



Police pensions - background

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The Police Pension Scheme is a public service pension scheme, providing pensions based on final salary. Like most of the other main public service schemes, it operates on a pay-as-you-go basis. Most serving officers are members of the Police Pension Scheme (PPS) 1987 (closed to new entrants from April 2006). Under the PPS, a maximum pension of two-thirds of final salary is accrued after 30 years' service, or at 50 with 25 years' service. Concerns about costs led to a lengthy period of consultation on the future of the scheme. In 2003, the Labour Government published proposals for a New Police Pension Scheme (NPPS). Under the NPPS, introduced in April 2006, a maximum pension of half of final salary (plus a fixed lump sum of four times the annual pension) is accrued after 35 years.

This note concentrates on the development of current police pension schemes. The reforms to be introduced from April 2015 are discussed in Library Note SN 6965 [Police pensions – current reforms](#).

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1 Background

The Police Pension Scheme is an unfunded, contributory, final salary pension scheme. There are two police pension schemes – the Police Pension Scheme 1987 (now closed to new entrants) and the Police Pension Scheme 2006 (for new entrants from April 2006). The main legislation affecting officers England and Wales is in the *Police Pensions Act 1976* and the regulations made under it, in particular: the *Police Pensions Regulations 1987* (SI 1987/257) and the *Police Pensions Regulations 2006* (SI 2006/3415).

Administration of the police pension schemes is the responsibility of individual police authorities.¹ Information about police pensions is included in annual reports published by the Chartered Institute of Public Finance and Accountancy (CIPFA).² The Government Actuary's Department is undertaking the first formal triennial actuarial valuation of the Police Pension Schemes, as at March 2008.³ As at 31 March 2011, the police pension schemes had

¹ See, for example, [HC Deb, 1 April 2008, c768W](#) and [HC Deb, 5 November 2008, c617 W](#)

² [HC Deb, 30 Oct 2008, c1253W](#)

³ GAD, *Pay-As-You-Go Public Service Pension Schemes. December 2009 Cashflow Projections. Methodology, assumptions and data*, 9 December 2009, (6 April 2010), para 4.1

135,000 active (contributing members) and 134,000 pensioner members. There are some 20,000 deferred members (early leavers with preserved pension rights).⁴

Policy on occupational pensions is reserved to the UK Parliament. However, Scottish Ministers have the power to make regulations for police pensions in Scotland.⁵ Police pension policy was devolved to Northern Ireland with the transfer of policing and justice on 12 April 2010. Police pensions in Northern Ireland are the responsibility of the Department of Justice (Northern Ireland). The scheme is administered by the Northern Ireland Policing Board. Pensions policy as a whole is a devolved issue. The Northern Ireland Assembly is currently preparing a *Public Sector Pensions (Northern Ireland) Bill*.⁶

1.1 Key features of the current schemes

There are two police pension schemes – the Police Pension Scheme 1987 (closed to new entrants on 5 April 2006) and the New Police Pension Scheme 2006 (for new entrants from 6 April 2006). A description of the rules can be found in guides produced by the Home Office:

[A Member's Guide to the Police Pension Scheme 1987](#); and

[A Member's Guide to the New Police Pension Scheme 2006](#)

Further information can be found on policy on pension pensions before the May 2010 general election can be found on the archived [Police pensions policy and retirement policy](#) section of the Home Office website.

The main features of the two schemes are summarised in the table below:⁷

⁴ Police estimates 2011/12 - CIPFA Stats; HC Deb, 15 February 2011, c669W, Figures for deferred members are for 2008

⁵ Source: HM Treasury

⁶ See Library Note SN 6545 [Public Service Pensions Bill 2012/13: devolved administrations](#) (February 2013) (section 3.2)

⁷ Information in table based on [Home Office leaflet, "Police Pensions – comparison of the key features of the current and new schemes"](#), February 2006;

Question	Police Pension Scheme 1987	New Police Pension Scheme 2006
Who can be a member of the scheme?	Police officers joining the force up to 5 April 2006	Police officers joining the force on 6 April 2006 or later. Members of the Police Pension Scheme had the opportunity to transfer to the new scheme shortly after its introduction.
How much do I pay?	Tiered contribution rates - 11% to 15.05% of pay (2014/15)	Tiered contribution rates - 12% to 12.75% of pay (2014/15)
What is the maximum pension that I can get?	2/3 final salary, with option to exchange part of the pension for a lump sum	1/2 final salary plus fixed lump sum of 4 times the pension, with option to exchange part or all of the lump sum for extra pension.
How long to I have to serve to get maximum pension?	30 years	35 years
What is the earliest age that I can get my pension	After 30 years' service, or at age 50 with 25 years' service.	55
Deferred pension age for early leavers	60	65
How is my pension accumulated?	Dual accrual: 1/60 of final salary for each of the first 20 years' service, and 2/60 for each of the final 10 years' service	Uniform accrual: 1/70 of final salary for each year of service
Eligibility for pension lump sum	Option to commute part of the pension to a lump sum	The maximum pension under the 2006 scheme includes a lump sum of four times the pension with the option to exchange all or part of it for additional pension
What are the arrangements for ill-health retirement?	Pension payable immediately. Officers with five or more years' service enhanced pensions	Pension and lump sum payable immediately. Enhanced pensions are only payable to officers who are incapable of any regular employment; others receive unenhanced pension
Can my partner get a pension when I die?	Only if he/she is married to you or is you registered civil partner. Pension stops if the partner remarries or cohabits	Pensions can also be paid to unmarried partners (as well as spouses and civil partners) if appropriate conditions are
Are pensions payable to children?	Only to your legitimate or adopted children, and not to children of a marriage which took place after retirement, or to children adopted in retirement	To a natural child, stepchild or adopted child, or any other child who was dependent on you when you died (even if not related to you)
Are partner and children's pensions increased for the first 13 weeks?	Yes	No
What is the lump sum death grant if I die in service (providing you	2 times pay	3 times pay

2 Reforms

2.1 Origins

The Police Pension Scheme has its origins in a scheme introduced by the Metropolitan Police in 1829. Benefits were provided on disablement for London officers “worn out by length of service”. Payment of a pension was discretionary, with limits to payment set in legislation. The pensions reflected the “arduous and hazardous conditions” of police work. A police officer could gain a maximum pension after 25 years, compared to 45 years under the 1834 civil service scale.

