



DEVON & SOMERSET FIRE & RESCUE AUTHORITY

REPORT REFERENCE NO.	HRMDC/11/13
MEETING	HUMAN RESOURCES MANAGEMENT & DEVELOPMENT COMMITTEE
DATE OF MEETING	11 NOVEMBER 2011
SUBJECT OF REPORT	CONSULTATION ON CHANGES TO THE FIREFIGHTERS' PENSION SCHEME AND THE NEW FIREFIGHTERS' PENSION SCHEME.
LEAD OFFICER	Director of People and Organisational Development
RECOMMENDATIONS	<i>That, subject to incorporation of any comments made at the meeting, the Director of People and Organisational Development be authorised to respond on behalf of the Authority to the Department for Communities and Local Government (DCLG) consultation on the changes to the Firefighters' Pension Scheme and the New Firefighters' Pension Scheme as set out in Appendix A to this report.</i>
EXECUTIVE SUMMARY	<p>The Department for Communities and Local Government issued a consultation document recently in relation to changes to the Firefighters' Pension Scheme and the New Firefighters' Pension Scheme. This consultation relates to the following proposals:</p> <ul style="list-style-type: none"> • Increased levels of employee contribution rates, effective from 1 April 2012; • The introduction of tiered contribution levels, so that higher earners will pay a higher rate of contribution; • 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. <p>A draft response to the consultation is contained within Appendix A to this report for consideration.</p>

RESOURCE IMPLICATIONS	As indicated.
EQUALITY IMPACT ASSESSMENT	Not applicable.
APPENDICES	Appendix A – DSFRA draft response to the consultation on the changes to the Firefighters’ Pension Scheme and the New Firefighters’ Pension Scheme.
LIST OF BACKGROUND PAPERS	

1. INTRODUCTION

1.1 The Service has received a consultation document from the Communities & Local Government in relation to changes to the Firefighters' Pension Scheme and the New Firefighters' Pension Scheme. The consultation is in relation to proposed increases in the employee contribution rates which will be effective from 1 April 2012. This consultation relates to the following proposals:

- Increased levels of employee contribution rates, effective from 1 April 2012;
- The introduction of tiered contribution levels, so that higher earners will pay a higher rate of contribution;
- 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.

1.2 The consultation will run for 12 weeks from the 9 September 2011 through to 2 December 2011. The consultation is primarily aimed at fire and rescue authorities, members of the firefighters' pension schemes, and key employer and employee representative bodies.

1.3 As such, the Service intends to make a formal response. The consultation sets 5 questions to respond to, the proposed response to which is set out at Appendix A overleaf for consideration by the Committee.

JANE SHERLOCK
Director of People and Organisational Development

Question 1: Do the proposed tiered contributions meet the objectives set out by the Government in the Spending Review?

Yes in that lower earners do not see an increase in contributions and those earning from £15K up to £21K have a reduced increase. Since part-time staff and Retained Duty System (RDS) staff are both based on a reference salary equivalent to wholetime staff this in reality has no impact at all as there are no staff in this pay band. The high earners do see an increase and this is below the 2.4% point cap in 2012-13. However, at this stage there is no further information on the changes for year 2 and 3 and it would have been more useful to see the complete proposals.

Question 2: Are there any consequences of the proposed contribution tiers that you consider have not been addressed?

The lower increases for the New Firefighter Pension Scheme (NFPS) seem sensible given the reduced employer costs for this scheme.

Question 3: Do you consider that there are equality issues that will result in any individual groups being disproportionately affected by the proposed contribution tiers? If so, what do you consider to be the nature and scale of that disproportionate effect?

It would seem that part-time workers including RDS are disproportionately affected by this change since their pension contribution is based on the full-time equivalent as a reference.

Question 4: Is there a tariff which you think will help to further minimise any opt outs from the firefighters' pension schemes?

The proposed levels are unlikely to result in staff opting out from the schemes as they remain very attractive when you consider the employer contribution which would not be available under a private pension scheme.

Question 5: Is the treatment under the proposals of part time workers and retained firefighters clear?

Yes although in the FAQ document, it does not mention the tax relief and therefore does not make existing members fully aware of the impact upon their salary.