



Northern Ireland
Assembly

Committee for Finance and Personnel

OFFICIAL REPORT (Hansard)

Public Service Pensions Bill: Fire Brigades
Union Briefing

9 October 2013

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Daithí McKay (Chairperson)
Mr Dominic Bradley (Deputy Chairperson)
Mrs Judith Cochrane
Ms Megan Fearon
Mr Paul Girvan
Mr John McCallister
Mr Ian McCrea
Mr Mitchel McLaughlin
Mr Adrian McQuillan
Mr Peter Weir

Witnesses:

Mr Jim Barbour	Fire Brigades Union
Mr Jim Quinn	Fire Brigades Union
Mr Sean Starbuck	Fire Brigades Union
Mr Matt Wrack	Fire Brigades Union

The Chairperson: I welcome to the meeting Jim Barbour, vice-president of the Fire Brigades Union; Matt Wrack, general secretary; Jim Quinn, regional secretary; and Sean Starbuck, national pensions officer for the union. The Committee wants witnesses today to focus on the Department of Finance and Personnel (DFP) response to the union's submission to ensure that the session does not duplicate evidence that we have already received in previous sessions. We would like you to focus particularly on the extent to which your concerns have been addressed by the DFP response and what further points you may wish to make in that regard. Do you want to make some opening comments before we go to questions?

Mr Matt Wrack (Fire Brigades Union): Yes, please. Thanks very much, Chair. You have made the introductions so I will not repeat them. I thank the Committee for the opportunity to make a presentation and answer any questions. The Fire Brigades Union (FBU) is a UK-wide organisation. We represent approximately 41,000 firefighters across the UK, including around 2,000 here in Northern Ireland. We represent the vast majority of operational firefighters across the UK and here in Northern Ireland. That includes all ranks, from the newest recruit to the most senior ranks in the Fire and Rescue Service. The union has a wealth of expertise.

A key point for us is that we have been engaged in this debate for the past two and a half years in different parts of the UK with Westminster, the Scottish Government and the Welsh Government. We hope that our discussions with you can help to avoid some of the difficulties that we have encountered. As you would expect from a trade union, we have a number of principled views on

changes to pensions, but we are not here to talk about that; we are here to talk very much about evidence. We have a strong evidence-based case about the specifics of the firefighters' pension schemes and the proposals for new schemes from 2015, which are intended to be occupational pension schemes. Essentially, our case is based on the argument that an occupational scheme must be based around the occupation. There are specific demands that are unique to firefighting that we want to address.

We have suggested an amendment to the draft legislation. Our amendment would insert the phrase "no more than 60" for the normal pension age (NPA) in the Bill, rather than "must be 60". That would provide legislative flexibility in Northern Ireland. It certainly would not lock you into any final decisions about what scheme you wanted to introduce or how it would be introduced. It would provide flexibility and would avoid some of the risks that exist elsewhere in the UK. It would also allow us to protect those who want to work until 60 or beyond. We have no principled objection to that. Our case is not that there will not be firefighters who are fit enough to work to 60 or beyond; it is that there are unlikely to be sufficient numbers of firefighters who are able to maintain their fitness to 60 and beyond. However, there will always be exceptions to that. We want to seek a pension scheme that protects those who are unable to stay in the service because of the required fitness standards.

There are lessons to be learned from the dialogue that we have had with the Westminster, Scotland and Wales Governments. One is that the normal pension age in the rest of the UK was changed without supporting evidence. In fact, it directly contradicts the advice of the report that was commissioned by the Department for Communities and Local Government, which stated that a pension age should be set after debate in the fire service about the appropriate fitness standards for firefighters. The process was done back to front in the rest of the UK. You have an opportunity in Northern Ireland to address that problem and prevent it from arising.

There are two current schemes for firefighters. One was introduced in 2006; I think that it was mentioned in the briefing that you had from civil servants. That includes a normal pension age of 60. I was party to discussions with Ministers and civil servants at the time at Westminster. The record is in the House of Commons Library. Ministers and civil servants were absolutely clear that there was an issue of fitness declining with age but that, because of modernisation and other changes in the Fire and Rescue Service, there would be the opportunity for firefighters to be redeployed as they got older into non-operational roles. The blunt fact, which we have been able to demonstrate very clearly since then, is that those opportunities do not exist. We have carried out surveys all across the UK and found that minimal numbers of firefighters have been redeployed. We found only 15 redeployed posts in English fire services. In Northern Ireland, there are no opportunities for redeployment of firefighters into non-operational roles. Therefore, that argument, which was used as a key justification for the change in 2006, has been eliminated by the evidence on the ground in the fire and rescue services.