Although there was no *entitlement* to a pension, officers had to contribute up to 2.5 per cent of pay. These contributions were placed in funds, which could be supplemented with payments from the police rates if funding was insufficient. The state of the funds and the unsatisfactory nature of the discretionary system of pensions led to a Select Committee to be appointed in 1877 to look at the issue. The Committee heard that the funds were either exhausted or soon would be. It recommended that the discretionary system of payments should be replaced by a “more uniform and regular system” with entitlement to a pension after 25 years. This raised the question as to who should pay. The nature of the work made it reasonable that police officers should be able to draw a pension at an earlier age than those in “less physically exacting occupations.” However, it was already clear that the funds were insufficient.⁸

In 1890, the Government promoted a Bill which retained the existing superannuation funds. To ease the burden on local rates, the funds would be supplemented with annual payments from the Government.⁹ In 1921, the attempt to keep separate police superannuation funds was abandoned:

The cost of police pensions was henceforth met in part by the contributions paid by the men themselves and in part by the general police fund in each area, which itself is now composed partly of money derived from the rates and partly of an Exchequer grants for police purposes.

The rate of pension was, within certain limits, left to the discretion of individual police authorities. There were also variations in the extent to which minimum retirement ages were fixed.

A uniform pension scheme for police officers was first established under the *Police Pensions Act 1921*. Gerald Rhodes explains that:

The main features of this scheme were that the sixtieths pattern of other schemes was adapted to give a half-pension after twenty-five years and two-thirds after thirty years, that widow’s pensions and not just gratuities were introduced and that prominence was given to injury and disablement awards.

These have been characteristic features of the police scheme ever since, although many changes have been made in detail, notably in improving widow’s pensions and in raising the contribution rate.¹⁰

⁸ Gerald Rhodes, *Public sector pensions*, 1965, p60

⁹ *Ibid*, p58-9

¹⁰ *Ibid* p61

Detailed police pensions regulations, along the current lines, were subsequently made under the *Police Pensions Act 1948*.

2.2 Sheehy Inquiry into Police Responsibilities and Rewards

By the early 1990s, the scheme was considered to be in need of review. The 1993 report of Sir Patrick Sheehy's "Inquiry into Police Responsibilities and Rewards" referred to concerns about the cost of the scheme.¹¹ It recommended significant changes to police pension arrangements, closely related to its proposals for the introduction of fixed-term appointments. The then Conservative Home Secretary, Michael Howard, explained that as the Government had only accepted the proposal for fixed term appointments for chief officer ranks, the proposals for pension reform would need to be reconsidered, so the Government would undertake a full review:

The report recommended significant changes to police pension arrangements. Those were closely related to the proposals for fixed-term appointments and must therefore be reconsidered, so we shall undertake a full review of police pensions. One of its principal objectives will be to produce greater flexibility. One aspect of the recommendations excited controversy : that officers of all ranks should be expected to serve for 40 years to receive a full pension at the age of 60. That would not help to encourage mature people with experience in other walks of life to join the police, as we wish. Patrol duties are not appropriate for people in their late 50s, and we do not think that it is reasonable for constables and sergeants, in particular, to be expected invariably to continue to serve until then. We have therefore decided not to accept that proposal.¹²

The review began in 1994 but a report of the review, including recommendations was not published before the general election in May 1997 intervened.¹³

3 The Labour Government's reforms

3.1 Proposals for a New Police Pension Scheme (NPPS)

In March 1998, the Labour Government published a "Police Pensions Review Consultation Document." This identified "a number of options for making the costs and benefits of the scheme more comparable with other public service pension schemes and for reforming aspects of the current arrangements for retirement on medical grounds."¹⁴ The main options proposed for discussion were:

Contribution rate

- The member's contribution rate of 11% should be reduced.

Normal pensionable age

- Normal pensionable age for all officers should be set at 55, except possibly in the case of officers of ACPO rank, where there was a case for considering age 60 as an alternative.

¹¹ *Inquiry into Police Responsibilities and Rewards*, June 1993, Cm 2280

¹² [HC Deb 28 October 1993, c976](#)

¹³ Home Office, *Police Pensions Review – A consultation Document*, March 1998

¹⁴ *Ibid*, Section 1, para 1.1

- Officers should be able to continue in service after age 55 subject to various conditions depending on their rank.

Early retirement

- Early retirement should be possible from age 50 with an actuarially reduced pension.
- Length of service to accrue maximum benefits should be 35 years.

Accrual rates

- Pension entitlement should accrue at 1/80 of pensionable pay until an officer has served 30 years, after which it would accrue at 2/80 for each year of service up to a maximum of 40/80. Alternatively, a double accrual rate could apply from age 50.

Commutation and lump sums

- The present commutation option should be replaced by a lump sum of 3x the annual pension.

Widows' or widowers' and dependants' benefits

- Surviving spouse's benefits should normally represent one half of the members pension and dependent children's allowances one quarter.

Procedures and terms relating to ill-health and injury retirement

- Service-related enhancements for ill-health pensions should be arranged in more even steps.
- An officer's rank should be taken into account when deciding whether to retire him or her on medical grounds.

Options affecting serving officers and new entrants

- Consideration should be given to allowing a police officer to nominate someone other than a legal spouse as recipient of his or her death-in-service lump sum grant.
- A number of measures should be taken to improve the management of medical retirement.¹⁵

Responses would be taken into account when final proposals were submitted to Ministers. Any new regulations would be subject to all statutory consultation requirements, including consultation with the Police Negotiating Board. A new scheme would not be implemented before 2000.¹⁶

In the light of the ensuing consultation, further work was then undertaken and proposals for a New Police Pension Scheme published in 2003:

4. A review of the Police Pension Scheme was set up in 1993 but a report of the review was not published before the election in May 1997. The incoming Government

¹⁵ Ibid Executive Summary

¹⁶ Ibid

decided a fresh start was required and that a consultation document should be issued to stimulate debate about a modernised pension scheme for future police officers. The consultation document, published in 1998, suggested a pension of half final salary after 35 years (built up with credits of one 80th for each of the last 30 years and two 80ths for each of the last five) and a pension age of 55. This proposed scheme was estimated at that time to be worth overall around 24% of pay.

5. In the light of the consultation exercise the Government concluded that further work on the key details of a new scheme was needed before making firm proposals. Particular issues considered were whether it would be advisable for a new scheme to continue to make ages at which pension could be taken dependent on length of service and to offer a two-speed system of pension accrual.

6. During this period of further consideration, police officers, management and police authorities have continued to call for change. Individual (and groups of) officers have sought improvements such as benefits for unmarried partners and lifetime pensions for spouses. Management has remained concerned at the rising cost of pensions and is also keen to tackle the perverse incentives in the present scheme for officers to retire while there is still a useful role for them to play in the police service, either with an ordinary pension after completing 30 years' service or with an enhanced ill-health pension.¹⁷

The 2003 document explained that the reasons for proposing a new scheme included rising cost and a desire to "meet the needs of a modern police service":

1 The fact that the Police Pension Scheme may no longer meet the needs of a modern police service and the rising cost of police pensions have been key drivers in recent years for conducting a review of police pensions. Against this background the Government has confirmed its commitment, in both the Police Reform White Paper of December 2001 and the National Policing Plan of November 2002, to considering options for modernising police pensions to make them more flexible and affordable for future entrants.

