



FIRE BRIGADES UNION

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CIRCULAR: 2011HOC0631MW

9 December 2011

TO: ALL MEMBERS

Dear Brother/Sister

PENSIONS: LATEST POSITION: COST CEILINGS

Members will be aware that a key issue in our discussions on pensions has been the policy of Government to introduce cost ceilings in relation to discussions on scheme design for 2015 and after. In the larger public sector schemes these were issued in October and then revised in November. Scheme specific talks in those other pension schemes are already underway as a result of the issuing of the cost ceilings and related proposals from Government. These discussions are addressing the issues around future pension scheme design.

The FBU called for a delay in the setting of the cost ceiling since consideration should be given to various occupationally specific issues, particularly around retirement age. This is a result of our fundamental disagreement with the recommendation in the Hutton report that normal pension age for Firefighters should be 60. We have argued against this and presented various pieces of evidence to support our case. Based on this position we have additionally called for a *reduction* in normal pension age for members of the New Firefighters Pension Scheme who have joined the Service since April 2006.

The Government has now issued a cost ceiling for the proposed Firefighter scheme. This has been set at 27% (employer 13.8%; employee 13.2%) with a proposed accrual rate of 57ths. The accompanying documentation includes a Government 'preferred scheme design'. We are currently examining this and will circulate it once we have examined the implications. The currently proposed scheme design does not in any way address the concerns of the FBU on contributions rates, retirement age or other key matters. We are preparing a response to the CLG Fire Minister which will also be issued to members at the earliest opportunity.

On behalf of the Westminster Government, CLG have explained that the cost ceiling is 'indicative'. They have stated that the issuing of the cost ceiling and related documentation is the start of the latest stage of discussion and should not be seen a final position. We have explained that the FBU will be issuing our response, including our own preferred 'scheme design'. This will be based on the Union's various policies on pensions. This will also be issued to members at the earliest opportunity.

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We are also currently examining the implications of the proposed accrual rate which is suggested as 57ths. Clearly, such matters require some technical expertise and we will seek further advice and support on this from our actuarial advisors.

No offer on pensions

To summarise the current position, there is currently no 'offer' on pensions and discussions will continue on the Government's proposals and our challenges to them. The Executive Council has agreed to meet early in the New Year to hear reports from these discussions. Should any significant or urgent developments occur, the Executive Council will be reconvened earlier.

Best wishes.

Yours fraternally

A handwritten signature in black ink, appearing to read "M. Wrack". The signature is written in a cursive, slightly slanted style.

**MATT WRACK
GENERAL SECRETARY**

MW/sll