



**Department for
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Dear Matt,

Thank you for your letters of 10 and 12 July in which you report back from your Executive Council meeting. I am disappointed that you have moved to ballot for strike action. I would like to address the points that you raise in those letters and in other correspondence.

Lack of clarity

You claim that there is still uncertainty about two issues:

- the Department has not confirmed what will happen to those firefighters who cannot maintain operational fitness; and
- the Department has not confirmed what the contribution rate will be for the 2015 scheme.

Operational fitness

Dr Williams' assessment of how many firefighters would be fit at different ages was based on a VO₂max fitness standard of 42 mL.kg.min⁻¹ being adopted across fire and rescue authorities. As you know, fitness is a local matter and the Government has no intention of introducing a national fitness standard. Not all fire and rescue authorities have adopted a VO₂max fitness standard, London being the most notable.

A review of 20 fire and rescue authorities' fitness policies found that each fire and rescue authority kept their firefighters on operational duties at a VO₂max of 35 mL.kg.min⁻¹ or above. This is why Dr Williams stated that 100% of firefighters would remain operationally fit until age 60. It is worth quoting the relevant paragraph:

"Based on current practices of setting a standard of 42 mL.kg.min⁻¹ VO₂max but allowing firefighters to remain operational at a 35 mL.kg.min⁻¹ VO₂max would ensure that 100 % of firefighters who remain physically active will still be operational at age 60 assuming they remain free from injury and disease."¹

It is worth re-iterating that the Government is not proposing changes to fitness or capability procedures and therefore current practices remain in force. As you know, there are already currently 500 firefighters who are aged 55 or over and who remain available to undertake firefighter roles.

¹ Paragraph 11.2.3, Normal Pension Age for Firefighters: A Review for the Firefighters' Pension Committee.

For those few firefighters who cannot maintain operational fitness, there will be an assessment by the fire and rescue authority about why that may be the case. If firefighters cannot maintain operational fitness for a medical reason and that reason is permanent, then they will be considered for ill-health retirement. Where there is no medical reason, or the reason is not permanent, Dr Williams established that fire and rescue authorities provide remedial training and the great majority of firefighters are able to increase their fitness levels within a few months.

Contribution rate in the 2015 scheme

The Proposed Final Agreement set out that contribution rates in the 2015 scheme will average 13.2%, equal to the expected average contribution rates in the 1992 and 2006 schemes. My letter of 19 June explained that the Government was prepared to apply lower rates in the 2015 scheme, so that the 13.2% yield was to be delivered across members of the different schemes that will still be in place. I provided early, indicative figures about what the average contribution rate would be from 2015 to 2017, with 13.2% as the long term contribution rate once all transitional protection has ended.

The reason why I cannot confirm exactly what the contribution rates are in 2015 is that the Government agreed with the trades unions to undertake a review of contribution increases before future decisions were taken. Data collected from the review will inform my decisions about the increases to apply from 2014-15 and in the contribution rate for the 2015 scheme. Unions and employers will wish to provide evidence as part of future consultations on employee contributions, which I will take into account before making final decisions.

Due to the opt out reviews that are in progress, none of the public service pension schemes know definitively what their scheme contribution rates will be from 2015. I do not wish to preempt the outcome of the review, or evidence provided by the unions and employers as part of the consultation.

Other items under dispute

Improved protection arrangements

The Firefighters' Pension Schemes have the greatest proportion of members protected from changes out of all of the large public service workforces. The Government does not intend to extend this further. The Department has published a pension calculator² which will provide firefighters with pension estimates based on their chosen retirement date. Firefighters who transfer to the 2015 scheme will still be able to retire from age 50 if they wish to do so, or they may choose to remain in the 2015 scheme and earn more pension than they currently would be entitled to.

No further increases in member contribution rates

As set out above, decisions on employee contribution rates will be taken in light of the outcome of the opt out review and evidence submitted by unions and employers.

Improved contribution ratio

I was very clear in my letter to you that the employer contribution rate will not be known until the outcome of the valuation of the pension schemes, which is due later this year.

² <https://www.gov.uk/government/publications/firefighters-pension-scheme-reforms-pension-scheme-calculator>

No job no pension

I wrote to you in January raising my concerns about the FBU's statements about firefighters not being fit enough to work to 60. Dr Williams was quite clear that all firefighters would remain operationally fit until age 60 based on current practices; I have no intention of introducing a national fitness standard.

However, I recognise that you have raised some workforce management issues, which is why I offered to establish a working group with the employers and unions to consider these further.

Flexible retirement options

The actuarial reduction factors which accompanied the enhanced early retirement arrangements that I proposed are calculated on fully actuarial neutral terms. A firefighter who retires earlier will receive a pension for longer, therefore it is important that the pension is calculated on neutral terms so that neither the individual nor the scheme benefits from a member retiring early. To do otherwise would increase the cost of the scheme and risk pushing up employee contribution rates. We have to be fair to all firefighters, not just those who wish to retire early.

Commutation arrangements

Bob Neill's letter to you of 8 December 2011 set out the Government's preferred scheme design, including the commutation factor to apply, and invited discussions on its terms. Discussions on the scheme design concluded in May 2012 when the Department published the Proposed Final Agreement. Despite being invited to do so, at no point during that 6 month period did the FBU formally request a change to the commutation factor to be applied.

Cost ceiling

Not only did the Government take into account issues raised by the FBU as part of the cost ceiling, the following improvements were made to the scheme design:

- an accrual rate of 1/57th, which is more generous than the majority of other public service workforces;
- a retirement age of 60, which is lower than many other public service workforces, including some who work in the emergency services, and the same as the police and armed forces;
- 4 years of tapered protection, which is longer tapering than the majority of other public service workforces;
- a lower employee contribution increase in 2012-13 than other public service pension schemes;
- enhanced accrued rights protection for those that transfer to the 2015 scheme so that:
 - members are able to take their 1992 scheme pension from age 50 with 25 or more years combined pensionable service
 - a generous calculation of the accrual rate for earned 1992 scheme pension, and
 - the continuation of the current 1992 scheme arrangements for calculating the lump sum for 1992 scheme accrued rights.

Retained Firefighter Pension Scheme

You will be aware that I published the consultation to give retained firefighters' access to the pension scheme on 23 July.

Williams review

I have always been clear in our discussions that the majority of the recommendations in Dr Williams' report are for fire and rescue authorities, not Government. For the avoidance of doubt, the recommendations for the fire and rescue authorities are those that deal with fitness standards, fitness assessments and fitness training.

The Department has been discussing reforms to the pension scheme with the FBU for 2 years. The offer in my letter of 19 June responded to the issues raised in the original FBU Trade Dispute that the Government was prepared to address. Other parts of your trade dispute seek to take discussions back to the very start of the reform process – this is something which the Government is not prepared to do.

As you will know, I have recently written to firefighters to ensure that they have information regarding what the pension changes will mean to them. I have made available for their use a detailed pensions factsheet, which along with copies of my letters can be found here <https://www.gov.uk/government/publications/firefighters-pension-scheme-reforms>. I have also provided information on the pensions calculators which can be found here <https://www.gov.uk/government/publications/firefighters-pension-scheme-reforms-pension-scheme-calculator>.

I do hope that your members have found this information useful.

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

BRANDON LEWIS MP