2 The priority for the Government is that any modernisation of police pension arrangements should bring early and direct benefits for the police reform programme. The changes should help to recruit and retain officers of the right calibre, for example by increasing take-home pay, and by allowing for greater diversity in backgrounds and careers because pensions would be less dependent on age at entry. The changes should also facilitate greater flexibility over exit points, allowing officers to leave early with a fair share of pension benefits.

3 Another consideration is that the police pension represents a very high proportion of police officers' total remuneration at present. The cost of pensions also has longer-term implications for the level of police grant. The Government and employers are looking for more cost-effective arrangements, which are more affordable for employers, taxpayers and police officers and which would free resources for tackling crime. The Government is also looking to ensure that police pensions design accords with its general policies on public service pensions and on taxation.¹⁸

The Government's objectives were that the new scheme should offer significant improvements for police officers in terms of:

¹⁷ Home Office, *New Police Pension Scheme for Future Entrants*, December 2003, p7

¹⁸ *Ibid*, p7

- improved retention – keeping a final salary scheme will help recruitment and retention, but the current scheme gives officers little incentive to stay beyond the 30-year point, and its ill-health retirement benefits also provide an expensive early exit route which has proved attractive to many officers;
- flexibility and modernity – the current system of dual accrual is inflexible in that it can penalise late joiners and those taking career breaks and reduces the willingness of officers to consider a change of career; all this sets the police pension arrangements unnecessarily far apart from other schemes and may hamper ongoing workforce modernisation; in particular, the system of dual accrual limits the scope for developing initiatives to enhance mobility and dynamism at the top of the service
- increased affordability – the present scheme has an employee contribution rate, which is intended to cover a third of total cost, currently set at 11% of pay, and a notional employer contribution rate which is already more than twice this and expected to rise further with continuing increases in life expectancy. If the opportunity exists to sensibly reduce the cost of the scheme to employers, taxpayers and officers, it should be taken;
- diversity – the current scheme provides well for the married officer but not for those in other relationships and, as noted above, dual accrual was not designed with the needs of late entrants and those taking career breaks in mind.¹⁹

It was proposed that the new Police Pension Scheme should be a final salary scheme. The maximum pension under the scheme would accrue over a longer period (35 years), making it cheaper than the existing scheme:

8. It is proposed that maximum pension under the new scheme should be built up over 35 years. It is considered that a 35-year accrual period will be compatible with future fitness levels and 35 years will also accord with the wider Government policy of raising the minimum possible pension age from 50 to 55. All else being equal, the longer the time taken to build up a maximum pension, the less expensive the scheme is likely to be. The proposed scheme would cost around 28-29% of pay. The officer would pay 9-9.5% and the employer around 18.5%-19.5%, with contribution rates regularly reviewed in the light of, for example, changes in life expectancy. The proposed employee contribution rate compares very well with the 11% paid at present under the current Police Pension Scheme.²⁰

The new scheme would not have an accelerated accrual rate after 20 years as this was felt to disadvantage late entrants and those who take career breaks since the benefits are “end loaded.”²¹ Instead, benefits would accrue at the same rate each year. Survivors’ benefits would be introduced for unmarried partners and would no longer be withdrawn on remarriage or cohabitation:

9. Within the framework proposed above, the new scheme would have the following main features:

- A full pension, excluding lump sum, of half final salary;
- A fixed lump sum in addition to the pension;

¹⁹ Ibid, p11

²⁰ Ibid, p4

²¹ Ibid, p5

- Even build-up benefits over a career – no accelerated accrual after 20 years;
- A minimum pension age of 55 and a deferred pension age of 65 (consistent with government policy on extending working lifetimes and higher public sector pension ages);
- Life-long survivor benefits (i.e. no cessation on remarriage or cohabitation with a new partner);
- Survivor benefits for unmarried partners; and
- Two-tiers off ill-health benefits – depending on the severity of disablement for work.²²

Other proposed features were:

- A pension lump sum of four times pension, giving a maximum of twice the final salary – although less than the present maximum police pension lump sum of about 2.5 times final salary for those who retire by age 51, this is more than some officers currently receive and compares favourably with the maximum of 1.5 times final salary lump sums in other public service schemes.
- A survivor's pension in respect of an officer accruing the full pension of half final salary would be at the rate of 25% of final salary rather than the present 33%. This reflects changing lifestyles with financial interdependence, a feature of modern relationships, and enables the scheme's costs to be kept down.
- A lump sum death-in-service grant of three times final salary – instead of twice final salary at present.²³

Any changes would only apply to new entrants:

2. The Government has make it clear that police officers serving at present will be able to remain in the current scheme if they wish and that their ability to retire with an immediate pension after 30 years' service or with a pension payable from age 50 after 25 years' service will not be affected by the introduction of a new scheme.
3. Arrangements will also need to be put in place to enable members of the current scheme to elect to transfer to the new scheme.²⁴

Ill-health benefits and injury awards

The 2003 consultation document also proposed a two-tier ill-health benefit system:

...the recent review of public sector ill-health pensions recommended a two-tier system for services, like the police, with high fitness standards. Currently any officer who is permanently unable to perform the ordinary duties of a member of the force, if medically retired, is entitled to an immediate pension with generous enhancements.

10. Although an enhanced pension is appropriate for those who cannot earn an alternative living, those who can take alternative regular full-time employment require only limited continuing support from the Police Pension Scheme. An ability to continue

²² Ibid, p4

²³ Ibid, p4

²⁴ Home Office, [New Police Pension Scheme for Future Entrants](#), December 2003, p3

in full-time employment brings with it the means of earning a reasonably living but also of accruing further pension benefits.

