

An example of some Myth Busters about the Firefighters Pension Schemes

Over the next few months and weeks you'll probably hear lots of hype about why public sector pensions are unaffordable, a massive burden on the taxpayer and have got to be changed. Here are a few of the points you may wish to use to counter some of these claims. This is not designed to cover all issues but it is an example of how you can explain the recent attacks and reforms that have already taken place

Myth - Firefighters pension schemes are just too expensive and why should taxpayers be burdened in this way?

FBU - A firefighter in the Firefighters Pension Scheme pays 11% in pension contributions. This equates to around £260 per month, which is among the highest employee contribution rate. Until 1988 firefighters were automatically enrolled into this scheme as membership was a mandatory requirement. In effect any firefighter with over 22 years service didn't have any choice when they joined the fire service they joined the pension as well and automatically committed to the employee contributions irrespective of whether or not they could afford it.

Myth - We can't allow pension costs to spiral out of control, we need to reform them.

FBU - Hutton's own review recognises that the uniformed services were among the first to have their pensions reformed. In April 2006 the Firefighters Pension Scheme was closed to new entrants and from this date all new entrants to the fire service joined the New Firefighters Pension Scheme. This new scheme was introduced to ensure sustainability and affordability for the future. It contained many amendments such as a single accrual rate and the raising of the retirement age. These amendments will cut the costs of the pension scheme in the long-term. Hutton's own review recognises this and he reports that over the next 30 years expected savings for firefighters schemes will be around a third of overall costs with the reforms that have taken place so far. Reforms in the Local Government Pension Scheme included the introduction of a whole new look scheme in 2008 (Scotland 2009), which contained changes such as tiered contributions, new accrual rates and changes to the retirement age. This was hailed as a way to ensure affordability and sustainability for the future. Savings from these amendments will be long-term and have not yet been realised.

In essence pension schemes in the fire service have undergone reform to bring them into line with the very aims Hutton is looking to achieve.

Public sector pensions are not spiralling out of control it's actually the opposite. The cost of providing public service pensions as a proportion of the Gross Domestic product (GDP) is the most appropriate measure and was used by The National Audit Office in their report earlier this year, and referred to in the Hutton report. Using this measure the cost is projected to fall from 1.9% of GDP in 2010/11 to 1.4% of GDP by 2060. Hutton recognises that pensions are a long-term commitment and we need to stress that reforms already taken place will bring the long-term savings and sustainability that he is striving for.

Myth - Pension schemes in the public sector are gold plated

FBU - Hutton outlined in his introduction to the interim report that he wants to dispel this myth. He also outlined that the gap between the public sector and the private sector is mainly due to the decline of the private sector pensions and that he was encouraged to discover that 85% of public sector workers contribute to pension schemes. TUC have carried out research into the pension schemes offered to the highest-paid private sector directors, which shows they can expect pensions averaging almost £300,000 per year, while many of their private sector workers have no employer backed pension scheme at all. We shouldn't be embarrassed about defending our position of not wanting a race to the bottom and defending our objectives of quality pension schemes for all workers.

Myth - The claim that public sector pensions are being attacked is just not true

FBU - Governments own figures in the Budget report 2010 projects the change from RPI to CPI will save £1.8 billion from unfunded schemes per year by 2015/16, and that this figure will rise year-on-year. This represents a reduction to the value to scheme members by around 15% on average. This 15% figure will rise to 25% when combined with the effect of the recent reforms in pension schemes.

Myth - We need to replace final salary pension schemes with career average schemes

FBU - Introducing a career average scheme to the fire service would be a major disincentive to firefighters who wish to develop their careers through promotion. We have already seen a proposal to reduce tax relief on pensions which, if accepted, will penalise firefighters wishing to progress through promotion. To maintain the professionalism of the fire service we need motivated, experienced officers and any disincentive such as career average schemes must be opposed.

Myth - You don't know you're born in the public sector

FBU - Firefighters are currently facing an imposed pay freeze. Like everyone else they are facing the VAT increase from 2011. CPI replacing RPI will wipe at least 15% off the value of their pensions. They already pay up to 11% into their pension schemes and they are facing a Government determined to change the benefits structure and increase this contribution rate even further. Despite the physical nature of their role the health provision for firefighters has been amended and enhancements they previously received have been removed.

Myth - All accrued pension rights are protected and will remain unchanged

FBU - Although Hutton has given assurance that pension rights that public sector workers have already accrued will be protected. It cannot go

unnoticed that the change from RPI to CPI will potentially wipe 15% off the pension value (this may rise to 25% when recent reforms take effect). All increases in pension contributions, increases in VAT, imposed pay freezes etc, will have a dramatic effect on the actual value of the pension of the individual.

Myth - The Union will just carry on saying no to changes

FBU - This couldn't be further from the truth. Over recent years we have been discussing the future affordability of all the fire service schemes. Financial savings from the amendments to the Firefighters Pension Scheme and the Local Government Pension Scheme have not yet been realised but they will make the schemes sustainable, affordable and fair in the long-term. These sort of changes cannot be done overnight but any suggestion that we just say no is not accurate. The FBU is discussing cost sharing initiatives such as Cap and Share and the paper looking at 'options for the future' has already been on the agenda for the national meetings. We have been asking for some consistency on what is deemed pensionable pay for almost 2 years as we believe that ironing out issues like this will save money both short-term and long-term. We stand by our belief that real savings can only be made through meaningful negotiation and not through imposition.

Myth - The retirement age for firefighters needs to be increased in line with everyone else

FBU - Although we accept that the NFPS has a retirement age of 60, compared with age 55 in the FPS, we have raised concerns that there is no evidence that firefighters can continue to work to this age in the numbers that will be required to maintain the effective service. Any suggestion of extending the retirement age past 60 is ludicrous as an aged fire service is not in the best interest of the public. The higher contribution rate in the FPS compared to the NFPS reflects an individual's ability to retire earlier.

Myth - When firefighters are no longer able to crew front line appliances they can do other non-operational roles until they retire age 60+

FBU - This is a myth that is peddled around on a large scale, but in reality we all know that any non-operational roles have already been converted to 'green book' roles on a lower salary in most cases. Fire Authorities have tried to trim operational establishment figures by converting firefighter roles in this way thus saving money. The knock-on effect of this is that there are no real redeployment opportunities for operational firefighters who, because of the effects of their age, are no longer able to ride frontline appliances. The FBU has been working with the Department of Communities and Local Government to try and address ill-health retirement figures in the fire service in an attempt to use redeployment and reasonable adjustments where they are available. Raising retirement ages would just be counter-productive and will cost money in the long term as the number of ill-health retirements, due to individuals being unable to perform their role, will increase.