

POLICE PENSIONS REVIEW WORKING PARTY

Report to PNB by Police Pensions Review Working Party

1. Introduction

1.1. This paper asks the PNB to note progress on a number of issues relating to the Police Pension Scheme 1987 (1988 in Northern Ireland) (PPS) and the New Police Pension Scheme 2006 (NPPS) since the last written report of 25 March 2008 and the oral update given at the PNB meeting on 24 April 2008.

2. Meetings held and arranged

2.1. A meeting of the Working Party was held on 18 June 2008. Further meetings of the Working Party have been arranged for 10 October and 8 December 2008. The Technical Working Group will meet on 8 July, 18 July, 31 July (provisional) and 7 August to discuss a number of the issues below.

3. Summary of progress

3.1. A revised Statutory Instrument, confirming the pension status of specified employees in SOCA, is awaiting Ministerial approval and an implementation date of 1 August 2008 looks likely [this has since been adjusted to 8 August]. There will be a further set of changes to the 1987 Regulations (1988 in Northern Ireland), with any remaining changes swept up in the planned UK-wide consolidation of the regulations relating to PPS. The Home Secretary has announced increased police pension lump sums with effect from 1 October 2007, a new system of lump sums for existing survivors of officers killed in the line of duty, to be introduced in December 2008, and the timetable for the injury awards review. The final draft of updated guidance on ill-health retirement has been agreed by medical practitioners, and the Staff Side is being consulted. The Home Office has sought approval from PNB to amend the determinations in respect of part-time working and pensionable pay in relation to officers on Variable Shift Arrangements. The re-tendering exercise for police medical appeal boards is underway and the three bids will be assessed in July. Progress on these and other issues is summarised in more detail below.

4. SOCA regulations

4.1. HM Treasury officials have approved the final version of the Police Pensions (Amendment) Regulations 2008 (England and Wales only), which put the pension arrangements for specified employees of SOCA on a statutory footing. This version has not changed since the Home Office last received, and responded to, comments from the Staff Side, and the final draft takes into account the Staff Side's comment regarding the period of notice specified employees are required to serve. The Home Office will now prepare the regulations for Ministerial approval, and signature by the Lords Commissioners at HM Treasury. At the WP it was noted that the regulations would be laid in mid July, and in force by 1 August. However, since the

meeting of the WP on 18 June, further consultation with the Staff Side has been undertaken on additional changes to the draft regulations, resulting in a slightly later implementation date of 8 August 2008. Those regulations addressing specified SOCA employees will be backdated to 1 April 2006. Parallel regulations will be laid in Northern Ireland by the end of 2008. In Scotland the regulations will be subject to a 6 week consultation due to be launched by the end of June, and will be laid in September.

5. Changes to the 1987 pension scheme and regulations

5.1. The list of amendments to the PPS regulations has been further revised and updated. Some of the changes classified as urgent – in particular those for England and Wales relating to the new compulsory retirement ages – have been included in the regulations relating to SOCA with back-dated effect from 1 October 2006. The Home Office is discussing the drafting of the next set of changes with its legal advisers. These are not as urgent but are still pressing, and will cover any amendments and any necessary revocations which cannot be made as part of the consolidation exercise. This revised schedule of changes will be discussed with the Staff Side in one of the TWGs arranged during the summer, and it is hoped that the corresponding regulations will be laid by the end of 2008. Any remaining changes will be covered as part of the exercise to establish a set of consolidated UK-wide PPS regulations which will provide a single UK-wide pension scheme for PPS members. The consolidated regulations are being drafted by an external legal adviser in the same format as the regulations for the NPPS, and a first draft has been sent out to WP members for comments. The WP noted that this draft is subject to change once the second set of amendments has been made. It is hoped that the final draft of the consolidated regulations will be agreed by April 2009, ready to be laid before Parliament soon afterwards.

6. Part-time officers and pensionable pay

6.1. New arrangements for part-time constables and sergeants introduced on 1 July 2007 and the associated guidance (Home Office Circular 22/2007) have been working well, but the Sides agreed that further guidance was necessary to cover additional hours worked by part-time officers in those ranks on Variable Shift Arrangements. The Home Office has advised that this guidance cannot be introduced administratively, i.e. prior to a change to the relevant determination. Preliminary Ministerial approval of the policy underlying the guidance has been obtained, and the Home Office has written to the Staff Side and the Official Side asking for approval to amend the Determinations, suggesting that this could be done at Joint Secretaries level. Responses have yet to be received. PNB approval of the revised Determination, once drafted, will also be necessary. The proposals will not be backdated.

7. Temporary salary and pensionable pay

7.1. Work on an updated draft PNB Circular on the issue of temporary promotion and acting up is being completed by the Temporary Salary Working Party. The Working Party proposal that periods of acting up should be pensionable

only above a threshold of 56 days, whilst all periods on temporary promotion remain pensionable, has however already been endorsed by Ministers and the PNB on 24 April 2008, although the final circular has not yet been issued. The Home Office is retaining an implementation date of 1 June 2008 which was agreed by the PNB but will update forces as necessary on any changes of detail.