The latest reforms, as described in the Hutton report of 2010, advised the Government to consider introducing a normal pension age of 60 for firefighters' schemes, based upon the 2006 scheme. Our concern is that the normal pension age for the rest of the UK was changed prior to consideration of that evidence. We think that that evidence raises questions about whether a pension age of 60 is sustainable and achievable in the Fire and Rescue Service. The heart of that argument is about fitness. Firefighting, as I am sure you are aware, is an extremely physically demanding occupation. Firefighters are sent into extremely hazardous situations. For example, in a compartment fire, while wearing breathing apparatus and protective equipment, there is no opportunity, for example, to down tools and walk off the job. Once you are into a fire, you have to do the job and then get out. Firefighters face extreme situations, and fitness standards, therefore, have to reflect the demands that an employer might require.

It is common sense, as everyone understands and the science supports, that fitness tends to decline with age. You can mitigate that decline through fitness training, healthy eating, lifestyle changes, and so on. We have no concerns whatsoever about that. We are signed up, through our national conditions of service, to maintaining fitness. Firefighters are required to engage in maintaining their fitness, and we have no problem with that. However, we believe that the evidence shows that fitness, nevertheless, declines with age. You can see that in the fact that Olympic athletes tend to be younger and you do not tend to see Olympic 200-metre runners in their 40s and 50s; they are in their teens and 20s. It is a common-sense argument, but one that scientific evidence also supports.

We have submitted to you a copy of the Williams review, which I am sure you are aware of. There are no UK-wide standards of fitness. There are guidelines and there advice but, essentially, individual fire services are setting standards. However, using the most commonly used standards, the Williams review found that, in the worst-case scenario, something like 85% and at least 50% of firefighters

would be unlikely to achieve the required fitness standards between the ages of 55 and 60. A very high proportion, in some cases two thirds of the current workforce, would be unlikely to be able to maintain required fitness standards beyond the age of 55.

For us, that raises a very difficult problem with pensions policy, which should be designed to ensure that scheme members can reach the pension age and then get the pension to which they are entitled. We believe that it is wrong to create a pension scheme whereby many members are unable, for whatever reason, to achieve the pension age and have to find some other route.

A concern that has been expressed very clearly in England and Wales is that one of the risks is that, if the employer were unable to pay the pension and the individual firefighter were unable to maintain the required fitness standard, with no opportunity for redeployment, the employer would be left with the difficult problem of what to do with that employee. One thing that they would have to consider in such circumstances is dismissing the individual for capability reasons. They would not be capable of fulfilling their role, and they would face the threat of dismissal. That is a very real threat, which was flagged up some 18 months ago by the fire service employers in tripartite discussions in England. This is not something that the Fire Brigades Union has invented; it was flagged up as a risk by the fire service employers. We think that it is a very real risk, and one that we would seek to avoid in the design of a pension scheme.

We believe that Northern Ireland has the opportunity to deal with that problem before it becomes law. We want to avoid the waste of public money that would result from capability dismissals, and all the problems that would arise out of that. The best approach is the one identified in the Williams report, namely that the normal pension age should be based on the evidence and appropriate fitness standards. We have fitness standards in the Fire and Rescue Service here in Northern Ireland and elsewhere, and we think that the scheme should be based around that, rather than the other way round.

There is evidence from Northern Ireland surveys of firefighters' opinions, views and concerns, which, I think, clearly demonstrate a very high level of concern. There are a number of aspects to that, but I think that it comes down to confidence in a scheme. Everybody says that we want to encourage public sector workers to save for their retirement. That is good policy, but, if we want to do that, people need to have confidence in the scheme that they are being asked to join. Increasingly, our firefighters are saying that their confidence in the scheme is significantly damaged because of, first, the rising costs of being members of the scheme, and, secondly, the question of whether they can realistically expect to achieve the pension because of the pension age.

I move now to cost, because I am sure that public finances will be an issue that you need to consider. There are two risks in relation to the possibility that costs will increase. The savings suggested by the Treasury assume a 1% opt-out rate. Our argument is that the opt-out rates may vary greatly, depending on the starting point of the contribution. It is one thing if people are paying 5% of their salary as their pension contribution, but it is a very different position if firefighters start out by paying 11%, as is the case with the majority of them. Raising that to 14% next year for some of our members — significantly more for higher earners — would mean that a very high contribution level is being made from fairly modest salaries. If only 7% of firefighters choose to opt out, there will be no savings, and the cost to the taxpayer will increase. Therefore, there is a very real risk that the plans to supposedly save public money will not deliver any savings, and actually start to cost.

Equally, on the normal pension age argument, we think that another risk arises from the physical demands of the occupation. I joined the fire service 30 years ago. Throughout that time, there has been a campaign and changes in policies to reduce the number of ill-health retirements in the pension scheme. Such retirements have been very significantly reduced across the UK. Our concern — we think the evidence supports this — is that, if you change the pension age from about 52, which is the age at which the majority of firefighters retire, to a scheme in which the majority are expected to work until 60, a significant increase, you will see a rise in ill-health retirements. Subsequently, the savings that have already been made, or are expected to be made, will not be realised as a result.

