



Fire and Rescue Service IMMEDIATE BULLETIN

Bulletin number: 6

9 September 2011

Addressed to:

**The Chair of the Fire and Rescue Authority
The Chief Executive of the County Council
The Clerk to the Fire and Rescue Authority
The London Commissioner
The Chief Fire Officer**

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[Title: Firefighters' Pension Schemes \(England\): Consultation on proposed increases to employee contribution rates](#)

Publication of the consultation paper on increases to employee contributions in the firefighters' pension schemes for the financial year 2012/13.

Firefighters' Pension Schemes (England): Consultation on proposed increases to employee contribution rates

1. Background

- 1.1 In 2010, the Government commissioned Lord Hutton to chair the Independent Public Service Pensions Commission to review public service pensions and to make recommendations on how they can be made sustainable and affordable in the long term, and fair to both public sector workers and the taxpayer.
- 1.2 In his interim report, Lord Hutton explained that the value and cost of a public service pension has increased by around a third because of longer life expectancy over the last fifty years, and that these costs had generally fallen to the taxpayer.
- 1.3 Lord Hutton recommended that if the Government wished to make short term savings, then raising contribution rates would be the most effective way to achieve that objective. This would also make for a fairer balance between what employees pay and what other taxpayers have to pay. At the Spending Review the Government accepted Lord Hutton's rationale and announced the intention to increase employee contributions by 3.2% on average by 2014-15.
- 1.4 Lord Hutton's final report was published on 10 March 2011. In that report he made clear that change is needed to "make public service pension schemes simpler and more transparent, fairer to those on low and moderate earnings". Lord Hutton set out 27 recommendations for public service pension reform, including protection of accrued rights, the retention of a form of defined benefit and the fairer sharing of risk between taxpayers and scheme members.
- 1.5 The Government accepted the broad principles set out in Lord Hutton's report as a basis for consultation. The Government has committed to ensuring that public service pensions remain among the very best available, providing a guaranteed pension level for all employees; a benefit very few private sector employees still enjoy.
- 1.6 On 19 July 2011 the Chief Secretary to the Treasury set out to Parliament the Government's timetable for the proposed increase in employee contribution rates and discussions with business partners around the wider pension reforms.
- 1.7 On 28 July 2011, the Cabinet Office, Department for Education and the NHS published consultations on pension contribution increases for civil servants, teachers and NHS staff for the financial year 2012/13 (http://www.hm-treasury.gov.uk/press_89_11.htm). On the same day, the Department for Communities and Local Government announced its intention to consult on proposals to increase employee contribution rates in a Departmental letter (<http://www.communities.gov.uk/publications/fire/consultfirefighterspension>).

2. Firefighters' Pension Schemes Consultation

- 2.1 On 9 September, the Department published a consultation paper setting out proposals to increase the level of employee contribution rates in the Firefighters' Pension Scheme and New Firefighters' Pension Scheme for the financial year 2012/13. The consultation seeks views on the following key proposed changes to the firefighters' pension schemes in England:
- Increased levels of employee contribution rates, effective from 1 April 2012
 - The introduction of tiered contribution levels, so that high earners will pay a higher rate of contribution.

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Firefighters' Pension Schemes (England): Consultation on proposed increases to employee contribution rates

- Different levels of increase for the Firefighters' Pension Scheme (1992) and New Firefighters' Pension Scheme (2006)
- The specific handling of contributions for retained and part-time firefighters.

2.2 The consultation is open for 12 weeks until Friday 2 December 2011. We would welcome your views on the proposals outlined in the consultation document, which can be found at: <http://www.communities.gov.uk/publications/fire/firefighterpensioncontributions>.

2.3 This consultation only makes proposals in relation to the financial year 2012/13. It does not make proposals on employee contribution rates in subsequent years or in relation to broader reforms set out in Lord Hutton's final report. These are the subject of separate discussions.

2.4 Further information on the proposals and on how the Government is responding can be found in the following question and answer paper on the Departmental website: <http://www.communities.gov.uk/publications/fire/firefighterpensioncontributions>.

2.5 Responses to the consultation may be sent by email to firepensions@communities.gsi.gov.uk, or by post to:

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 Zone 5/F6
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