



Matt Wrack General Secretary
Bradley House, 68 Coombe Road,
Kingston-upon-Thames, Surrey KT2 7AE
fbu.org.uk | @fbunational
020 8541 1765 | office@fbu.org.uk

«NameLine1» «RegionBrigade» «StationCode»
«OtherName»
«Address1»
«Address2»
«Address3»
«Address4»
«Address6»

Circular: 2019HOC00672MW

23 December 2019

TO: ALL MEMBERS

Dear Brother/Sister,

PENSIONS: FBU COMMENCES NEW CHALLENGE FOR MEMBERS OF 2015 FIREFIGHTERS' PENSION SCHEME

FBU members will still be assessing the impact of the recent Employment Tribunal Remedy Hearing in relation to transitional protection and our successful case that our unprotected members had been discriminated against on grounds of age.

We have also made clear that this is only one strand of our continuing campaign on pensions. Working politically and with our lawyers we continue to explore every possible avenue to defend the pension rights of our members and to fight for improvements. This circular addresses a separate (but related) matter affecting members of the 2015 schemes.

The legal proceedings mentioned above were against the Government regarding the position of members of the 1992 and 2006 Firefighters' Pension Schemes who were transferred to the 2015 Firefighters' Pension Scheme. We have now told the Government that we intend to initiate a second, separate claim for members who are in the 2015 Scheme or the Local Government Pension Scheme 2014 and who cannot transfer to the older Firefighters or Local Government pension schemes.

Cost Cap And Valuation

Both of the newer pension schemes contain mechanisms for assessing the cost of providing pensions, and adjusting members' contributions or benefits if the cost, as assessed by the scheme actuary, diverges from the target cost by more than 2%. This 2% margin is symmetrical. If the assessed cost of the scheme is *below* the target cost by 2% or more, benefits must be improved or member contributions must be reduced (or a mixture of both). This cost control mechanism has always been presented as a fundamental aspect of the changes which were made in 2014 and 2015.

In fact, the actuarial valuations published in February of this year show that the cost of the schemes is significantly below target. In real terms this means that members of the 2015 Firefighters' Scheme or 2014 Local Government Scheme have been paying **too much** for the benefits they have been accruing and the remedy to this is to improve the benefits. The default remedy is to improve the accrual rate of the new schemes. That has been known since the autumn of 2018 when the valuations were produced in draft, and discussions were commenced to decide what benefit improvements should be made or what the members' contributions should be (although that is ultimately a decision to be made by Government Ministers).

The Government "paused" the operation of the mechanism in January of this year. The Chief Secretary to the Treasury stated that they needed to know the outcome of our age discrimination cases before proceeding and, at that stage, their application to appeal to the Supreme Court was still pending. The application was refused in June, but the pause has still not been lifted.

In fact, the age discrimination cases are completely separate to the cost control mechanism. It is undoubtedly the case that the previous schemes are now more expensive than the Government assumed because all members who joined the service before 1 April 2012 are now back where they belong. But the cost control mechanism only concerns the cost of the new schemes.

Having discussed this at length with our legal advisers, we have told the Government that the cost control mechanism must be put into effect now, with the result that members of the 2015 Firefighters' Pension Scheme and the 2014 Local Government Pension Scheme would see a significant improvement in their benefits or reduction in their contributions, retrospectively to 1 April of this year. We have told them that if the pause is not lifted, we will start a new legal claim against them.

We have also contacted other trade unions regarding this matter as it affects other public service pension schemes.

We have asked for a response by 9 January 2020. We will keep you informed of developments.

Yours fraternally.

A handwritten signature in black ink, appearing to read "M. Wrack". The signature is written in a cursive, slightly slanted style.

Matt Wrack
General Secretary

MW/kc