We think that there is an opportunity to address that issue in respect of the normal pension age. We believe that it is best to address it at this stage and to allow flexibility, rather than to do what has happened elsewhere in the UK, which is to introduce a normal retirement age that raises subsequent problems in the scheme design that will need to be addressed further down the line. That is, essentially, what we would like to say to kick off with, Chair. I am happy to take any questions.

The Chairperson: Thank you very much. The FBU submission refers to clause 10 (5). The Department has used this as part of its defence for clause 10 (5)(a), which refers to "normal pension age" and disregards:

"any special provision as to early payment of benefits on the grounds of ill-health or otherwise".

The Department would argue that that covers some of the concerns that you are raising. What is your analysis of that part of the legislation?

Mr Wrack: The concern that we have about the early access to pension arrangements that is being suggested is that, again, firefighters will end up being potentially penalised. If the scheme has been designed so that a full pension is achieved, for example, at the age of 60, after 40 years' service, an individual can plan around that. However, to then effectively be forced out of the service because of an inability to maintain fitness levels would put people in an impossible position. Our concern is that the loss that would result from taking a pension early will become unaffordable for individual pension scheme members.

The Chairperson: I have two other points. Comparisons will always be made with other occupations that need high levels of fitness, so in what ways should firefighters be regarded as over and above those type of occupations, such as police officers, prison officers, and so on? Another comparison with those areas is the issue of back office roles. What is the capacity of back office positions to subsume firefighters who reach a particular age in the Fire and Rescue Service here?

Mr Wrack: Those are two key points. I am not able to comment on other parts of the public service, but I have some knowledge of physical fitness standards in the police and elsewhere. The example of the armed forces has also been used. The truth is that you do not generally have armed forces personnel on the front line, for example, in Afghanistan, at the age of 60. The difficulty in the fire service is that, because of its size and structure, essentially, you need to be operationally fit throughout your career. If you start out at 18, you are required to meet fitness standards. If you are still in post at the age of 55, 56 or 60, you still need to be able to meet exactly the same standards as the 18-year-old.

That ties into your second point about the possibility of back office roles. That goes back to the debate that we had with the Westminster Government in 2006. Their argument was that, because of the changing role of the Fire and rescue Service, firefighters were doing far more preventative-type work and, therefore, they would not necessarily be required to be fighting fires at 60 and would have other jobs to do. The evidence shows that that is absolutely not the case; if anything, those types of jobs have largely gone from the uniformed fire service. There are fewer opportunities for stand-alone inspecting roles or community safety roles, and so on, so people in the service are required to fulfil an operational role throughout their career.

As I said, I think that a useful way to think about it is that the firefighter who joins at 18 and meets a physical fitness standard has to meet exactly the same fitness standards at 58. We think that that is a problem. Essentially, there are not opportunities for back office roles within the Fire and Rescue Service either here in Northern Ireland or anywhere else.

Mr Jim Barbour (Fire Brigades Union): It is important to emphasise that it is not just the Fire Brigades Union that says that. We have got it in writing from our employers on at least two occasions that there simply are not those redeployment opportunities in the Northern Ireland Fire and Rescue Service. It might be convenient for us if such opportunities did exist, but they do not, hence the risk of capability dismissals.

The Chairperson: Was that from the board?

Mr Barbour: It was from the board.

The Chairperson: You referred to the work that the Department for Communities and Local Government (DCLG) is commissioning. Why is there such a lack of evidence on and analysis of fitness levels? When do we expect to see some results from that? Is it 2015 or 2016, as has been suggested?

Mr Wrack: Our most serious criticism of the DCLG's approach is that — I mentioned that we have a broader political view on pension change, but that we are putting that to one side — we were asked to engage in scheme-specific discussions two and a half years ago, and, as a result, we invested a huge amount of our resources into investigating the fitness and the financial aspects of it, and we produced a huge amount of evidence. Our concern is that the decisions seem to have been made prior to seeing the evidence, rather than the other way round. That is the concern with the pension changes that affect us. I am not an expert on police schemes or teacher schemes, but we are pretty much experts on the firefighters' scheme. The Hutton report, which started the whole process, made the point that the Government should consider a pension age of 60, and the decision was made to introduce a normal pension age of 60 prior to the publication of the Williams report on fitness standards and pension age. That legislation went through Westminster at the end of 2012, and the report came out in January 2013, so it was back to front in the sense of heeding the evidence and reaching a conclusion.

You asked a question about fitness levels, and we have raised the point throughout the UK, probably for the past 10 years, that it makes no sense for us to have 57 different fitness standards. The science says that a firefighter who goes into a room that is on fire faces certain physiological challenges, and that is same whether it happens in Belfast, Glasgow or London. It would save the taxpayer money if there were collaboration in the profession on what those standards should be. We have argued that there should be occupationally based standards for fitness. We think that there needs to be rigorous fitness standards, because we are putting firefighters into extremely hazardous positions where, if things go wrong, there is a risk of serious injury or death. There have to be very rigorous fitness standards that are scientifically based, and there should be a consensus in the service on what those should be. Unfortunately, there is some degree of fragmentation in that services across the UK do different things. In England, there are different services with different standards and approaches, and we think that there should be consistency. Northern Ireland will do whatever it chooses to do, but there is a case for collaboration and for sharing evidence and best practice among different parts of the profession. Work is still to be done, and some work is ongoing on fitness standards in various parts of the UK. We are happy to engage in that, but we should look at that evidence before we make decisions about how long firefighters can reasonably be expected to work.

