



Fire Officers' Association

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Dear Anthony

**Firefighters' Pension Committee:
Comment on Draft Blueprint Document**

Please find the accompanying comment on the Draft Blueprint for a New Firefighters' Pension Scheme as requested at the 12th September meeting.

I apologise for the lateness of our response. However, we believe that the timescale for developing the new scheme is rather ambitious given the slippage from the originally proposed plan and we feel that it will be difficult to thoroughly study and comment on the document within the time available.

The attached comments, therefore, made on the basis of limited scrutiny and internal consultation and cannot be taken as this Association's fully considered position. It may however, be regarded as indicative of our views on issues subject to consultation with members once firmer proposals are made in a draft Scheme.

Yours sincerely

I. Glyn Morgan
Vice President

Firefighters' Pension Committee

FOA Comments on Draft Blueprint Document

Application of the scheme [A3]

It is suggested that the scheme, so far as possible, be drafted as a UK scheme to avoid duplication of effort by devolved administrations. This section should, therefore, reflect the provisions of the Fire (Scotland) Act 2005 in respect of fire and rescue service activities described therein.

Normal retirement age (NRA) [A9]

If 40 years service is required to achieve full benefits, NRA should not be greater than 58 to avoid perpetuation of the situation where entrants younger than 20 are required to pay contributions for service that does not count towards their pension. This continues treat new entrants aged 18 or 19 differently from those aged 20 or over. Whatever, is contained within anti-age discrimination legislation, we feel that the proposal is not commensurate with the ethos of fairness.

A solution might be to permit Accrual of benefits on the basis of actual service, resulting in up to 42 years service being counted at age 60.

Whilst we are not happy with a 40-year scheme, it is recognised that actuarial reduction is necessary to balance anticipated lifetime payments to members, whatever the NRA is set at. If the scheme's NRA is 60 a reduction would be justifiable

Payment of a pension before the normal pension age at the firefighters' request [B2]

The principal of an actuarially reduced pension for 'voluntary early retirement' is accepted but we consider that the requirement to be aged 55 years or over is discriminatory. In the FOA's opinion, the retention of a minimum retirement age discriminates on age grounds in a similar to the retention of a compulsory retirement age.

Before progressing this rule, it is recommended that legal advice be sought regarding the impact of age discrimination regulations.

Ill-health awards [B4]

We urge that caution be exercised when defining "unfit for regular full-time employment" - the DDA does not allow anyone to be unfit for regular employment where reasonable adaptations can be made to accommodate people with disabilities. Furthermore, modern technology provides an option to work full time from home via computer/Internet.

The expression "regular full-time employment" needs to be properly defined to ensure that scheme members do not lose out through varying interpretations of 'unfit'. One doctor may consider that a member's condition can be 'reasonably accommodated' through DDA provisions whilst another may not consider this. We contend that ill-health awards should consider employability on the basis of ability to work without recourse to the DDA.

We would not wish to see people denied proper compensation where the time of work they are able to undertake is restricted by their condition, i.e. where they are not able to work full-time away from home.

Split Pension [B7]

In the interest of accommodating flexible working patterns, we support the provision to split the pension where the pensionable pay scheme members, for whatever reason, decreases before normal pension age. The proposal should be sufficient to protect benefits accrued on the basis of a higher level of pay. We would expect that realistic pension increases be applied to the deferred pension from earlier service to maintain its relative value.

Commutation of small pensions [B11]

The comment on age discrimination made for rule A9 applies equally to this proposal. Indeed we feel that any reference to minimum or maximum ages could be considered discriminatory in terms of the anticipated regulations to outlaw age discrimination.

Normal Retirement Age is, however, a different matter (subject to our comment against rule A9) since it indicates the age at which full benefits can be obtained based on 40 years' service having joined the scheme at 20 years of age.

Pensionable Pay [G1]

The Flexible Duty System is a pay enhancement that pays for additional availability beyond the standard 42-hour working week. Provision of the core service function of emergency incident management cover is essential if FRAs are to discharge their statutory functions. Incident managers have no option but to work on the FDS and the system is therefore integral to operational middle and senior management roles.

The FDS allowance cannot be treated in the same way as temporary emoluments, it is a permanent payment for operational management roles and in this respect, we consider that it must be regarded as pensionable.

Current conditions of service do not provide for removal of persons from the FDS system and we believe that this will not be achieved in the interests of flexibility through changing roles down is to be served. If however, it remains pensionable and pension protection arrangements exist, we feel that members would be more inclined to changed work patterns.

Another factor not considered here is the impact upon the motivation of people whose job it is to engage staff in the delivery of service reforms. The effect of reducing pension benefits may have a detrimental effect on their enthusiasm to deliver the vision set out in the report of the Independent Review of the Fire Service.

Other pension schemes appear to accept that shift allowances form part of pensionable pay as illustrated in the following extracts from guidance to the Local Government and NHS pension schemes: -

Local Government Pension Scheme (LGPS) National (United Kingdom) Web Site

Pensionable pay

*This is the member's normal salary **plus any shift allowance**, bonus, contractual overtime (overtime which they work as part of their terms of employment), Statutory Sick Pay and Statutory Maternity Pay. Pensionable pay does not include overtime a member chooses to work, traveling or subsistence allowance (a portion of wages paid in advance to cover immediate needs), pay instead of notice, pay instead of holidays, the value of a car or pay received instead of a car. If a member joined the scheme after 31 May 1989, the Inland Revenue restricts the amount of pay that contributions can be paid on and upon which benefits can be worked out. For 2002/2003 this amount was £97,200. Parliament reviews this figure each year, and it should increase in line with inflation as measured by the Retail Price Index.*

NHS Pension Scheme

Remember - your pension will be based on your pensionable pay when you retire - not what you are paid now. Pensionable pay is your normal pay and certain regular allowances. Payments like overtime above the weekly standard hours and travelling expenses are not included.

NHS Pension Scheme [University of Oxford Guide]

3.15 ON-CALL AND STAND-BY DUTY

Payments for on-call and standby duties

3.15.1 Where a member is expected to be available on call, or on stand-by. as a regular feature of employment or where there is a specific rota commitment, any payment made on that account is pensionable. This includes locally agreed payments for periods of emergency cover.

Any redeployment from an operational role to non-operational role would generally be viewed as detrimental since the allowance represents a significant portion of regular income. Local or personal circumstances may require such redeployment but this would be a matter for agreement between the scheme member and their FRA. However, pension entitlement for the service on the FDS would be protected by the provisions of rule B4.

We strongly believe that role-specific allowances and other payments agreed nationally as a condition of service should be pensionable, however, we accept that locally agreed payments would not.