11. It is proposed that officers who are still able to take regular full-time employment should leave with an immediate unenhanced pension. This would serve as a cushion between the salary on leaving the police and a potentially lower paid job outside. For officers who are permanently disabled from taking regular full-time employment there should still be a system of enhancements to compensate for this loss.²⁵

It was proposed that enhancements should be “based on half the prospective service to normal pension age.”²⁶

While PPS still has one tier,²⁷ the NPPS has two tiers of ill-health pension: a standard ill-health pension for someone permanently disabled for the ordinary duties of a member of the police force and an “enhanced top-up ill-health pension” for a person who is also permanently disabled for any “regular employment” (at least 30 hours a week).²⁸

Introduction of the New Police Pension Scheme

On 9 March 2006, the then Home Office Minister, Hazel Blears announced details of “the first major overhaul of police pensions in over 80 years”. Key features of the New Police Pension Scheme to be introduced on 6 April 2006 included:

- All new recruits to the police service from 6 April 2006 onwards will become members of the NPPS;
- Police officers contribute 9.5 per cent of their pay to the scheme (compared with 11 per cent under the current scheme);
- A maximum final pension of half final pay plus a lump sum of four times pension (compared with two-thirds final salary and option to exchange part of pension for a lump sum);
- New option to nominate an unmarried partner – including same sex partner – as pension beneficiary;
- New lifelong benefits for surviving spouses, civil partners and nominated unmarried partners;
- Even build-up of pension scheme benefits over a career, which gives late joiners a fair deal (compared with the current scheme which has two rates of pension accrual depending on length of service); and
- Option to exchange all or part of the lump sum for more annual pension.²⁹

Regulations to introduce the new scheme – the [Police Pensions Regulations 2006](#) (SI 2006/3415) were laid before Parliament on 16 December 2006, to take effect from 6 April

²⁵ Ibid, p20

²⁶ Ibid

²⁷ For details, see “[PPS 1987, Members’ Guide](#)”, p 17-19

²⁸ [A Member’s Guide to the New Police Pension Scheme 2006](#), p15

²⁹ Home Office Press Release 029/2006 “[New Pension Scheme for a Modern Police Service](#)” (9 March 2006)

2006.³⁰ Existing members of the PPS on 6 April 2006 had the option to transfer to the new scheme any time between 1 November 2006 and 31 January 2007.³¹

Impact

The 2003 consultation document estimated the cost of accruing benefits under the PPS as 36% of pensionable pay (an increase compared to the previous estimate - 32% - which was mainly attributable to increased life expectancy). The estimated cost of benefits under the proposed new scheme 29%.³² The introduction of new financing arrangements from April 2006 (see section **Error! Reference source not found.**) means that police authorities now pay the pension contributions of serving officers, rather than meeting the ongoing cost of pensions in payment. The costs to police authorities should therefore start to reduce as the new scheme is introduced.³³ However, savings on pensions in payment would only begin to be made when the new scheme had been in place for some time:

Over time, as more officers join the new scheme and the numbers in the old scheme fall, there will be a saving in public expenditure, as the new scheme costs less as a percentage of pay than the current scheme. Ultimately, the saving has been assessed as 8.3% of pay and savings will begin to be made after the new scheme has been in place for about 25 years.³⁴

The employer contribution rate in respect of active members was reduced to 24.2% as of April 2008:

Whereas previously police authorities had to meet the cost of pensions in payment on a pay-as-you go basis, they are now only responsible for the payment of an employer contribution for each officer, whilst a central Home Office top up grant will cover any deficits, or recoup any surplus, that the authority incurs each year. The employer contribution has been reduced from 24.6% of pensionable pay to 24.2%, as of 1 April 2008. This is the result of an actuarial assessment of the police pension schemes, as part of the system of regular three yearly actuarial valuations, and is based on the rising number of officers in the less expensive NPPS. It demonstrates the advantage of the new financing system in allowing forces to feel the benefit of this less expensive scheme much quicker than under the pay-as-you-go system.³⁵

The Pensions Policy Institute (PPI) estimated that the reforms had reduced the value of the scheme for new entrants:

The uniformed services schemes were more valuable than the main schemes before the reforms, and remain so after the reforms. [...] The reforms to the Armed Forces scheme have reduced the effective employee benefit rate by 1% of salary, from 39% to 38%. Before the reforms, the Police and Fire schemes both had an average effective employee benefit rate of around 35% of salary. The reforms to the Police scheme have reduced its average effective employee benefit rate from 35% to 29% of salary. The reforms to the Fire scheme have reduced its average effective employee benefit rate further, from 35% to 24% of salary.³⁶

³⁰ [Police Pensions Regulations 2006](#), (SI 2006/3415)

³¹ Home Office leaflet, "[Understanding your choice](#)", October 2006, p5

³² Home Office, [New Police Pension Scheme for Future Entrants](#), December 2003, p24-5

³³ See, for example, [HC Deb 28 October 2008, c824W](#)

³⁴ Explanatory Memorandum to the [Police Pensions Regulations 2006](#) (SI 2006 No. 3415)

³⁵ [Explanatory Memorandum to the Police Pensions \(Amendment\) Regulations 2008 \(SI 2008/1887\)](#), para 7.8

³⁶ PPI, [An assessment of the Government's reforms to public sector pensions](#), October 2008, p15

The Independent Public Service Pensions Commission expected costs to reduce by about a fifth over 30 years:

2.8 The overall cost savings from these reforms, compared with the costs that might otherwise have arisen, vary considerably between schemes. Over the next 30 years, expected savings under the reforms of the uniformed service schemes range from under a tenth of overall cost for the armed forces to about a fifth for police and a third for firefighters. However, the savings will build up gradually, in line with the gradual increase in the proportion of members accruing benefits under the new pension terms. Consequently, because of protections for existing members' past and future service, overall costs for these schemes are predicted to remain at over a third of pensionable pay for much of the next decade.³⁷

3.2 Review of financing arrangements

In December 2003 the Government proposed reforms to the system of financing police pensions. Under the existing system, each police authority was responsible for paying the pensions of its former employees on a "pay-as-you-go" basis. It was proposed that this should be replaced with a system in which police authorities paid employer and employee contributions into a local pensions account:

Under the new financing arrangements it is proposed that police authorities would continue to administer police pensions. However, their operational budgets would be better safeguarded as employer contributions would be paid from them rather than annual payments of ordinary retirement pensions net of employee contributions (income from which might fall due to the reforms discussed here). This will happen in two ways:

- Budgets will be protected from changes in pensions expenditure caused by year to year fluctuations in normal retirement;
- Instead of operational budgets bearing the cost of paying retired officers' pensions (which are set to increase over the next 20 years or so) net of employee contributions, they will bear the employer's share of accruing pensions costs for currently serving officers.³⁸

A Home Office-led working group set up to look at the details for introducing the new scheme reported in March 2005.³⁹ The outcome of the ensuing consultation was that respondents wanted the new financing arrangements to be introduced essentially as proposed.⁴⁰ On 5 December 2005, the Government announced that the new system would be introduced.⁴¹

As the following Parliamentary Written Answer explains, each police authority now pays employer and employee contributions to police pensions into a separate account. Where the income to this account is insufficient to meet the cost of pensions in payment, it is topped up by a Home Office grant:

³⁷ [Independent Public Service Pensions Commission: Interim Report](#), 7 October 2010

³⁸ Home Office, [New Police Pension Scheme for Future Entrants](#), December 2003, p5

³⁹ ["Report of the Working Group on Police Pensions Finance Reform"](#), March 2005; House of Commons Deposited Paper, 05/624

⁴⁰ [HL Deb 29 November 2005, c14-15WS](#)

⁴¹ [HC Deb 5 December 2005, c74WS](#)

Police: Pensions

Paul Rowen: To ask the Secretary of State for the Home Department how much was paid (a) by (i) employees and (ii) employers into and (b) to those receiving pensions payments from the Police Pension Scheme in each of the last five years. [229433]

Mr. Coaker: The present system of police pensions financing, under which each police authority pays employer and officer contributions into a separate account out of which pensions are paid, was introduced in April 2006. Where the income into the police authority pensions account from contributions and other payments such as inward transfer values is insufficient to meet the cost of pensions in payment, it is topped up by Home Office grant. The information for the first two completed years under this system is given in the following table.