Mr D Bradley: Is there a formal programme of continuous fitness training for firefighters, or do they do it off their own bat in their own time?

Mr Barbour: The difficulty is that there are probably 57 varieties of that across the UK. There is certainly a formal process in Northern Ireland, but a lot of that training will be done during time spent off duty as well on duty. In Northern Ireland, around half of our firefighters are part-timers, so it is becoming more difficult. The same principles will apply to pensions.

Mr Wrack: Jim makes an important point about retained or part-time firefighters. Clearly, the fitness standards need to be the same because people face identical risks. If there are physiological effects, it does not matter whether your contract of employment is whole time or part time, the risks are the same. Our concern about the Williams report is that retained firefighters potentially face additional risks because there is less opportunity for them to do some training in the workplace. Jim will be better placed to say what is in place, but, over the past 30 years, many fire services have gradually introduced gyms, fitness regimes and fitness policies, and that is good. However, it is a lot harder for retained firefighters to do that in the workplace in the limited time that is available to them. We encourage people to do that in their own time as well. The Williams report acknowledges that, if the employer has standards, it needs to build some of that into the work structure and so on, whether it is advice on diet or training, the opportunity to train or guidance on how you should keep fit.

Mr Barbour: It is obviously very difficult to do that in a part-time retained context because drill nights typically last two hours, during which there is a lot of equipment to be checked and training requirements to be met, so there is very little time then to engage in fitness training. As I say, the same principles will apply to the proposed pension schemes for our part-time and whole-time firefighters in Northern Ireland, and that is extremely important. We are not talking about big earners here. We are talking about people who earn between £6,000 and £10,000.

Mr D Bradley: Matt, you said that the likelihood is that firefighters who have to continue working beyond the age of 55 may not, in many cases, be fit to do so, and that might result in dismissal due to incapability. What sort of financial settlement, if any, will a firefighter get in those circumstances?

Mr Wrack: I think that that would depend precisely on how it happened and the age at which it happened. We had a debate with the CLG fire Minister about the use of the word "choose". There is provision in the scheme proposed for England in 2015 for people to access their pension early, when they are 55. The point we made is that, if people did that, they would suffer a huge financial loss, and nobody could actually afford to do it. People would lose 40% if they exited the scheme then. I debated that with Brandon Lewis on a professional level and challenged him about the use of the word "choose". What he said is that firefighters who choose to leave early can access their pension provision early. The point we made is that, if you get to 55 and, despite all the best efforts of you and your employer, you are not able to maintain the fitness standards required by your employer, it is not a matter of choice; it is a matter of natural ageing. That is the difficulty we have. The individual could then either be dismissed and become a deferred member, so they would not get their pension until they reached state pension age, or be forced, effectively, to take the deferred pension and incur a significant financial loss. Clearly, our members are saying that they just cannot afford to be put in that position.

Mr D Bradley: Is it the case that firefighters would be entitled to some form of benefits in that situation?

Mr Wrack: Yes. At some point, they would become entitled to normal benefits; for example, if they were unemployed and so on.

Mr Barbour: They would certainly hope to be entitled to something, given the situation. The Williams report, which is a professional report, not a fire brigade report, says that up to 85% of them are going to be in that situation.

Mr D Bradley: So, it could end up costing the state as much —

Mr Barbour: Exactly; the hidden costs.

Mr D Bradley: — as allowing them to take retirement at 55. Is that the point you are making?

Mr Wrack: There is that element. We have spent a lot of time examining how pension schemes work over the past several years. Our point is that the costing of schemes are designed so that the majority of people should take their pension at the normal pension age. What we are saying is that, if you end up in a position where people are not able to get to normal pension age, that alters the whole structure of the scheme, and all your financial plans become untrustworthy. You might project that, if the scheme works, that is where it will be in 20 years time — for pensions, you have to think 20, 30 or 50 years in advance — but, if the whole scheme design is wrong, the whole cost structure of that scheme starts to fall apart as well.

That comes back to our point. You will see from the research work the concerns that Northern Ireland firefighters raised. We have done a lot of work with our members in telling them that they should not leave the pension scheme. Our members, both here in Northern Ireland and the UK, have followed that, but they are increasingly saying that, if it carries on becoming more expensive and they just do not have the confidence that they will get there, they will start looking at other options. Then, if people start to leave the scheme — it is a small scheme as it is — the costs would rise and the burden on the taxpayer would increase because there would be fewer people paying into the scheme to cover the costs. It is an unfunded, pay-as-you-go scheme, so the fewer people who pay into it, the more unsustainable the scheme becomes.

