Established 1918

The Fire Brigades Union

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TO: ALL MEMBERS

Dear Brother/Sister

RECALL CONFERENCE 10 FEBRUARY 2015: PENSIONS - BACKGROUND STATEMENT FROM THE EXECUTIVE COUNCIL

Please find below a Statement from the Executive Council provided to assist in the discussion in preparation for the Recall Conference. It should be read in conjunction with the Statement to the Recall Conference issued last week.

ATTACKS ON FIREFIGHTERS' PENSIONS
EXECUTIVE COUNCIL – BACKGROUND STATEMENT

Introduction

Following requests from local officials the Executive Council has drawn up this summary report on the union's campaign over pensions. This Statement was discussed and agreed at the meeting of the Executive Council on 13 January. It is provided to members as a background document for discussion during the preparation for our Recall Conference on 10 February. It does not set out the Executive Council recommendations – those are set out in the Statement to Conference issued on 16 January. Rather, it is set out as a summary of developments so far in our campaign and is provided to assist discussion.

The attack on pensions across the board

The attack on firefighter pensions is a part of a much wider attack on all pension schemes of all workers in the UK and internationally. Private sector workers' pensions have been decimated over the last decade, with few final salary schemes remaining and many driven from defined benefit to defined contribution schemes, which shift the costs even further away from employers and the state onto workers.

After the 2010 election, the Westminster Coalition Government took an early decision to launch their attack affecting more than five million workers in the public sector. They decided to end the previous ring-fencing arrangements put in place by the Labour Government, when it attacked pensions in 2005/06 and created the New Firefighters Pension Scheme (NFPS).

Employers and Governments have succeeded in forcing workers to pay more, work longer and still get less for our pensions. They have not succeeded uniformly or evenly across the board, but they have rolled back pensions in both the private and now the public sector. In order to fundamentally challenge the whole basis of these attacks would require a campaign involving all unions in both the public and private sector. Indeed such a campaign would also need to be coordinated on an international (at least European) level. This has so far not been achieved and to do so would require a fundamentally different approach from the trade union movement in the UK and across Europe.

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The attack they launched

The three-year contribution rises were motivated as a deficit-reduction measure in the October 2010 autumn statement. Firefighters were already paying among the highest contributions – in the case of the Firefighters Pension Scheme (FPS) of 11%.

The Westminster Government-commissioned Hutton review, published in March 2011 suggested the Government 'consider' a Normal Pension Age (NPA) of 60 for firefighters – in line with the NPA in the NFPS. The Westminster Government held talks with the TUC and unions in the summer of 2011 and then started scheme-specific talks in August 2011. At the TUC, the FBU (with others) opposed this move to scheme specific talks. The Government imposed the other public sector schemes (in most cases) in December 2011, with or without the agreement of the unions involved.

Following pressure from the FBU the Westminster Fire Minister Bob Neill commissioned Tony Williams to investigate the health and fitness implications of firefighters' retirement at 60 and his findings. The FBU has always maintained that the firefighters' pension scheme 2015 announced by Bob Neill in May 2012 was not workable, not least because it included an NPA of 60. The Government used the Public Service Pensions Act, which came into force in spring 2013, to provide the overarching primary legislation to impose the changes – although each scheme required further secondary legislation to introduce the regulations.

Westminster Fire Minister Brandon Lewis made a new offer in June 2013, with an actuarial reduction of around 22% (as opposed to one of around 47% in the original scheme). However this was still unacceptable and unworkable. In October 2014 the Westminster Government with Penny Mordaunt as the new Fire Minister laid the regulations for the firefighters' scheme. These became law in December 2014 – to be implemented in April 2015.

The FBU's response

The FBU has fought a strong and vigorous campaign on pensions, utilising all industrial, political, legal and other methods at our disposal. The union has conducted our pensions campaign in a period where the employers and the Government have taken advantage of the financial crash of 2007/8 to impose austerity, which has seen 6,000 firefighter jobs go since 2008 and a Government-imposed pay freeze that has seen firefighters' wages fall in real terms by 15% against RPI since 2010. The FBU has also sought to fight these attacks with public meetings, lobbies, street stalls, demonstrations, lobbying, legal action and direct action.

Impact of devolution

The campaign has been further complicated by the issue of devolution. While seeking the same or similar arrangements for firefighters across the UK, the legal responsibility for pensions rests with the Governments in the four parts of the UK. This has meant that each stage of discussions and negotiations has been repeated four times with four Ministers and the relevant teams of civil servants.

FBU evidence-based case

The FBU approach from the start was to build a strong evidence-based case against the attacks. This case was based on the work firefighters are required to undertake or to prepare for and the standards they are required to meet for their occupation. It has been this powerful evidence-base which has provided the background to and basis for the FBU campaign since 2010. At no point has anyone been able to challenge or undermine the strength of this case.

