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Dear Clive,

Thank you for your letter of 17 September about reforms to the firefighters' pension schemes.

Public service pensions have to change as people live longer and the cost of providing pensions increases. A firefighter retiring at age 50 today might be expected to live and draw a pension for 37 years in retirement after a career of 30 years. This is financially unsustainable. The taxpayer-funded Government grant to the Firefighters' Pension Scheme was £260 million in 2008-09 and is forecast to rise to £570 million by 2017-18. We are taking steps to manage those costs and put in place a deal that is fair to both firefighters and to taxpayers.

The pension on offer to firefighters is one of the most generous public service pensions available. A firefighter who earns £29,000, and retires after a full career aged 60, will get a £19,000 a year pension, rising to £26,000 with the state pension. An equivalent private pension pot would be worth over half a million pounds and require firefighters to double their level of contributions.

The FBU's Trade Dispute letter of 16 May 2013 makes clear that they are not striking over a Normal Pension Age of 60. A Normal Pension Age of 60 was introduced for new recruits from 2006 and was made available for members who wished to transfer from the Firefighters' Pension Scheme 1992. A number of firefighters took up that opportunity and, today, one in three firefighters already has a Normal Pension Age of 60. Firefighters are the only public service workforce where new recruits are not being asked to work longer as a result of the reforms. Firefighters will have the same Normal Pension Age as the reformed Army and the Police pension schemes.

The Government has also put in place generous transitional protection arrangements resulting in a greater proportion of firefighters being protected from the changes than any other large workforce:

- Around 30% of the workforce is fully protected and can retire at the age that they currently expect. For most, this will be between the ages of 50 and 55.
- A further 12% of the workforce has tapered protection and will continue accruing benefits in their current scheme, transferring into the 2015 scheme between May 2015 and March 2022 when their individual tapered protected expires.

Just 23% of the workforce will see a change in their retirement age in 2015 and even these members will still be able to choose to retire and take their 1992 scheme pension benefits at the age they currently expect, which could be from age 50. If the firefighter chooses to retire

before age 55 their 2015 scheme benefits will be deferred until state pension age, although they could be payable from age 55 with a reduction. Alternatively the firefighter could choose to remain in service until age 55, accruing more 2015 scheme pension benefits, and retire with immediate payment of their 2015 scheme pension as well, albeit with a reduction.

The main issue that the FBU raise is on fitness and capability. The assessment in the review into the Normal Pension Age of how many firefighters would be fit at different ages was based on a VO₂max minimum fitness standard of 42 mL.kg.min⁻¹ being adopted across fire and rescue authorities. There is no national fitness standard and this is not changing as part of the pension reforms. In the absence of such a national fitness standard, it is therefore important to consider what the impact would be of a Normal Pension Age of 60 based on current practices and standards in the service. The review established that:

"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." 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 with immediate payment of an unreduced pension. Where there is no medical reason, or the reason is not permanent, the review found that fire and rescue authorities provide and allow time for remedial training and the great majority of firefighters are able to increase their fitness levels within a few months. Importantly, even with the reforms, no one will have to work beyond their current Normal Pension Age until 2022, giving firefighters plenty of time to improve their fitness levels.

The FBU suggests that a firefighter who loses their fitness should be entitled to payment of an unreduced pension. Applying this automatically with no assessment of underlying causes could have serious consequences for the fire and rescue service as it may incentivise loss of fitness so that a firefighter could retire early and get a substantial enhancement to their pension. Similar disincentives previously existed in the fire service, with 43% of firefighters who retired in 2000-01 reported to have done so on ill-health grounds. Ill-health arrangements were subsequently tightened up by using independent medical assessors

Firefighter fitness remains a local fire and rescue authority matter and given the very specific points that the FBU raises as part of the dispute it is important that the national employers and unions work together on this issue. I have also proposed that ACAS could be approached to facilitate discussions and I am prepared to refer to an agreed solution as part of the Fire and Rescue Service National Framework.

I do hope that you and the Committee are able to recognise the hard work that my Department has put in to seek a resolution to the current industrial dispute



BRANDON LEWIS MP