Mr D Bradley: You were saying that the decision was taken without waiting for the outcome of the working longer review.

Mr Wrack: Yes. The report was commissioned by the previous fire Minister Bob Neill and reported in January 2013. We still have not had a formal response to the report from the Government at Westminster. It has been there for several months now, but we do not know the formal response, because there are issues. The report clearly states, for example, that the decision on normal pension age should be made post a decision on national fitness standards in the Fire and Rescue Service. There has been no national debate on fitness standards in the Fire and Rescue Service, so that report clearly contradicts where we are currently.

The pension age legislation went through the Westminster Parliament last year and became law in November or December that year — I cannot remember precisely. The normal pension age was changed by the primary legislation, then CLG's report on the normal pension age was published, and we still do not have CLG's response to that report on the normal pension age. The point that John Hutton made in his report is that the Government should consider a normal pension age of 60. Again, the decision has been made and implemented in legislation when we have not considered in detail the evidence that we now have. Our point is that you have the opportunity to do that.

Mr McCallister: On that point, I am sorry if I missed it in earlier comments, but, in the case you highlighted of a man at 55 who was not medically fit to do it, is there no way you can access the pension? I am aware that, in other services, such as the army, you could get medically discharged and be entitled to a pension. Is there no mechanism under this to do something like that?

Mr Wrack: There are two points. The medical point is an important one. We believe that there is likely to be an increase in medical retirements, but everyone across the service has been trying to reduce medical retirements for a long time. The problem with fitness is that it does not come under the criteria of medical retirement because it is not an illness. The fact that you are older and that your lungs do not work as well as they did 20 years earlier is not an illness. To get medical retirement in the scheme, and probably in most schemes, there has to be an injury or disease. There is a list of those compiled by the World Health Organization, and the grounds for medical retirement has to meet one of those definitions. Clearly, declining fitness is not a disease. That was flagged up by the Fire Service employers in our tripartite discussions. There may be people who are more likely to have a health problem, such as those with a permanent bad back. So, there will be an increased likelihood of an increase in ill health. However, such people would not be covered by ill health criteria and would not have access to medical retirement. They face the risk of the employer not knowing what to do with them. They cannot now do the job, and the employer cannot pay the pension or redeploy them. That is where the no job and no pension risk comes in.

The Westminster Government has tried, partially, to address that through the early-access-to-pension provision, but the current formal position is that people would lose something like 40% of their pension by taking that. Our key point is that, if you have to encourage people in that situation to do that, it shows us that the scheme itself is just badly designed. It is not designed around the occupation, but around a broad-brush stroke approach to pension changes.

Mr McCallister: Does that work out at about 4% a year? Is that where your figure of 40% comes from?

Mr Sean Starbuck (Fire Brigades Union): It costs —

Mr McCallister: So, if you were fit to work on a bit after 50, it would be on a sliding scale. Thank you for that.

The Chairperson: On the point about flexibility, Matt, do you see it being DFP's position that firefighters can simply leave the job before 60, rather than carrying on with a reduced pension?

Mr Wrack: Yes, the Department is saying that. Those provisions for firefighters beyond the age of 50 are in the draft scheme. There is still some debate going on about whether it is precisely age 55 or 57, so that is not finally pinned down. The rules of the scheme have not yet been drafted, so we do not know precisely where that would end up. However, some form of early access to pension would be given. The debate would then be about how much the individual would be penalised financially for taking it. Members are saying that they cannot survive on that. At 57, 58 or 59, they will be left asking what they are supposed to do.

A point that a lot of our members raised is worth noting. It is perfectly reasonable not to join the Fire Service until 25. Lots of people, 30 years ago, were joining at 18, 19 or in their early 20s. There is now a trend for people to join later. If you do not join until you are 20, to attain a full pension, you would have to stay until you are 65. If you joined at 30, you would have to wait until you were 70. So, for people to achieve the full pension that the Westminster Government talk about, they would not just have to work until they are 60, but potentially well beyond that age.

Mr Barbour: The key point here is that firefighters know, and the Williams report tells them, that up to 85% of them will not make the age of 60. They know in advance that they will not make the NPA of

60, and those 80% are going to lose 40% of their pension. Contributions are now ever increasing. I am at 13.2% now, and due to go to 14.7% next April. Therefore, the issue is this: why would you bother going into a scheme that is intrinsically unsustainable? It is no longer an occupational scheme in any sense. Therefore, people will opt out, and the Government have their figures wrong. The 1% that they project in England comes nowhere near to the figures that will manifest themselves. It is self-defeating.

Mr Wrack: Let me make a point on Jim's point. We do not have figures for Northern Ireland, but we have figures that we eventually teased out of the Department for Communities and Local Government that show that some 25% of full-time entrants into the Fire Service last year chose not to join the current new firefighters' pension scheme (NFPS). Until recently, participation in both schemes was probably 95% plus, and probably even higher than that. It is clear that, currently, large numbers have not opted out. It is a big decision to leave a pension scheme once you have committed a lot of money to it, but that is different from the people coming into the service and deciding whether that scheme will work for them over the next 40 years or so. It is early days, but that is an alarming figure, and that is before the full increases are in place. That should set alarm bells ringing across the Fire Service and among policymakers.

