



FIRE BRIGADES UNION

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TO: ALL MEMBERS

Dear Brother/Sister,

PENSIONS CAMPAIGN: IMPOSED COST CEILINGS AND POSSIBLE TRADE DISPUTE

The Westminster government continues to push at great speed to force through the various attacks on our pensions. The latest stage of this is the move to introduce 'cost ceilings' for each public sector pension scheme. These cost ceilings would be set by HM Treasury following advice prepared for them by the Government Actuary's Department (GAD) and would be based on a generic model for new schemes to be introduced by 2015.

The assumptions for these model schemes include the following:

1. A career average scheme rather than final salary.
2. New (and currently unknown) accrual rates.
3. Normal retirement age of 60 for uniformed services; link to state retirement age for LGPS members. (All to have the same deferred pension age).
4. Revaluation of career average scheme based on earnings.
5. Member contributions 3.2% above current weighted level.
6. Reduced commutation factors fixed at 12:1.
7. Ill health and other ancillary benefits to match current provision of schemes currently open to new members (i.e. not the 1992 Firefighters' Pension Scheme).
8. Members rejoining the scheme after a period of deferment of less than 5 years allowed to treat service as continuous.
9. Transfers between public sector schemes to be treated as continuous active service.

The significance of imposing these cost ceilings is that they will set a 'straight jacket' for any discussions around government proposals for new schemes. For example, there has currently been no detailed discussion with government officials on the issue of retirement age yet the Treasury is preparing cost limits which would be based on new and higher retirement ages.

It is proposed that these cost ceilings will be issued by 1st October 2011.

The Executive Council have discussed the implications of this step and view it extremely seriously. It is our view that such a step seriously undermines any claim that current talks on pensions will be genuine and will consider all issues and all concerns raised by the union. The introduction of cost ceilings will also impact on any discussion in Scotland, Wales and Northern Ireland since they would set clear cost limits for the future funding of all our pensions.

As a result of this situation the Executive Council agreed the following steps:

- writing to all appropriate Ministers, including in Scotland, Wales and Northern Ireland.
- Demanding that any decision around setting cost ceilings should be delayed.

Depending upon the response to these requests, the Executive Council has authorised the registering of trade disputes covering all parts of the UK. The registering of a trade dispute is the first step required by law before any industrial dispute. The Executive Council would then discuss further steps such as the arrangements for any ballots.

Further information will be issued over the coming weeks. It is extremely important that you follow these developments and that you attend local FBU meetings that are called to discuss the Hands Off Our Pensions campaign.

Yours fraternally,

A handwritten signature in black ink, appearing to read 'M. Wrack', written in a cursive style.

MATT WRACK
General Secretary

MW/EMH