

POLICE OFFICER PENSION REFORM: CURRENT POSITION AUGUST 2012

There is considerable concern about the position in relation to future police pension arrangements. This note summarises the current position in relation to Government proposals and the Police Federation response.

In short, the precise position will depend on the outcome of current discussions between the Home Office and the Staff Side of the Police Negotiating Board (PNB).

The Independent Public Service Pensions Commission (“The Hutton Review”)

The Government appointed the former Labour Cabinet Minister, Lord Hutton, to undertake a detailed review of public service pensions. Lord Hutton produced an interim report in October 2010 and his final report in March 2011.

Neither of the Hutton reports addresses the specific issue of the police pension arrangements in any detail. The reports deal with public service pensions generally.

Hutton’s main recommendation was that existing public service pension schemes should be replaced by new schemes known as “career average” schemes, in contrast to current “final salary” schemes. It was recommended that the new schemes be introduced by 2015.

His other recommendations included:

- making the age at which a pension can be drawn (Normal Pension Age or NPA) the State Pension Age in most public service pension schemes;
- having a Normal Pension Age of 60 for uniformed services (including the police); and
- full protection for pensions already earned (sometimes called accrued rights).

Government response to Hutton recommendations

The Government accepted the Hutton recommendations as a basis for consultation and began discussions in relation to each of the main public service schemes.

In relation to police pensions, discussions were held back pending the publication of Winsor Part 2, as Winsor was asked to consider the appropriate pension age for police officers.

Home Office preferred design

Winsor Part 2 was published on 15 March 2012. Winsor recommended a normal pension age of 60 in line with Hutton's recommendation.

The Home Secretary wrote to the Chair of PNB on 27 March setting out her proposal for a new police pension scheme and her preferred design and proposals in relation to transitional protection and accrued rights.

A copy of that letter was placed on the Federation website:

http://www.polfed.org/Letter_HS_to_John_Randall_Pensions_270312.pdf

The main elements of the Home Secretary's proposal were as follows:

- the introduction of a "career average" scheme from 2015
- Normal Pension Age of 60
- average member contributions of 13.7%
- accrual rate of 1/57ths
- revaluation based on national average earnings
- no change for those who at 1 April 2012 were:
 - 45 or over; or
 - members of the 1987 Police Pension Scheme and 40 or over and 10 years or less away from being able to retire with a maximum 30 year pension
- protection of accrued rights

It was subsequently clarified that the deferred pension age (the age at which a member who does not serve until the proposed Normal Pension Age of 60 becomes entitled to a pension) would be State Pension Age – currently due to increase to 67.

Response to the Home Office preferred design

The Federation, through the Staff Side of the PNB, responded to the proposal in detail in a letter dated 22 June:

http://www.polfed.org/Letter_HS_to_SS_response_to_pensions_220612.pdf

That letter followed various meetings and discussions with the Home Office. Since that letter discussions with the Home Office have continued.

At the time of writing, the final position in relation to the Home Secretary's proposals has not yet been reached.

Winsor Part 2

A failure to agree was recorded at PNB on 24 July on a number of issues which overlap with future pension arrangements including:

- the proposal to abolish CRTP payments, which are pensionable; and
- the proposal to introduce a power of compulsory severance.

These matters are being referred to the Police Arbitration Tribunal.

The current position

The precise position in relation to future pension arrangements is not yet known. The position of each member will depend on the precise arrangements which are introduced. Until these are known it is not possible to say how, and to what extent, individual officers will be affected.

The dialogue between the Home Office and Staff Side is continuing and the Federation will provide more information as and when this is available.

Requests for legal advice

In relation to the general legal position, in responding to the Home Secretary, as you would expect, the Federation's negotiating team has been closely advised by our lawyers and will take further legal advice once pension arrangements are finalised.

In relation to requests from individual members about the changes, until the future arrangements are clear it is not possible to deal with these. This is because the precise impact on any individual member is not yet known and therefore there is no basis on which to seek legal advice at this time.