing the outcome. Now they plan to rob retained members just as they are due to finally win their pension rights. It is a complete disgrace.

For **control members** we continue to press the case that the pension age cannot be increased for a group of emergency staff who in general work permanent shift duties. We have argued that they must be allowed access to the fire service scheme and work around that is underway.

We have argued that our occupational pension scheme must reflect the special factors of the job we do. The current proposals definitely don't. We cannot support proposals that will wreck the schemes and the fire service.

No rush into industrial action

Nobody can accuse the FBU of rushing to industrial action. We have fully engaged with the government at Westminster and in Scotland, Wales and Northern Ireland. Their position is that, like the Westminster Government, they have not accepted the union's arguments on retirement age, the switch to uprating pensions back to using the Retail Price Index rather than the Consumer Price Index or on widening access to the FPS/NFPS to all members covered by the Grey Book, neither will they agree that these are to be the only changes to pension schemes in the fire service. We have produced a huge amount of evidence to support our case. This comes at considerable financial cost to the union. No other fire organisation has produced any such evidence whatsoever.

So we have talked. To date however, the results have been limited. There was some movement on the cost ceiling and the accrual rate was improved as a result. Despite our efforts, so far they have been unable to design a pension scheme that would be fair and which could actually work!

The next week or so will be crucial. We have not walked away from any talks. Nor will we walk away. Unfortunately the government has unilaterally imposed an arbitrary and unrealistic deadline. If we are unable to resolve the key issues, then the union's executive council will need to consider our next options – including balloting for strike action.

The FBU has produced expert evidence and reports to support our case, including:

Issue	FBU Report	Government response	Response from other fire organisations
Affordability of fire service pensions	<i>Pension Schemes in the Fire Service and the Independent Public Service Pensions Commission</i> , an independent report by Tony Cutler and Barbara Waine.	Nothing	Nothing
Pension age in the fire service: the operational requirements	<i>A report on the impact of the governments' proposal for members of the firefighters' pension scheme and the new firefighters' pension scheme</i> , by First Actuarial consultants.	Nothing	Nothing
Pension age in the fire service: the operational requirements	<i>A scoping study: Review of aging and the demands on firefighting</i> , by Richard Graveling and Joanne Crawford on behalf of the Institute of Occupational Medicine IOM.	Nothing	Nothing
Ability of firefighters to maintain operational fitness	<i>Fitness for Work: Estimate of the deterioration of the aerobic fitness of firefighters with age</i> , by Richard Graveling on behalf of the Institute of Occupational Medicine IOM.	Nothing	Nothing
Additional expert analysis on the affordability and sustainability of fire service pensions	Various papers prepared for the FBU by First Actuarial Consultants looking at their proposals on future cashflow, income and expenditure, career profiles and career average vs final salary comparisons, potential costs of ill health and the effects of reducing the commutation factors.	Nothing	Nothing