8. Transfers between Home Office forces and British Transport Police

8.1. The Home Office is considering the options for arrangements to enable officers to transfer to and from BTP without losing their existing rights to a 30 year pension. Without such arrangements there is growing concern on the part of BTP that they will no longer be able to recruit experienced officers from home forces since such officers will not want to leave their force if a transfer means having to join the new BTP pension scheme which is modelled on the NPPS. A paper drafted in conjunction with the Department for Transport outlines the long term proposal, to amend Section 97 of the Police Act 1996 so as to introduce specific provisions for secondments (either long term or short term), and the short term measure of batching (currently used for transfers between the PSNI and GB forces) to address the situation whilst necessary legislative changes are made. Comments on the combined paper have been received from the BTP Authority and the BTP Federation. They mainly focus on a desire for reciprocal batching, and concern that BTP will not be able to treat seconded officers on a day to day basis in the same way as permanent BTP officers (for example for the purposes of discipline). A meeting is being arranged between the Home Office, DfT and BTP to discuss these concerns, at which point a revised paper will be submitted to the Staff Side for comment, and to Treasury officials for approval.

9. Injury awards review

9.1. At the Police Federation Conference on 21 May, the Home Secretary announced a review of the current system of police injury benefits including proposals for life-long benefits for survivors of officers killed in the line of duty. This will apply only to the families of officers serving at the time the proposals are implemented, and will not be extended to existing survivors. The Home Office will now finalise the draft consultation document outlining all the changes proposed as part of the review, with a view to launching the 3 month public consultation exercise in the summer. The Home Office intends to hold discussions on the detailed proposals during the TWGs arranged for the summer, ready for WP agreement on key proposals at the December WP meeting. Depending on the availability of legal advisers for drafting the regulations, it is hoped to get agreement on the amending regulations by April 2009. The focus of these regulations would be on individual amendments rather than wholesale changes to the current Statutory Instrument.

10. Guidance on ill-health retirement

10.1. A final draft of the guidance, as agreed by representatives from the Association of Local Authority Medical Advisers (ALAMA), has been sent to

members of the TWG. The Home Office has asked the Staff Side to consult its own medical advisers on the guidance, and plans to hold final discussions on the guidance at one of the TWG meetings arranged over the summer, with a view to obtaining agreement by early autumn.

11. Adult Survivor Pensions and Cohabitation

11.1. At the Police Federation Conference, the Home Secretary also stated that on the subject of existing survivors of officers killed in the line of duty, she recognised that the cessation of the survivor's pension upon remarriage, formation of a new civil partnership or cohabitation can cause hardship and that in order to alleviate the problem she intended to provide police authorities with the discretionary power to pay a one-off lump sum to survivors who have already had their pension withdrawn on forming a new partnership, and to those who have their pension withdrawn for this reason in the future. The Home Office is working to get the framework of this new scheme agreed with Treasury, with a view to moving as quickly as possible to working out the details of the scheme, in particular its administration, with the PNB. Eligibility for a lump sum will be based on hardship, and individuals will have to apply to the scheme rather than be automatically assessed. The Home Office intends to work with the PNB and the National Association of Retired Police Officers to make individuals aware of the new scheme, and to encourage them to apply. It is hoped that the new scheme will be launched in December 2008, so that the first claims can be received in early 2009. The majority of claims are expected in the first three years of the scheme, with new cases emerging gradually thereafter. The Home Office has committed to funding this scheme until 2010/2011, at which point a decision will be made about the future source of funding.

11.2. There has already been discussion in a meeting of the TWG on the required elements of the cohabitation guidance, although further progress has been delayed pending the Ministerial decision on life-long pensions for existing police survivors. Now that a decision has been made (paragraph 11.1 above), there is a need to issue fair and consistent guidance on this subject, as cohabitation with a new partner is one of the circumstances in which a survivor's pension is stopped. The Home Office intends to hold detailed discussions on this topic during the TWG meetings over the summer.

12. Pension Finance arrangements

12.1. The final version of the new Home Office circular on the police pensions financing arrangements was issued on 21 May.

13. Police Medical Appeal Boards

13.1. Three tenders have been received in response to the Invitation To Tender, from BUPA, Capita Health Solutions (the current provider) and Health Management Ltd. The Home Office has made a preliminary assessment of the bids, and has decided that all three will be invited for interview. This has

been arranged for the end of July, and the full tenders will be sent to the joint Steering Group shortly, along with guidance for assessment. The WP noted that the new contract will include provision of medical appeal boards in Scotland. The new contract will start at the end of October .

14. Commutation Factors

- 14.1. The new lump sum commutation factors for the 1987 PPS were announced by the Home Secretary at the Police Federation Conference on 21 May, backdated to 1 October 2007. The new factors, the effect of which is backdated to 1 October 2007, significantly increase the amounts payable to those police officers (i.e. the vast majority) who decide to commute part of their annual pension for a tax-free lump sum on retirement. The implementation of new factors is not normally backdated. However, on this occasion the detailed arrangements for the implementation of the new factors required time for consideration and consultation across Departments before they could be put in place. In view of the time taken we decided, in consultation with the Government Actuary's Department, that it would be appropriate to backdate implementation. Police Authorities have been given the opportunity to apply for additional funding necessary to cover the cost of the new factors in 2007/08 as part of the police pension financing cycle. Northern Ireland has also implemented the new factors. A decision on implementation in Scotland has yet to be reached.

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