

Firefighters' Pension Committee
Action Points from Meeting 12 September 2005
Comments from Fire Officers' Association

Item 3: Actuarial assumptions

The FOA has reservations with regard to the actuarial assumptions on which the costings for the new pension scheme have been based. In developing the proposals, it has been assumed that the nature of fire and rescue service work will, through time, change to the extent that the operational firefighting and rescue role will be secondary to preventative work and that significantly fewer staff will be operationally active beyond age 50. However, many members of the service doubt that the shift of emphasis will be sufficient to employ significant numbers of firefighters aged over 50 in non-operational roles.

The effects of longer service and continued operational activity of older firefighters cannot be fully foreseen. We have concerns that the actual events may not bear out the assumptions made. Should this prove to be the case, the basis of the scheme could be seriously flawed since its costs are based upon around the actuarial assumptions made.

As we alluded to in our response to the consultation, the BDAG group came to a different opinion about required fitness levels for operational firefighters. In contrast, we hear that Equality and Diversity professionals have reported to the Practitioners Forum that fitness standards for new entrants should be relaxed. It is disheartening that national bodies cannot agree what future requirements should be and we are concerned that a new pension scheme is being developed in a climate of uncertainty with a risk that will not deliver the anticipated cost benefits. In this event, the finance problems of the existing scheme may not be cured.

It is difficult not to be sceptical of the Governments motives for creating a new FPS since the proposed new scheme will not bear the burden of future injury awards. The costs of inaccurate assumptions (described above) would fall to FRAs. Injury costs will, therefore remain an area of uncertainty for FRAs for some time to come.

If, as we suspect, the basis of the new scheme does not change, we urge that arrangements be put in place to monitor: -

- the number of operational firefighters aged 55 or over,
- the ratio of non-operational to operational firefighter posts, and
- the number of injury related retirements amongst firefighters aged over 55

We urge that a commitment be made, by the Government, when introducing the new scheme to fund the any additional costs arising from an over-optimistic view of change in the firefighter's role. We believe that it would be unfair to increase members' through SCAPE arrangements when staff associations and ALAMA are raising concerns about the assumptions at this early stage.

We accept that, by their nature, actuarial assumptions can only be a 'best guess' but it is fundamental to the new scheme that they are realistic. Whilst doubt exists, we would welcome the opportunity to discuss actuarial assumptions at any meeting arranged specifically for this purpose.

Item 5: Paper FPC (05)12 - Further amendments to the FPS

3. Prevention of duplication

We understand the view that payment of an injury award and an ill-health award to a whole-time firefighter also employed as a retained firefighter might be regarded as duplication. However, the FOA still disagrees that this is the case since any other retained firefighter who is not also a regular firefighter would have access to ill-health benefits from the occupational pension associated with their main employment.

If the perceived problem exists because injury and ill-health awards currently reside within the Firefighters' Pension Scheme, we hope that the impending separation of injury awards from pension arrangements will allow the retained / whole-time staff to be treated in the same way as colleagues.

It appears unlikely that the proposed amendment will be removed and we will make our members aware of the situation. Whilst we do not believe that the potential loss of an ill-health award will prevent persons from taking secondary contracts, we are concerned that the change creates a disincentive to their take up. Greater use of wholetime / retained staff being one of the messages emanating from the Independent Review of the Fire Service.

The FOA is content with the other proposed amendments referred to in the paper.

Item 4: Annex A to paper FPC (05)11 - Civil Partnerships

We have no particular issues with the draft Statutory Instrument.

Item 7: Protection of Pensionable Pay

We would like to take this opportunity to clarify the reason for obtaining information on staff turnover from Strathclyde Fire and Rescue. At the June meeting, we proposed that provision be made to protect the pension entitlement of staff who may, through the change from rank to role, lose income following the 3-years protection period. Employers expressed some concern over the costs of so doing and it was explained that Strathclyde had estimated that very few staff would be affected, having looked at likely turnover during the next three years. The reason for supplying information from Strathclyde was to demonstrate that cost implications would probably be minimal.

It was our hope that such information would increase the likelihood of pension protection arrangements being accepted by all parties.

It is worth adding that we would like to see any such protection extended to staff whose income reduces towards the end of their service, for other reasons such as voluntary redeployment.

It was indicated that provisions would probably be included in the next set of amendments to the FPS. However, we request that ODPM issue a statement of intent in this respect to dispel the concerns of many FPS members whose morale is particularly low as a result of uncertainties over the impact of rank to role and other changes in the service.