Mr Mitchel McLaughlin: That is an important point. In allowing for long-standing membership of and contribution to the schemes, you have to make allowance that that really restricts the options for people in that circumstance. Given that England and Wales are more ahead of the curve than us regarding these reforms, is evidence emerging of recruits opting out that would contradict the projections of the Government, and can you share that evidence with us?

Mr Wrack: We commissioned independent surveys of firefighters, one was two years ago and the other a year ago, about their expectations of pensions. We did them independently because we wanted them to be evidence that the Government would take account of, and they acknowledged that. At even the early stage, some 27% of firefighters reported that they would seriously consider opting out if all the changes went through.

Some may say that they will live with a contribution that is a bit higher or this and that, but when you put it all together and they realise that they have to pay that much more, and increasingly fear whether they can get to pension age, they say that that may be the point that tips them over the edge. Somewhat alarmingly, some said that they will go off and invest in property or whatever. We have been clearly saying to people that all those alternatives are very risky and that this was a life-changing decision.

As an organisation, we think that we have adopted a responsible approach of encouraging people not to opt out. Contrary to our evidence, we have probably helped to stop opt-outs increasing as a result of our arguments. Sean is our national pensions officer. He has been around the country advising people not to leave the pension schemes and that we are still putting forward a case.

I have been shocked at some of what members say. Young firefighters coming in who are members of the union say that it is coming down to choosing between paying their mortgage or pension contributions, and that they have to keep their house. That is when it becomes unsustainable, and it will get worse.

Mr Mitchel McLaughlin: Does your research indicate, as a result of what the Government are arguing or your own efforts to convince people to act responsibly and think strategically about their pension entitlement, that the outcome of the stats, as they affect new recruits, goes towards the Government's position more than yours?

Mr Wrack: No. Currently, we do not have an opt-out rate higher than 1% across the UK because people are waiting to see what the outcome of the discussions will be and are following our advice.

Mr Mitchel McLaughlin: But you can see that the Government would seize on that.

Mr Wrack: That was why there was a reluctance to give us the figure for new starters. When 25% of new starters have not joined the pension scheme, which is what the figures show, that should set alarm bells ringing on that point.

We do not have figures for Northern Ireland on the savings issue. We have figures for England, but the calculations from the Treasury will be the same. Only 7% of firefighters deciding to opt out of the

pension scheme would eliminate all savings and start to cost the taxpayer additional money regarding what needs to go into firefighters' pensions.

Mr Mitchel McLaughlin: Has the experience in England and Wales so far demonstrated any equality impact for women firefighters, for example?

Mr Wrack: There is a very big equality issue to do with fitness. That is very much highlighted in the Tony Williams report. As you will be aware, there has been a huge debate for 25 years in the Fire Service about equality and diversity. A lot of measures have been taken to address that. For example, there are far more woman firefighters in the Fire Service than there were when I or Jim Barbour joined.

Coming back to my point about fitness standards, if there are physiological effects on the body from entering a compartment fire, it does not matter whether you are a man or a woman. There are certain minimum standards that you need to reach, and that is likely to mean that there are lots of women who can meet those standards, but there will tend to be fewer of them than among men. As fitness declines, it affects both sexes, and Williams is very clear:

"There is likely to be a substantially larger proportion of women firefighters who are physically and/or medically unfit over age 55."

So, there is very definitely an equality aspect to that issue.

Mr Girvan: Thank you for your presentation. The uniqueness of the Fire Service system has to really be considered, and the age issue is probably the key one. Has any work been undertaken on Dominic's point? He mentioned people who have to leave not because of health but because of unfitness. As a consequence, they are leaving a job and are not going to receive any payment or access to benefits for that period. I appreciate that you have a figure for when most people will have to leave. You said that 85% —

Mr Barbour: Up to 85%. The Williams report says that.

Mr Girvan: Working on that figure, they will have to leave between then and reaching pension age. They could draw down some of their pension at a vastly reduced amount, so they will still be a burden. I do not mean that in the wrong way, but they will still have to draw from the public purse. Has any work been undertaken by you to identify that?

There are further proposals that you could put forward around possibilities that we could include in amendments to what is there. You have to get a balance between what your members require and the costs associated with that. At the end of the day, if we make adjustments, we have to make that up out of another part. The part that I am identifying here is annually managed expenditure (AME), which comes from benefits. Irrespective of the way that you look at it, it is all coming out of the same pot. If you can identify what that will be, we need to be able to see some of those points. It would be very helpful for us to have some indication about where we stand.

Mr Barbour: I will take that while Matt is doing a bit of checking up. What we have here is an ideological perspective from the Westminster Government. They should have been doing the work to identify the costs of all these changes. The fact is that they had no interest whatsoever in doing that because they simply wanted to change public sector pension schemes.