The FBU has produced an enormous amount of evidence and publications as part of the campaign. We published the Cutler and Waine report on the Hutton review. The union commissioned its own evidence from actuaries and health specialists, and conducted its own research to inform our case. The FBU's Firefighter magazine has carried updates in most issues over the past four years. We have produced 13 separate pension bulletins for members, as well as numerous briefing notes, lobby packs, media messaging documents, leaflets – as well as placards, posters and other materials for public activity.

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Cost Ceiling

In 2011, the FBU challenged the assumptions that the Government Actuary's Department were using. This resulted in an improved cost ceiling which did improve the position for firefighters in relation to all subsequent discussions.

Contributions

The FBU continues to do a great deal of work with First Actuarial consultants on the impact of contributions on the scheme. We focused particularly on opt-outs and showed that if more than 7% of firefighters opted out of the scheme, the Government would lose more money than its deficit reduction target and that it would seriously undermine the schemes long-term sustainability.

In the first round of contribution increases in April 2012, the Government imposed half the increase it had originally planned for firefighters - imposing a 0.6% increase on FPS members (0.3% for NFPS). Although this shift from their policy was only applied to the firefighters' pension schemes, by 2014 it had imposed the same increases (of at least 3.2% in the FPS and 1.6% in the NFPS) as in other schemes. The contribution increases included the introduction of a tiered process which meant higher contributions for higher earners.

Normal Pension Age (NPA)

The FBU made submissions to the Hutton review to seek to influence his report. In 2012 the union set up an NPA group comprised of Head Office and Executive Council members in order to prepare our case that an NPA of 60 was unworkable. The union made detailed submissions to the Williams review on the lack of redeployment opportunities, on fitness standards, international comparisons and on those firefighters currently working beyond 55.

Tony Williams' report for DCLG was consistent with FBU and other academic evidence, which suggested that the majority of current firefighters (at least two-thirds and possibly 85-92%) would not be fit enough to work to 60. It highlighted the possibility that firefighters would end up with no job and no pension in their 50s. DCLG has never responded officially to Dr Williams' report.

Political campaign

The assault on pensions is a political attack launched from Westminster and has been met with a strong political campaign from the union. Along with others, the FBU argued within the labour movement that the attack was public sector wide and therefore unions should fight it together through a united, coordinated campaign. The Executive Council was also clear, however, that any such campaign would need to involve far more than a single day of strike action. The TUC decided instead to support scheme specific talks in July 2011. At the TUC the FBU and others opposed this step, which was a significant turning point in the wider campaign. Although the FBU continued to work with other unions and support their campaigns, from then on the union had to conduct our own campaigning at our own tempo.

The FBU lobbied politicians at Westminster as well as at Holyrood, Cardiff and Stormont. At Westminster the union organised a rally at Westminster Central Hall in November 2010, while more than 100 firefighters rallied at the Scottish Parliament on the same day. In 2012, around 400 FBU members converged on Westminster against cuts and the pension attacks. In 2012-13, the FBU sought to amend the Public Service Pensions Bill at its Committee and Lords stages to allow for earlier retirement, but this was rejected by the Westminster Government. In October 2013, the union organised a successful pensions and cuts march in London and held a rally in Westminster Central Hall. In March 2014, around 200 FBU members lobbied MPs on pensions and cuts.

From October-December 2014, FBU members were highly effective in securing 283 signatures for an EDM to revoke the firefighters' pension regulations – the highest number of signatures this Parliament. It was backed by the Labour leadership and by MPs from all other parties at Westminster - other than the Conservatives and UKIP. On 15 December 2014, around 250 firefighters attended Westminster to lobby again on pensions as a result of a debate on the issue. This was the only full parliamentary debate on an individual pension scheme arising from the changes to all public service schemes following 2010. The motion to scrap the new law was debated, but the vote was lost 313 to 261. The Liberal Democrats split, with 33 voting with the Government and 7 against. During the debate however the DCLG Fire Minister suggested that firefighters who could no longer maintain their operational fitness through no fault of their own would not be dismissed but would instead receive an unreduced pension if they were age at least 55. It was clear to any impartial observer that we won the argument but that the Tory and Liberal Democrat whips won the vote.

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- In Northern Ireland, when legislation had not yet reached the statute book, the FBU was invited to present written and oral evidence at the Committee stage. This resulted in a decision by the assembly to amend the legislation, accepting the overwhelming evidence in the Williams report and other sources, to make the NPA 55.

- The Scottish Government offered an 11 point programme, including a commitment that firefighters would not be sacked in the event of lack of fitness due to age. In addition to this the Scottish Government proposed an improved protection package which took account of length of service as age. The Scottish Government proposal also includes a much fairer flexible retirement process for firefighters from age 55. The Welsh Government have also recently consulted on a similar flexible retirement option.

