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Dear Matt

Firefighters' Pension Arrangements

You met with Phil Woolas and I yesterday. At the conclusion of our discussions, we agreed that I should write setting out the basis on which we see matters being taken forward on each of the main issues. This letter is following discussions that have taken place yesterday and today.

Retirement age of 60

You are concerned that raising the normal pension age from 55 to 60 in the new Firefighters' Pension Scheme (NFPS) will increase the risk of ill-health and injury retirements; and that the proposal is dependent on the availability of other role-related jobs.

We are satisfied that with improved standards of fitness, good quality occupational health arrangements, and the increasing emphasis on fire safety and prevention, the change is justified. The NFPS will provide fire and rescue authorities with the flexibilities to allow early retirements with pension from age 55, because of the lower contribution rates.

We expect significant numbers of firefighters to transfer to the NFPS, so we will be able to monitor developments from an early stage and make adjustments to the scheme if it should be necessary.

Transitional arrangements

You expressed concern about the position of new entrants to the service from April, as the statutory order bringing the NFPS is unlikely to be made by 1 April. This would mean that new members, or their survivors and dependants, would be in limbo if the scheme member were killed or injured in the period before the order was made.

We made it clear that the NFPS would be the scheme for any firefighter joining the Fire

and Rescue Service after April 1. Until the NFPS Order had been made, anyone joining the service will join the existing Firefighters' Pension Scheme (FPS) on an interim basis and will automatically be transferred to the NFPS as soon as the scheme order is made. In the event of anyone joining the service in this interim period being killed or injured, benefits would be paid under the terms of the FPS.

Changes to the Firefighters' Pension Scheme (FPS)

You are concerned that we are proposing to make changes to the pension arrangements which members believed they had signed up to when joining the service. There are two areas on which you have concerns: the proposal to raise the minimum pension age to 55 in 2013; and changes to the ill-health retirement provisions.

Pension schemes are subject to change over the lifetime of a member and the FPS is not exempt from change. In fact, changes have been made to the FPS, some of which have provided additional benefits to members.

Notwithstanding, we are prepared to withdraw our proposal to raise the minimum pension age in 2013. However we are not prepared to change the new ill-health retirement arrangements which will be effective from 1 April. The arrangements will continue to give protection to all staff and enhancements to those who cannot undertake regular employment.

If the level of ill-health retirements continues to decline, this will be reflected in the overall cost of the FPS and will be apparent when the scheme is revalued. With the new financing arrangements, there will be four yearly revaluations and this will provide an opportunity to look at contribution rates. The contribution rate for the NFPS will be set at 8.5% i.e. 2.5% less than the present costs to staff of the existing scheme, but consistent with the normal balance of protecting the taxpayer and looking after staff.

Injury Scheme

You are concerned that proposals for a new injury scheme have not yet been published.

As we explained, the proposals form part of a wider public sector review but we aim to bring the proposals for firefighters forward and publish later this spring. There will be full consultation on the proposals before final decisions are made and any new scheme is implemented. In the meantime, the existing arrangements are being placed in a self-contained compensation scheme which will operate in parallel with the FPS and the NFPS.

Retained Duty System Firefighters

You were concerned that the proposals to open the NFPS to RDS personnel would have a detrimental impact on existing retained firefighters. At present, whilst excluded from the FPS, they are eligible for ill-health and injury awards if injured on duty. Awards are calculated on the same basis as a whole-time regular firefighter in the same role and with the same service.

We will make provision to ensure that the rights of existing RDS firefighters to ill-health and injury benefits under the FPS are protected. Those who opt to join the NFPS will receive the same level of awards as they would have done if they had not joined the new scheme.

Flexible Duty Allowance

We agree that the FDA and all other allowances e.g. London Weighting which are currently pensionable should continue to be so under both the FPS and the NFPS.

Emergency Fire Control staff

The FBU have always argued that Emergency Fire Control staff should have access to the same pension scheme as firefighters.

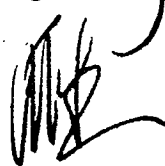
We are prepared to discuss the basis on which Emergency Fire Control staff should have access to the NFPS and will set up a working group to take this forward as quickly as possible. Its first meeting should be within 1 month as we will need to seek nominations from, and thereafter invite, the other unions which represent Emergency Fire Control staff and the other relevant LGPF interests to take part, as well as the LGA. We have no principle objections but need to satisfy ourselves about possible extra costs.

Conclusion

The additional benefits in the NFPS e.g. cover for civil partnerships, common law status, additional protection for widows / widowers etc, included in the NFPS should also be acknowledged.

The reduced costs to staff of 2.5% will represent a saving for pension provision of around £750 per annum per employee who wishes to transfer into the new scheme.

This letter sets out our position on each of the issues. If you require any further clarification, Phil or I will be available to discuss.

Yours Sincerely


JIM FITZPATRICK