	2006-07 (audited)	2007-08 (unaudited)
	£m	£m
Officer contributions	499	508
Police authority contribution	1,118	1,145
Pensions expenditure	1,970	2,085

Figures for the years before 2006-07 relate to the previous pay-as-you-go system of financing under which police pensions were paid out of forces' operating accounts. Information about the level of officer contributions, and pensions expenditure net of officer contributions is included in the annual reports published by the Chartered Institute of Public Finance and Accountancy (CIPFA). This information is gathered independently of the Home Office.⁴²

A Parliamentary Written Answer of 21 June 2011 provided information on the level of the police pensions top-up grant in provided by the Home Office in each year from 2006-07 to 2010-11.⁴³ Figures for 2011-12 and 2012-13 are in a Written Answer of 14 May 2013.⁴⁴

4 Issues

4.1 Commutation factors

On 21 May 2008, the Government announced new commutation factors, to take effect from 1 October 2007 in the Police Pension Scheme 1987 (PPS) in England and Wales.⁴⁵ These had the effect of increasing the lump sum payable. The then Home Secretary, Jacqui Smith, said:

First, I am announcing today new commutation factors for calculating retirement lump sums under the Police Pension Scheme 1987. These new factors – which are the same for both men and women – should be implemented in forces from 1 July this year. And they will be back-dated to 1 October last year.

This will increase the lump sum payable to all officers who retire under the 'old' police pension scheme, or who retired with a lump sum under the old pension scheme on or after 1 October 2007.

⁴² [HC Deb, 30 October 2008, c124-5W](#)

⁴³ [HC Deb, 21 June 2011, c213W](#). See also [HC Deb, 9 July 2009, c964W](#) on the costs of the scheme in the years 2006/07 to 2008/09

⁴⁴ [HC Deb 14 May 2013 c116W](#)

⁴⁵ [Police Federation Of England and Wales](#), 12 August 2008, JBB CIRCULAR NO: 65/2008

To give you an idea of what this could mean for different officers in different circumstances:

- a 50-year old male constable on the top of the pay scale and with CRTP threshold payments who retires after 30 years and commutes the maximum will get a lump sum of just over £109,000 – almost £23,000 more than under the old factors.
- a 52-year old male sergeant in similar circumstances will get a lump sum of just under £120,000 – almost £24,000 more.
- a 55-year old female inspector in similar circumstances will get a lump sum of just over £142,000 – about £14,000 more.⁴⁶

A “New Commutation Factors: Q&A” factsheet explained why the new factors result in increased lump sum payments for PPS members who retired on or after 1 October 2007:

The old scheme factors are higher primarily because of increased longevity, so officers giving up an annual pension for a lump sum get more.⁴⁷

It also explained why the date of 1 October 2007 was chosen:

Why are you backdating the old scheme factors to 1 October 2007?

Any new factors which are introduced can only apply going forward. It is, however, unavoidable that new factors take time to implement and so some backdating may be appropriate. But there has to be a cut-off somewhere. In this case the implementation date of 1 October 2007 was fixed in the light of actuarial advice as an fair and appropriate date.

I retired before 1 October 2007 – it seems unfair that I miss out

There has to be a cut-off point somewhere. We recognise that the introduction of new factors from a particular date will seem unfair to those who retired just before then. But it is inherent in the process of changing the factors over time that not everyone will benefit.

Why did you not give advance warning of these changes?

It is in the nature of this sort of change that we have to announce it when it happens. The backdating of the new factors for the old scheme allows for the fact that we have not been able to give advance warning. Even if we had given advance warning, there would still have been a cut-off point.⁴⁸

The implications for members of the NPPS is different because of the different relationship between pension and lump sum in that scheme. In this case, the new factors come into effect from 1 July 2008 and are not being backdated.⁴⁹

The Police Federation applied for judicial review of the decision to choose 1 October 2007 as the commencement date. A circular of 12 August 2008 said:

⁴⁶ [Home Secretary's speech to Police Federation Conference, Speech by the Rt. Hon. Jacqui Smith, Home Secretary, to the Police Federation Conference in Bournemouth, 21 May 2008;](#)

⁴⁷ Police Pensions website, “New commutation factors: Q&A”, 21 May 2008

⁴⁸ Ibid

⁴⁹ Ibid

At this year's Conference, the Home Secretary announced that new commutation factors would be introduced and backdated to 1 October 2007. Given the importance of the change to those who had retired prior to that date, correspondence was opened with the Home Office to establish how that date had been determined.

We have been informed that the new factors were first proposed by the Government Actuary Department ('GAD') in December 2006. The explanation given for the delay in implementation is that:

1. some details (such as the need to amend pension increase factors and to check whether the changes would breach HMRC limits) had to be finalised prior to implementation;
2. GAD did not intend the new factors should be implemented immediately and endorsed use of the old factors until at least 23 October 2007; and
3. therefore the Government was entitled to take policy issues (and in particular affordability) into account.

We have been advised that the decision is challengeable. The main point being that the relevant regulation (B7 Police Pensions Regulations 1987) requires a commuted lump sum to be actuarially equivalent to the pension given up, and that this is a purely actuarial assessment, which cannot be affected by wider policy issues.