Mr Girvan: I appreciate that, in some ways, the rest of the Civil Service is different from the Fire Service. You fall into a category where you must reach a certain standard of fitness. You can sit behind a desk in a wheelchair, but you cannot go and attack a fire. The point is that I want to find out where we are. You are not talking to people who are trying to shaft you. We are trying to do our best to see whether accommodations can be made in any way that will minimise the impact on people from Northern Ireland. We are trying to make a very sensible argument about what happens if people have to leave their job at age 53 or 54 because of unfitness. They will have to require benefits for maybe 14 or 15 years.

Mr Starbuck: The Hutton report included some stuff around returner rates for what you would need in retirement. Firefighters are saying that they probably need two thirds of their salary to retire, and the scheme is based around giving two thirds of your salary on retirement. We have not done the work in

detail that you outlined, but you can see that, if people have to go after 15 years of service but are unable to access their pensions until, potentially, they are 66 or 68, they are totally dependent on the state until that time. Even if they can go at age 55 with a 40% reduction, they are not going to hit the two thirds replacement rate that they need, so they are going to be a burden on the state. That is probably something that we will have to do a little bit more work on.

Mr Girvan: The issue is that, statistically, it is so difficult to get re-employed after you reach 50. It is difficult to find another job.

Mr Starbuck: These people still have mortgages; they still have everything to pay. They have covered that by paying into the pension scheme.

Mr Wrack: You could make an argument that, if it is a youngish person's job, fine, go and get another job, but if someone has committed themselves for 35 years to a career in the Fire Service, it would be difficult for them to do something completely different. Some of them may well do, but it becomes increasingly difficult to retrain for another job at that point.

Mr Girvan: But you would like some words in it to say that there is that possibility for those who are up to it. There are the exceptions; there are some who are extremely fit and could be willing to stay on. There could be some wording along the lines of, "no more than 60".

Mr Wrack: I want to be clear: we have no objection whatsoever to people wanting to stay on as long as they are fit enough to do so. Clearly, there are people all across the UK and here in Northern Ireland who maintain their fitness well beyond that age. The old scheme — the scheme that I joined — was probably a disincentive to stay on, but the 2006 scheme and the proposed new scheme are an incentive to work as long as possible because you continue to accrue pension. Financially, it is in your interest to work as long as possible. We have no objections to that aspect of it at all. However, it is unlikely that there will be firefighters in sufficient numbers who are able to maintain fitness at that level to run an efficient fire and rescue service.

Mr Girvan: There is no evidence to prove that the Fire Service has ever tried to create a bureaucracy or a level of administration that would allow personnel who have gone from the front line to move to the back office. That has never been an issue.

Mr Wrack: No. I do not know about Northern Ireland, but elsewhere, 20 years ago, there would possibly have been more opportunities. The chance has always been small because it is such a small service anyway and it has been focused on operations. The overwhelming majority of the workforce is operational, and that is even more the case today.

Mr Barbour: There were more opportunities across the water for redeployment. We were in a different situation because we have not been a local authority fire service since 1973.

I note your earlier comment about broadening it out. Our suggestion is that clause 10(2) should be amended to add wording such as:

"set in scheme regulations but must be no more than 60".

It will be very non-specific in opening that. It is about creating flexibility at this stage.

Mr Wrack: The amendment is worded so that if, further down the line, you do not agree with us, it does not prevent you from doing whatever you decide to do. It gives you the flexibility to have a range of options that you might want to consider.

Mr Starbuck: As it is currently written in primary legislation, it takes away all the flexibility for people to be able to get out before 60 without the actuarial reductions that we highlighted.

Mr Barbour: As it is currently written across the water in Westminster, it takes that away. That is why we want something slightly different here.

Mr McCallister: Jim, you mentioned contributions rising to 14.2%.

Mr Barbour: I am at 13.2% at the moment, John. I am due to be hit with another 1.5% next April.

Mr McCallister: So, it will be 14.7%.

Mr Barbour: It will be 14.7%. There are people in the room here who will pay even higher contributions than that; they will pay around 15% by then.

Mr McCallister: What is the employer's contribution at that level? Are they matching that?

Matt made a point about the levels of opt-out that you are already experiencing. Do you think that that is solely due to the new pension arrangements, or is it part of our wider economic picture? If you look across all types of employment, our levels of pension uptake are fairly low in places; people are putting off pensions until they are into their 30s and 40s because of financial pressures such as mortgages, family costs and all those sorts of things. I would like your thoughts on whether that is solely due to the change.

Mr Barbour: The Government are proposing to change radically the ratio between employee and employer. We get the economic arguments in the background. Sean has the detail of what the 2015 scheme will look like, particularly the government proposals. There is a huge shift in the ratio. That is one of our big concerns.

Mr Wrack: We have the figures; we can provide them in writing if that helps. The old one would have been about 2:1. That is the old scheme, not the 2006 scheme. That is a closed scheme, so it will gradually phase out. The ratio is shifting because of the increase in employee contributions. Is the current scheme a little over 1:1?