Industrial action

When the Public Service Pensions Act came into force in spring 2013, the FBU commenced a discussion, and resolved at the May 2013 Conference to ballot all our members (apart from Control members) for strike action.

FBU members voted overwhelmingly for strike action in August 2013. Some 78% of those voting voted yes, a margin of nearly four-to-one in favour. In a good turnout, a majority of members who took part in the ballot voted to strike. So far, FBU members in England have taken over 50 separate periods of strike action – ranging from one hour strikes to a four-day strike in October-November 2014. This industrial action has amounted to over 11 days in total and taken place on 37 different days over 14 months. In addition members have taken industrial action short of a strike as part of the campaign.

The rolling programme of strike action has been targeted, minimising financial losses to members while applying pressure – often acutely – to employers and the Government. The action has not prevented talks – in the most part it has forced the negotiations to go on for much longer than expected. At various times our members have been locked out in Essex and in Surrey. A lock out has been threatened in London and elsewhere. Our members in Buckinghamshire have faced a particularly hostile employer and have faced lockouts and the highest level of lost pay of any group of members.

The decision by the Northern Ireland Assembly Government to retain an NPA of 55 was sufficient to avert any ballot in Northern Ireland. The Scottish Government's offer in 2013 was sufficient for the FBU to suspend strike action in Scotland. An offer by the Wales Assembly Government in October 2014 to consult on the improved actuarial reduction meant FBU members did not take part in the four-day strike in October-November or the one day strike in December. Firefighters in Wales have taken part in all previous periods of strike action to-date during this campaign.

Legal action

The FBU has used the available legal channels to push our case. The union led the legal challenge on changing the way that pensions in payment are uprated from RPI to CPI. The FBU has submitted a pre-action letter on age discrimination relating to the process used by Government when it set its initial actuarial reduction figure of around 47%. This was subsequently improved to around 22%. (In Scotland this has been improved further to 9% and Wales has consulted on a proposal including this improvement).

The irrational and unfair method for calculating the 22% reduction is still being opposed and challenged by the FBU. The FBU legal team is still building a legal argument to challenge this. The FBU has also looked at legal challenges around the current transitional protection proposals which it says are inadequate. The issue of commutation factors is also being looked at from an age discrimination angle to see if a challenge exists. The legal route is just one avenue that will need to be exhausted as part of the ongoing campaign now that the regulations have been laid in England.

The balance sheet so far

Compared with original proposals outlined by the Westminster Government in 2011, the FBU has managed to alter, reverse, or mitigate a number of aspects of the attacks on members:

- The higher cost ceiling in October 2011.

- The first year smaller increase in contributions, worth around £200 for most members.

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- Averaging the 2015 scheme contributions over all firefighters schemes meaning that the employee contributions will be phased in from 2015.
- Lower initial contributions for new entrants, firefighters in training and firefighters in development.
- NPA of 55 in Northern Ireland.
- An agreement (and agreement for a pension regulation) on 'No Job, No Pension' in Scotland.
- Additional protection based on length of service as well as age in Scotland.
- An improved actuarial reduction – from 47.1% at 55 to 21.8% in England, 9% in Wales (and Scotland).
- For NFPS members, an actuarial reduction better than the 40.5% in the 2006 scheme for retirement at 55.
- The National Framework guidance on 'No job, No pension' (N.B. see concerns below).
- Final arrangements for the modified scheme for RDS members.

We have not:

- Stopped the three-year imposed contribution increases.
- Stopped career average replacing final salary pensions.
- Achieved full protection for FPS members.
- Improved the commutation factors.
- Improved the actuarial reduction arrangements in England.
- Addressed the threat of 'No Job No Pension' – other than in Scotland.

Unity of members

The membership of the FBU continues to demonstrate marvellous unity, solidarity and determination throughout this campaign. This has been shown in campaigning lobbying, in our ballot, on our picket lines and in our recent campaign around EDM454. Thousands of members who are 'protected' under the Government proposals have loyally supported their brothers and sisters who face the robbery of their pensions. This unity has provided the other side of the strength of our campaign and has enabled us to sustain such a long fight.

We continue to maintain our organisation, despite different conditions across the devolved administrations. We have gone into battle in good order and maintained our unity. Our task is to identify the next phases of this campaign and how it links to other issues. These and related issues are addressed in the Executive Council Statement to Recall Conference and will be the subject of discussion there. In the meantime various strands of campaigning continue and the Executive Council continues to monitor all developments and to keep all options open.

Best wishes.

Yours fraternally

M. Wrack

MATT WRACK
GENERAL SECRETARY

MW/sll