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Clerk to the Fire Board
The Chief Executive, Dumfries and Galloway Council
The Chief Executive, Fife Council
Chief Officers
Members of Ministerial Advisory Group
Staff Representative Bodies

7 October 2008

Dear Sir / Madam

Scottish Fire Services Circular 15/2008
Additional funding arrangement for Firefighters pensions

Please find attached a copy of the text of a joint statement and press release issued today by the Scottish Government and COSLA on Police and Fire Pensions.

Yours sincerely



Graeme Fraser

Joint Statement by Scottish Government and COSLA on Police and Fire Pensions

The Scottish Government and COSLA have agreed how to deal with the increased police and fire pensions costs that arise in 2009-10 and have also agreed on the way forward on future pensions reform.

The additional pensions costs that arise in 2009-10 are £40m and the Scottish Government has agreed to provide an additional £20m towards those costs, with the local government family contributing the remaining £20m. COSLA has asked that the Scottish Government formally seek Treasury consent that local authorities be allowed to borrow up to £8m in 2009-10, as part of their £20m contribution, in order to help spread the pressure. The Scottish Government has now done that.

This new funding is over and above a number of other contributions that have already been made. The local government family is making available an additional £37m in 2008-09 to meet pensions pressures in this year. The Scottish Government is making available an additional £32.8 million this year and the £22.3 million in 2009-10 to meet the additional costs of changes in the commutation rates for police and fire officers.

Working together, the Scottish Government and Local Government have now bridged the gap in police and fire & rescue service pensions.

They also agree that police forces are now in the best possible position to maintain officer numbers and ensure that the commitment in the Concordat to make an additional 1,000 police officers available in communities can be delivered. And they have agreed to address the longer term pensions issues by reforming the management of police and fire pensions. At present, police and fire budgets have to cope with fluctuating levels of pension costs driven by variable numbers of police officers and firefighters who retire each year. We will move to a system which manages these fluctuations in a more sensible way and will provide greater certainty for Police and Fire Boards. This will be done by pooling the risks arising from police and fire pensions, with transitional arrangements put in place for 2009-10 followed by the introduction of the new system for the management of police and fire pensions in the following year.



News Release

Tuesday, October 7, 2008

JOINT AGREEMENT REACHED ON POLICE AND FIRE PENSIONS

The Scottish Government and COSLA have reached agreement on the extra funding needed to offset the pressures on the police service and the fire and rescue service caused by record numbers of retireals.

A way forward on future pensions reform has also been agreed.

Justice Secretary Kenny MacAskill and COSLA's President Pat Watters today welcomed the deal that will ensure pension costs in both services are fully funded. The deal also means that Scotland's police forces will be in the best possible position to ensure that the commitment in the Concordat to make an additional 1,000 police officers available in communities can be delivered.

Under the deal, which has been worked through and agreed under the partnership arrangement in place since the Concordat, the Scottish Government will provide an extra £20 million and the Local Government family will also provide an extra £20 million to meet the additional pressures expected as a result of a high number of retireals in the police service and in the fire and rescue service next year.

Kenny MacAskill said:

"The Scottish Government is committed to supporting our police and fire services as they work to make our country safer and stronger.

"This significant extra funding, which we have now agreed with COSLA, will ensure police forces have sufficient funds to maintain officer numbers and continue with their existing recruitment plans, which are in addition to the 1,000 extra officers that this Government is funding.

“As well as dealing with the exceptional pensions pressure we are facing next year, we have also agreed with COSLA how to address the longer term pensions issues by reforming the management of police and fire pensions which will provide greater certainty for our police and fire boards.”

Councillor Watters said:

“Alongside the Scottish Government, Local Government is firmly committed to supporting our police and fire and rescue services in their work to make our country safer and stronger.

“Local Government has already found significant resources to meet pensions pressures in 2008-09. Our commitment to find further resources next year demonstrates our resolve not only to recognise the needs of our employees but also how best we can fulfil our part of the Concordat.”