Mr Starbuck: The NFPS is about 1.8:1. It is coming down because the employee contribution goes up. It started off at 8.5%, and it will potentially end up at 13.2%. The original NFPS was 14.5% from the employer. It started off at about 1.8:1. The new 2015 scheme is where it gets to almost 1:1; it is actually 1.05:1. That is probably one of the worst in the public sector even though we have one of the highest contribution rates. Firefighters would start off paying about 13.2%, and the employers would be paying 13.8%, so it has come right down to almost 1:1.

Mr McCallister: That is one of the reasons why I would say to anyone that, if your employer is putting in 14%, it is madness to opt out of that. I come from a background of self-employment. I put in my contribution and get tax relief on it, but nobody else is putting in another 10%, 12% or 14%. I accept that it is a huge change from a 2:1 or a 1.8:1. Is it your sense that people are being forced out because of that scheme or the wider financial pressures in the economy?

Mr Starbuck: It is because it is becoming more and more unaffordable to people coming into the scheme. Matt talked about the normal pension age of 60. People are thinking that they will not make 60; they think that they are potentially looking at reaching 55, paying a lot of money to reach 55 and losing 40% of their pension when they do so. That is what people are saying.

Mitchel said that the government opt-out figures at the time were less than 1%. We have done a lot of work to tell people not to opt out. We have said to the Government that they should not just look at how many people have opted out; they should look at what they are saying about what they are going to do in the future. The ResearchWorks document, which includes the attitudes of firefighters, reveals that a lot of them are saying, "As soon as I see 60, I have to go because I am not going to reach that point." We ask you to look at what Northern Ireland firefighters are saying about it as well. They are listening to us at the moment. I am with you on that. However, a scheme in which somebody puts in the same amount as you is a good scheme. We are not saying that firefighter schemes are not good. That is why we are trying to defend them. If they were no good, we would not be sitting here. The point is that firefighters are saying that they are becoming unaffordable. If the opt-outs become too much, they will be unsustainable, and the taxpayer — the very people we are trying to protect — would end up paying it on a pay-as-you-go scheme. They would also be unworkable because people cannot get to the NPA of 60. It is a mixture of all three.

Mr McCallister: In an earlier answer to Dominic's question, I think that I picked up that, in certain pension schemes, if you collect them early, it is roughly 4%. However, you are worse off because your retirement age is 60. I was working on 65, which is the 40%. You would lose —

Mr Starbuck: If you take an actuarial reduction, it is not from the normal pension age of 60 but from the state pension age of potentially 68 for some people. So, in the worst-case scenario, you would go at 55 and potentially lose 4% a year until you are 68. We are looking at that.

Mr McCallister: That clears it up. If I was a firefighter and said, "I am going to have to retire at 57, and I am only three years off", I am not losing 12% at that point. You are saying that, if somebody my age is in line to retire at 67 —

Mr Wrack: We are still discussing the details of that. That bit is immensely important. When is the actuarial reduction calculated from and how much is it? Is it 57 or 55? We do not have a final position on those issues, and those are the sorts of questions that our members are asking. We are not able to answer that because we do not know the final position on, if you went at 57, for example, how much you would be penalised.

Mr McCallister: That is absolutely huge. Suddenly, if you went at 57 and were losing 12%, it might be more manageable.

Mr Barbour: It is a game-changer, John.

Mr McCallister: Absolutely, Jim. If they suddenly get penalised for 12 or 13 years, it is just a non-starter.

Mr Wrack: I will make a point about the contribution ratios: that is, how much does the individual scheme member put in compared with the employer or the taxpayer, however you want to term it. One of the points that we have debated with the Westminster Government is the generosity of the scheme. As Sean said, we want quality schemes, and we accept that we have had quality schemes. That is important. However, the end ratio after 2015 for firefighters will be one of the worst in the public sector. We presume that generosity means how much does the employer put in compared with you. So, compared with virtually everyone else in the public sector, it will become one of the worst schemes and, therefore, in our view, one of the least generous in the public sector.

Mr McCallister: The ratio will, but the percentage, as in the government contribution, is probably still quite generous, is it not?

Mr Starbuck: It is what you get for your pound.

Mr Wrack: If you measure it by asking how much am I, as a scheme member, putting in compared with my employer — we think that that is the reasonable way to look at it — it is not the most generous at all. I take your point that there is still an employer's contribution. We acknowledge that.

Mr McCallister: As Jim said, the other stuff is a game-changer, because it is fine to have provision for medical retirement, but you have that huge grey area of people who are unfit but not medically unfit. That will be a game-changer.

Mr Barbour: That is one of the areas that our Scottish colleagues have sought to address, and, in recent days, they have found some sort of a resolution to it. So, it can be done within the framework of a devolved Administration.

The Chairperson: Gentlemen, thank you very much. We might send some written questions your way after the session.