



FIRE BRIGADES UNION

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TO: ALL MEMBERS

Dear Brother/Sister,

FBU response to the proposed increases to employee contribution rates, effective from 1 April 2012 for the FPS and NFPS (England only)

Members will be aware of the ongoing consultation around the proposed increases to employee contribution rates for 2012 for the FPS and NFPS. This consultation process has different timescales in England, Scotland, Northern Ireland and Wales. Responses are currently being prepared, based on this initial FBU response to the CLG (English). This will ensure a consistent approach across all parts of the UK.

The response to the English consultation process, which is available to view on the FBU website www.fbu.org.uk, has been submitted to meet the deadline of 2 December 2011. The FBU submission for Scotland, Northern Ireland, Wales and supplementary report will also shortly be available to view on the FBU website.

In summary the FBU response reiterates our opposition to the proposals to increase firefighters' pension contributions across the various fire and rescue service schemes. It highlights that these increases are being introduced as a mechanism to raise funds for deficit reduction - an aim which should be treated separately from the objective of ensuring the viability and suitability of occupational pension schemes. The submission re-emphasises the independent evidence that backs the FBU's position that there is not a case for increasing firefighters' contributions.

It highlights arguments including;

1) The proposed increases in contributions will not raise the revenue the Treasury expects due to high expected levels of opt out i.e. the number of scheme members who may choose to *withdraw* from the scheme following such changes. High levels of opt out also threaten the future viability of the schemes. In addition, the FBU believes that government plans to significantly reduce central funding for fire service budgets in subsequent years would force a reduction in the number of operational staff. This would further compound the impact of opt outs on proposed Treasury initiatives and long term cash flow of the fire schemes.

2) Firefighters already pay extremely high contribution rates as a proportion of salary compared to other public and private sector schemes. The input from our employers (the taxpayer) compares favourably with the private sector schemes. Members of the FPS pay 11% employee contribution rates. This, along with some police contributions, is among the highest in the public sector. Members of the NFPS pay 8.5% of salary, significantly higher than most other schemes.

3) Firefighters are hit particularly hard by the proposed increases in contributions, given our schemes. This unfairness is keenly felt by firefighters and may have an adverse effect on their career decisions.

4) The FBU believes that the proposal to increase contributions is simply unfair to firefighters. For individual firefighters, the proposed increase in contributions would be imposed on the back of the two-year pay freeze imposed from 2010 in the fire and rescue service. With increases in the cost of living running at around 5%, this has already caused considerable financial hardship for FBU members.

The response also outlines FBU concerns around specific issues such as;

- Financial implications of opt outs,
- Impact on future cash flow
- Imposition of tiered contributions

In concluding the response finds:

- The proposed increases in contributions will not raise the revenue the Treasury expects due to high levels of opt outs.
- Government plans to significantly reduce central funding for the fire service budgets in future years would reduce the number of operational staff. This would further compound the impact of opt outs on proposed Treasury initiatives and on long term cash flow of the fire schemes.
- Firefighters already pay extremely high contribution rates as a proportion of salary compared to other public and private sector schemes.
- The FBU has presented evidence to illustrate that increasing contributions will be financially self-defeating.
- The protection for low paid workers does not apply to members of either the FPS or the NFPS irrespective of the duty system they work.
- The proposal to introduce these tiered contributions will have a large impact on the willingness of firefighters to apply for promotion to middle manager roles. This will have a dramatic effect on the effectiveness and efficiency of the fire service.
- The government has not recognised the impact of scheme members facing a long term increases in employee contribution rates and reduction in benefits and how this will affect their decisions.
- Although it is not a feature of this consultation document the FBU feel that it is appropriate that the issue of an employee cost cap is addressed. In recognition of many of the issues raised in this response the FBU feel that the employee contribution rates should be capped at the current rate.

To supplement the submission the FBU asked independent actuary First Actuarial to provide a report with evidence that supports the unions concerns. This report will also be available to view on the FBU website (Appendix A).

Yours fraternally,



MATT WRACK
GENERAL SECRETARY