Accordingly a claim for judicial review has today, 12 August 2008, been lodged at the Administrative Court. The Court is being asked to make a declaration that the Home Office and/or GAD acted unlawfully in choosing 1 October 2007 as the commencement date and to order them to reconsider the date from which the new factors should be effective.⁵⁰

In March 2009, the High Court decided that the new commutation factors should be backdated to 1 December 2006.⁵¹

4.2 Survivors' benefits where an officer dies in the course of duty

Under the NPPS, survivors' benefits are payable for life "irrespective of whether the survivor remarries or forms a new partnership."⁵² Under the PPS, on the other hand, a survivor's pension stops if the survivor remarries, forms a new civil partnership or cohabits:

If your surviving spouse or civil partner later remarries, forms a new civil partnership or cohabits, the pension will stop (or be reduced to only the pensions for any children). But it may, on application, be restored at the discretion of the police authority if the second marriage, civil partnership or cohabitation comes to an end.⁵³

Existing members of the PPS on 6 April 2006 had the option to transfer to the new scheme any time between 1 November 2006 and 31 January 2007. The Home Office produced a leaflet explaining the differences between the two schemes, including the survivors' benefits provided. For example:⁵⁴

⁵⁰ Police Federation JJB Circular 65/2008, 12 August 2008

⁵¹ [Home Office Circular, Police Pension Scheme 1987: New Commutation Factors and Outcome of Judicial Review](#)

⁵² [A Member's Guide to the New Police Pension Scheme 2006](#), p12;

⁵³ [A Member's Guide to the Police Pension Scheme 1987](#), p13

⁵⁴ Home Office leaflet, "Understanding your choice", October 2006, p5

What pension will my spouse or civil partner get?

He/she will get

- a pension equal to your pay for the first 13 weeks after your death (if you die in service, otherwise it will be equal to your full pension for those 13 weeks)
- a pension of up to half your pension entitlement after that.

But the pension will stop if he/she remarries or forms a new civil partnership or cohabits with anyone.

He/she will get a pension equal to half your pension entitlement, payable for life.

In a speech to the Police Federation Conference on 21 May 2008, the then Home Secretary Jacqui Smith said that she wanted to do more for existing survivors who had already lost a partner in the line of duty:

In the future, the pensions of the surviving partners of officers killed in the line of duty should be payable for life, regardless of whether they go on to remarry.

That change is a key part of a package of support for surviving partners that I want the Police Negotiating Board to agree by the end of this year.

And at the same time, I want to do more for existing survivors who have already lost their partner in the line of duty.

At the moment, the pension they receive is withdrawn if they remarry.

I recognise that this can cause hardship, and so to alleviate the problem I intend to give police authorities the discretionary power to make one-off lump sum payments to help existing survivors who have remarried or may remarry.

I will work with the Police Federation and other members of the Police Negotiating Board on the details of the scheme, but I envisage this lump sum payment to be sizeable in most cases.⁵⁵

In response, the Home Office established a special discretionary grant scheme – the Police Survivors' Support Scheme. Eligibility was limited to the surviving partners of officers who had died as a result of an injury received in the line of duty but whose pension/gratuity was stopped on their remarriage, cohabitation or civil partnership:

Under current legislation, a Special or Augmented pension/gratuity payable to a surviving spouse of a Police officer ("Police Survivor") who dies as a result of their injuries suffered in the line of duty may be stopped if the Police Survivor remarries, forms a new (registered) civil partnership, or cohabits with another person of the same or opposite sex.

The Purpose of this Scheme

In accordance with a pledge made by the former Home Secretary Jacqui Smith MP in May 2008, the Home Office has established a special discretionary grant scheme for the purpose of providing financial assistance to eligible Police Survivors in England & Wales, who are in financial need as a result of losing their Special or Augmented pension/gratuity as a result of the effect of police pensions legislation as outlined above. With further support from the governments of Scotland and Northern Ireland,

⁵⁵ [Speech by the Rt. Hon. Jacqui Smith, Home Secretary, to the Police Federation Conference in Bournemouth, 21 May 2008](#)

this special scheme has been extended to apply to all eligible Police Survivors across the United Kingdom, not just those in England & Wales.⁵⁶

The scheme closed on 30 March 2011.⁵⁷

For the longer term, it published proposals for a revised injury awards scheme, including:

[...] life-long adult survivor benefits and the extension of survivor benefits to nominated unmarried and unregistered partners in cases where an officer dies in the line of duty. At present survivor benefits for death in the line of duty are restricted to bereaved spouses and civil partners and are stopped on remarriage or cohabitation.⁵⁸

A summary of responses to the consultation published in April 2009, proposed that:

[...]pensions for adult survivors of officers killed in the line of duty should be life-long, in line with life-long pensions introduced under the 2006 New Police Pension Scheme (NPPS).⁵⁹

The Home Office said that:

Subject to the outcome of ongoing consultation with the PNB and the necessary parliamentary approval, we will bring forward the measures necessary to implement amendments to the police injury benefits system later in 2009.⁶⁰

4.3 Review of injury awards at retirement age

There is a system of injury awards for officers permanently disabled from performing the ordinary duties of a member of the police force. This does not form part of the pension scheme.⁶¹ The Home Office explains:

An officer receives an injury award where he or she has ceased to be a member of a police force and is permanently disabled as a result of an injury received without his or her own default in the execution of his or her duty. The award consists of a gratuity and a pension, both of which are related to the loss of earning capacity of the officer. The pension element is based on a minimum income guarantee, which is set against certain other benefits including ¾ of any ill-health pension.

A Police Authority must review an injury pension from time to time. This is because the injury pension is linked to the loss of earning capacity, which may vary with changing circumstances. However, although the actual amount paid may change, the injury pension cannot be removed entirely and so is payable for life.⁶²

The amount of an award depends on the former officer's "degree of disablement", pensionable pay and length of pensionable service. Under the regulations, "degree of disablement" means the extent to which an officer's earnings capacity has been affected as a result of a relevant injury. Regulation 7(5) of the *Police (Injury Benefit) Regulations 2006* provides that:

⁵⁶ [Home Office – Police Survivor Support Scheme website](#)

⁵⁷ Ibid

⁵⁸ [HC Deb 10 Sep 2008, c126-7WS](#)

⁵⁹ Home Office, [Review of Injury Award Benefits. Summary and analysis of consultation responses](#)

⁶⁰ [National archives – Injury awards review](#)

⁶¹ See, for example, "New Police Pension Scheme – Members' Guide", p18

⁶² Home Office website, [Police Pensions – ill-health retirement and injury awards](#)

where it is necessary to determine the degree of a person's disablement it shall be determined by reference to the degree to which his earning capacity has been affected as a result of an injury received without his own default in the execution of his duty as a member of a police force

The Home Office says the term "degree of disablement" is open to misinterpretation and should be substituted by loss of earnings capacity:

3.28 The term "degree of disablement" arguably has nothing to do with loss of earning capacity to the uninitiated. There seems no reason to retain the term, when all the required assessments and calculations of the injury award are carried out so as to arrive at the loss of earning capacity that the officer has suffered. **It is therefore proposed to change "degree of disablement" to "loss of earning capacity"**.⁶³

It explains that the task, in assessing a loss of earnings capacity, is to assess what a person is capable of doing and thus capable of earning:

Method of assessing loss of earning capacity

3.11 The Police (Injury Benefit) Regulations do not set out a specified procedure for assessing the degree of a person's disablement. The Administrative Court has, however, commented that the task in assessing earning capacity is to assess what the person is capable of doing and thus capable of earning. It is not a labour market assessment of whether somebody would actually pay that person to do what he or she is capable of doing, whether or not in competition.

