



**Department for  
Communities and  
Local Government**

**Penny Mordaunt MP**  
*Parliamentary Under Secretary of State*

***Department for Communities and Local  
Government***

4<sup>th</sup> Floor, Fry Building  
2 Marsham Street  
London SWP 4DF

E-Mail: [penny.mordaunt@communities.gsi.gov.uk](mailto:penny.mordaunt@communities.gsi.gov.uk)

[www.gov.uk/dclg](http://www.gov.uk/dclg)

18/12/2014

To Firefighters in England

Dear Firefighter,

## **REFORM OF THE FIREFIGHTERS PENSION SCHEME**

The pension regulations were debated in Parliament on Monday and a vote taken. Parliament was clear that the regulations should stand and that the new firefighter pension scheme should come into effect on 1 April 2015.

There was agreement between the Government and the Opposition on the fundamentals of the reforms, that there should be higher contribution rates and later retirement ages to ensure that public service pension schemes are financially sustainable, and the cost ceiling within which the Government was operating was correct. The Opposition's main contention was around the use of active factors and a pension guarantee in the event of a firefighter losing their fitness through no fault of their own.

### *Active factors*

In short, active factors do not guarantee an early retirement reduction of 9% or 12% at age 55 as many, including the Opposition, have claimed. We took extensive actuarial advice on this specific issue as part of our deliberations on the final scheme design. What we found was that while active factors may look presentationally attractive, they actually provide a very uncertain and volatile early retirement factor. This is because active factors will be very sensitive to short-term changes in inflation and earnings growth.

We asked the Government Actuary's Department to calculate a factor using a real world scenario. They calculated that using the actual earnings and inflation figures between September 2008 and September 2012 to set the factors would result in an early retirement reduction of about 27% at age 55 under active factors. This compares with the early retirement reduction of 21.8% under the 2015 scheme regulations - almost half of what the 2006 scheme introduced at over 40%. So under active factors, firefighters would be guaranteed to earn less pension for every year they were a member of the scheme but they would have no certainty about the actual factor that would be in force when they wished to retire. This, alongside the worse ill-health pension that active factors provide and penalising those firefighters who choose to work longer, led me to conclude that active factors would not provide the best deal for firefighters.

### *Fitness guarantee*

I was also very pleased to announce yesterday the result of the consultation on fitness and capability that we launched on 28 October to amend the Fire and Rescue National Framework for England to include fitness and capability principles. I was delighted that so

many fire and rescue authorities were supportive of the fitness principles which had been agreed by the National Joint Council.

I have also included an additional requirement that, should a firefighter fail a fitness test through no fault of his or her own, the fire and rescue authority should consider suitable alternative employment, and if that is not possible, and the employee is at least aged 55, commence an authority initiated retirement to pay an unreduced pension. The Parliamentary debate focused on this issue in particular, and we were very clear of the need for fire and rescue authorities to comply with this. The statutory instrument has been tabled and will become law on 12 January 2015. It is important that fire and rescue authorities explore fully all options open to them, and ensure that their employees are treated with the fairness and dignity they deserve. This achieves the right balance of allowing the employer to consider each case on its merits, including whether there are other steps that could be taken – in Scotland, these are the ‘mitigating circumstances’ that their regulations provide - and offering support to firefighters. A number of concerns were expressed that this could be a prelude to the ‘ill-health’ culture that used to exist in the fire and rescue service returning. This is not the case. The embedding of the principles and regular testing should ensure that a firefighter does not lose their fitness overnight and that steps can be taken to put that right early.

Some anxiety has been created regarding the issue of what becomes of someone who is 55 or over and becomes unfit. The situation that such a person would be left without any form of support to regain their fitness is something that I know no one in the fire and rescue service wants – and in fact my knowledge of the service and what I have been told indicates that this does not happen. But we need to be clearer about this, and provide reassurance to those who have worries about their future. In the same way we need to start to think more innovatively about how the role of the fire and rescue service can further develop, and offer a wider variety of opportunities for firefighters to expand and develop their career.

The fitness group facilitated by the Chief Fire and Rescue Adviser, Peter Holland, will make a major contribution to the handling of fitness issues. As I made clear to Parliament, this group will have a major role in supporting you and your employers in implementing these principles and ensuring you can work your full career in the fire and rescue service.

The work of the fitness group and the principles which will be embedded in the National Framework, will see you able, unless you have a permanent ill-health condition, to work your full career. Many of the fitness issues which have been raised with me are actually medical conditions which would make you eligible for ill-health retirement. Recent real examples of ill-health retirement cases include osteoarthritis in the knees, post traumatic stress disorder, lower back pain and stress and anxiety. Where such conditions permanently prevent a firefighter from undertaking your role, you will receive an unreduced pension.

I know of few other occupations that will have this level of support throughout their careers. I have promised a review in three years time to see how the principles are bedding down. This will give us, collectively, the opportunity to take stock and review what progress has been made. I believe, from what you have said to me, and from what I have seen, we will be starting from a very strong base. The Secretary of State also has powers of intervention under the Fire and Rescue Service Act, if he finds that matters are not going as expected.

I will be writing to your employers and to Fire Chiefs to make these points and the will of Parliament clear.

I know that these reforms have meant a time of uncertainty and anxiety and stress for you and your colleagues. We now know the shape of the scheme and I will focus on ensuring

that everyone understands what it means for them, and understands how the fitness protections will work. Please continue to let me know any concerns of outstanding questions you have and I will do all I can to address them.

Finally may I thank you for serving your communities over the Christmas period and send you all my best wishes for the New Year, which I sincerely hope will be a positive one for the Fire and Rescue Service and all who work in it.

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

**PENNY MORDAUNT MP**