3.12 Under the current guidance issued by the Home Office the loss of earning capacity in any case where the claimant is of an age at which he could still have expected to be a serving police officer is to be assessed by comparing the likely outside pensionable (or basic) salary he or she could now be expected to earn after his injury with the pensionable police salary earned when last serving. There is no absolute reason for using the claimant's police salary as a benchmark for pre-injury earning capacity but it has been adopted by police authorities as a means of keeping the process as fair and transparent as possible – being based on fact (ie what the claimant was earning) and not on speculation about what the claimant might have been able to earn.

3.13 The reason for using pensionable earnings for assessing both pre- and post-retirement earning capacity is to arrive at the fairest and most robust measure of loss of earning capacity for the purpose of a pension which may be payable for a considerable period of time. It avoids one officer, who was doing a lot of overtime at the point of injury, gaining an advantage over an officer who was not.

Example

3.14 If a person had earnings as a police officer of £32,000 a year and it is thought that he or she could now earn £24,000 a year, then the loss in earning capacity would be £8,000, which would be 25% and would place the person in the "slight disablement" category.

3.15 If there has been a gap between retirement and the injury award claim, the police salary benchmark will keep step with police pay movements since the claimant left the force - by reference to the current equivalent to the claimant's pensionable pay point at retirement.

⁶³ Home Office, *Review of Police Injury Benefits. Government proposals*, August 2008; See also, Home Office, "Police Pensions Review. A Consultation Document", March 1998, para 5.44

3.16 It is proposed to retain the use of the claimant's pensionable police salary at the point at which he or she last served as the benchmark for pre-injury earning capacity. It is not considered necessary to amend the regulations to this effect but to keep this as a matter of guidance.

Home Office Circular 46/2004

Home Office Circular 46/2004 recommended that police forces consider a review of the award payable at compulsory retirement age on the grounds that it was no longer appropriate to use the former officer's pay scale as the basis for their pre-injury earning capacity. At State Pension age, they would no longer normally be expected to be earning a salary in the employment market. They could therefore be placed in the lowest band of degree of disablement:

Once a former officer receiving an injury pension reaches what would have been his compulsory retirement age under the Police Pensions Regulations (55, 57, 60 or 65 depending on the person's force and rank at the point of leaving the police service) the force should consider a review of the award payable, since it is no longer appropriate to use the former officer's police pay scale as the basis for his or her pre-injury earning capacity.

In the absence of a cogent reason for a higher or lower outside earnings level, it is suggested that the new basis for the person's earning capacity, had there been no injury, should be the National Average Earnings (NAE)* at the time of the review. The NAE figure taken should be the average for the population overall. Separate figures for males and females, and regional fluctuations should not be considered. The loss of earning capacity for the purpose of establishing Degree of Disablement should therefore be assessed by reference to the % proportion the person's actual earning capacity bears to NAE.

This procedure should help to ensure that former officers are treated in a consistent way across forces. They will be placed on an equal financial footing with others in the employment market at a time when they could not have been assumed to be earning a police salary.

[...]

Review of Injury Pensions once Officers reach Age 65

Once a former officer receiving an injury pension reaches the age of 65 they will have reached their State Pension Age irrespective of whether they are male or female. The force then has the discretion, in the absence of a cogent reason otherwise, to advise the SMP to place the former officer in the lowest band of Degree of Disablement. At such a point the former officer would normally no longer be expected to be earning a salary in the employment market.⁶⁴

More recently, a note on the Home Office website said the guidance was a clarification and did not constitute a retrospective change:

The ability for police authorities to review injury awards has been in the regulations since they were made in 1987. Home Office Circular 46/2004 gives guidance regarding the process of reviewing injury awards and was issued to ensure a fairer and more consistent approach from all police authorities when reviewing injury pensions. This clarification of the situation in the Circular does not constitute retrospection.⁶⁵

⁶⁴ [Home Office Circular 46/2004, Annex C](#), 'Home Office guidance for forces on reviews of injury awards'

⁶⁵ Home Office website, '[Reviewing police injury awards. Date: Mon Jan 14 16:48:11 GMT 2008](#)'

The word “cogent” was used in the guidance to:

...allow discretion in what are likely to be highly individual and specific cases. Our guidance cannot cover every eventuality. It must be for individual Forces to make a determination on all the evidence.⁶⁶

In June 2006, the then Home Office Minister Tony McNulty explained that the Government had no plans to withdraw this guidance, although a wider review of injury benefits was planned:

We have no plans to change the guidance in Annex C in HOC 46/2004, which was issued to provide for a fairer and more consistent framework within which police authorities review the injury pensions they are paying. Police authorities have a statutory responsibility to consider at suitable intervals whether the pensioner’s loss of earning capacity has altered. The relevant provision is now set out in regulation 37 of the Police (Injury Benefit) Regulations 2006, but the legal obligation has been in place since before 1987, when the previous regulations were made. A wider policy review of the injury award system is planned.⁶⁷

Comment

The National Association of Retired Police Officers (NARPO) said it “steadfastly opposed the Home Office Circular 46/2004” and reminded “Police Authorities of the high degree of discretion they have in both the timing and regularity of reviews”:

The National Association of Retired Police Officers (NARPO) have steadfastly opposed the Home Office Circular 46/2004, which appears to be intended to bully Police Authorities into very significant changes to local policies on injury award reviews. Imposition of a policy based on the circular would greatly affect the lifestyles and financial security of those already limited by the effects of injuries received protecting the public.

Eric Evans, the President of NARPO said ‘Many of those potentially caught by any Home Office inspired policy change have been led to believe that the value of their award was for life to help to compensate for a lost career and, in many cases, a reduced pension. In some forces the reviews have come completely out of the blue, for some after years in retirement, with no proper procedure or explanation. We think policy changes are driven solely by a desire to save money at any cost.

Where is the consideration or sympathy for those who lost their jobs protecting local communities? We would remind Police Authorities of the high degree of discretion they have in both the timing and regularity of reviews and implore them, if considering a new policy, not to introduce it retrospectively in fairness to those whose careers were shortened by serious injuries.’⁶⁸

It has noticed a more robust and systematic approach being taken to the review of injury awards:

Medical Pensions and Injury Awards are two areas that have experienced an unprecedented increase in growth of enquiries. Throughout the 43 Police Forces in England and Wales a much more robust and systematic approach to Medical Pensions and Injury Award review continues to develop. NARPO accepts this new approach, as

⁶⁶ [‘Clarification of certain terms used in the Police Pensions Regulations’](#), Monday 26 September, 2005

⁶⁷ [HC Deb, 20 June 2006, c1844-5W](#)

⁶⁸ NARPO, [Injury awards – Statement to the Police Review \(viewed June 2009\)](#)

long as it is carried out fairly and with compassion; is based on sound medical evidence and is conducted within the guideline of the relevant Police Regulations.⁶⁹

The interim report of the Conservative Police Reform Taskforce, chaired by Nick Herbert, the then Shadow Minister for Police Reform, regretted the way in which the reforms had been implemented:

Injury pensions. Police injury pensions were regarded as particularly wasteful and expensive and the Government has recently reformed them. An injured officer's pension is determined by their length of service, their final pensionable salary, and their loss of earning capacity as a result of their injury. Previously this loss of earning capacity would have been measured against police wages, but Government guidance now suggests that once an injured officer reaches compulsory retirement age (CRA) it is "no longer appropriate to use the former officer's police pay scale as the basis for his or her pre-injury earning capacity." Instead the guidance recommends "that the new basis for the person's earning capacity, had there been no injury, should be the National Average Earnings (NAE) at the time of the review."

The implication of this is that injured officers will receive substantially smaller injury pensions, with some more than £15,000 worse off a year. Public sector pensions need to be affordable and the Government's argument that, once an officer reaches the age at which they would have retired in the absence of any injury police pay has no relevance to their loss of earning capacity, is correct. However, the way in which these changes have been implemented leaves much to be desired. Injured officers were under the impression that their awards would remain unchanged for life unless their medical conditions also changed. In the last session of Parliament Edward Garnier MP, then Shadow Minister for the Police, sponsored an EDM which expressed sympathy for these officers and noted that many of them felt they had been misled.

Forces have implemented the changes unevenly and many, including the Metropolitan Police Service, have refused retrospectively to apply the changes to injured officers who reached before 1 April 2006. Subsequently a reform that was intended to "ensure that former officers are treated in a consistent way across forces" has actually increased differences between forces. It would be preferable if all forces applied the changes in the same way the Met has done. It is important that the any system of injury pension is fair, well balanced and proportionate to the injuries an officer has suffered. The system needs to be well managed to ensure that all claims receive an appropriate response.⁷⁰

Home Office Review of Police Injury Benefits

A consultation document on the [Review of Police Injury Benefits](#) was published on 25 August 2008.⁷¹ This proposed a number of changes. It proposed retaining the recommended practice of reviewing an injury award at compulsory retirement age:

Conditions applying to continuing an Injury Award

10. It is proposed to retain the current obligation on police authorities to review injury awards with decisions as to the frequency and necessity of these reviews left to their discretion. Since selected medical practitioners now assess loss of earning capacity in terms of percentage points it is no longer appropriate to restrict the revision of an injury pension to cases where the loss of earning capacity has "substantially" altered. Injury pensions should be revised as and when necessary. If the former officer's loss of

⁶⁹ [NARPO website](#) (downloaded 10 June 2009)

⁷⁰ '[Policing for the People Interim report of the Police Reform Taskforce](#)', April 2007

⁷¹ Home Office, [Review of Policy Injury Benefits. Government Proposals](#), August 2008

earning capacity is assessed as 10% or less on review, it is proposed that payments of the income supplement will be stopped. It is also recommended that review of an injury pension can revise the extent to which the loss of earning capacity is apportioned to reflect changed circumstances.

11. The current recommended practice should be maintained of reviewing an injury pension at the point the former officer would have left the police service on age grounds so that the loss of earning capacity can be assessed against the national average earnings rather than his or her former police salary.

12. Since an injury award is to compensate a person for loss of earning capacity it is arguable that there is no need to pay an injury pension beyond State Pension age. On the other hand, stopping an injury pension completely at that point could disproportionately affect officers badly injured early on in their career who had been unable to build up pension scheme benefits. The review therefore proposes to halve the minimum income guarantee to create a new minimum retirement income guarantee, so that those without a reasonable pension scheme pension would still receive an injury pension, and to cease any further reviews after that stage.

13. Although it is proposed to retain the use of national average earnings for reviews between 60 and 65 against which to consider loss of earning capacity, it is proposed to revert back to using the officer's last police pay when the minimum retirement income guarantee is calculated.

Any changes would not to officers already retired when the changes came into force:

Any changes made as a result of the review will apply to officers serving at the time of implementation, regardless of whether they have already sustained an injury. They will not apply retrospectively however, that is, to officers who have already retired when the changes come into force—they will still be dealt with under the system as it currently stands, even if they have not yet applied for an award.⁷²

The Home Office published a summary and analysis of consultation responses to its Police Injury Benefits review in April 2009.⁷³

In a written answer of 27 February 2012, the Police Minister explained that the Government was considering the implications of recent court judgements:

Fiona O'Donnell: To ask the Secretary of State when she plans to publish guidance arising from the review of police injury benefits.

Nick Herbert: The implications of recent judgements given by the Administrative Court on existing guidance are currently being considered. Home Office officials will consult the Police Negotiating Board on any revised guidance on police injury benefits.⁷⁴

[Home Office Circular 007/2012](#) advised that that part of the guidance entitled 'review of injury pensions once officers reach age 65' was cancelled:

This circular advises recipients that parts of guidance on police injury award reviews, as specified below, are cancelled.

The relevant parts are:

⁷² HC Deb, 10 September 2008, c125WS

⁷³ Home Office, [Review of Police Injury Benefits: Summary and analysis of consultation responses](#), April 2009

⁷⁴ HC Deb, 27 February 2012, c17W

- (i) Home Office Circular 46/2004: in Annex C the section entitled 'Review of injury pensions once officers reach age 65'
- (ii) Guidance on medical appeals: paragraph 20 of section 5, entitled 'Degree of disablement after age 65'

The High Court gave a decision on 21 February 2012 in the judicial review case of Simpson. This judgment concerns guidance on police injury award reviews, principally that contained in Home Office Circular 46/2004 concerning reviews of the injury awards of former officers who have reached age 65. The court concluded that the relevant guidance on this particular issue is inconsistent with the Police (Injury Benefit) Regulations 2006 and unlawful.

Under Regulation 37 of the 2006 Regulations, the responsibility for such reviews lies with the relevant police authority. (Note. This is subject to amendment by the Police Pensions (Amendment) Regulations 2011 (SI 2011/3063), in consequence of changes made by the Police Reform and Social Responsibility Act 2011 and the introduction of police and crime commissioners in 2012.) We would advise, in the event that such reviews are being conducted or considered, that police authorities should satisfy themselves that they are acting in accordance with the regulations and the relevant case law in the light of the decision in Simpson.

We are currently considering the further implications of the court's decision and will provide further information and advice as appropriate in due course.