

**Name of Policy/Guidance/Operational Activity: The Police Pensions Regulations 2015**

The framework for reformed pension arrangements for the police was announced by the Home Secretary in September 2012, after consultation with the Police Negotiating Board. In line with wider public service pension reform, this will involve the introduction of career average pension arrangements and higher employee contribution rates, including for existing officers. In common with changes which have been developed across public service pension schemes, the proposal reflects the principles for reform established by the report of the Independent Public Service Pensions Commission, led by Lord Hutton.

Details of the reforms can be found here:

<https://www.gov.uk/government/publications/police-pension-reform-design-framework>.

The framework includes a normal pension age of 60. Police officers will continue to retire earlier than most public servants, who will have a normal pension age linked to state pension age (i.e. age 65 and likely to rise to 69 by late 2040s). The framework also includes continued flexibility for officers to be able to retire with an immediate pension from age 55.

The Police Pensions Regulations 2015 (the 2015 police pension scheme) will come into force from 1 April 2015. The main difference between the 2015 police pension scheme and the Police Pensions Regulations 2006 and the Police Pensions Regulations 1987 (the existing police pension schemes) is that the 2015 police pension scheme is a Career Average Revalued Earnings (CARE) scheme. CARE schemes provide a more equitable outcome than final salary schemes. Final salary schemes, such as the existing police pension schemes, provide better benefits to members with high levels of salary progression, effectively subsidised by lower benefits to members with flatter careers. Members with incomes that do not substantially increase towards the end of their career tend to get proportionately better benefits from a career average scheme than from a final salary scheme.

Officers joining from 1 April 2015 will automatically join the 2015 police pension scheme, whilst those closest to retirement will remain in their existing police pension scheme to allow them sufficient opportunity to save for their retirement.

Other key features of the 2015 police pension scheme include

- flexible retirement from the scheme's minimum pension age of 55, built around the scheme's Normal Pension Age of 60 – for all active members aged 55 or more at retirement, 2015 scheme benefits taken if they retire before Normal Pension Age will be actuarially reduced with reference to the 2015 scheme's Normal Pension Age, rather than the member's deferred pension age (i.e. the member's state pension age). Those members' benefits will continue to be paid after age 60 at that actuarially

reduced level;

- The Normal Pension Age and the age from which flexible early retirement is available will be subject to regular review. These reviews will consider the increasing State Pension Age and any changes to it, alongside evidence from interested parties, including staff associations and employers. The reviews will consider if the Normal Pension Age of 60 remains relevant, taking account of the economical, efficient and effective management of the police service, the changing profile of the workforce and the occupational demands of, and fitness standards for, police officer roles;
- This regular review will be informed by scheme data and experience;
- Late retirement factors for members retiring from active service after Normal Pension Age such that scheme benefits will be actuarially increased with reference to the scheme's Normal Pension Age;

### **Summary of the evidence considered in demonstrating due regard to the Public Sector Equality Duty.**

The Home Office has given due regard to equalities issues throughout the consideration of this policy. We have worked closely with partners in the former Police Negotiating Board (and subsequently the Police Advisory Board) on equalities matters.

#### Meetings at which due regard has been given to the General Duty

##### *1.1 Consultation with employers and police officers' representatives:*

At the outset of the reform process a specific sub-group of the Police Negotiating Board, the Pensions Technical Working Group, was established. This included both employer and employee representatives including:

- The Association of Chief Police Officers (ACPO)
- The Association of Police & Crime Commissioners
- The Police Federation for England and Wales
- Representatives from the governments of Scotland and Northern Ireland.
- Superintendents' Association
- Chief Police Officers Staff Association.

The group was consulted on a wide range of equalities issues including:

- Normal retirement age
- The age at which deferred pensions are payable
- The age up to which an officer may be considered for ill-health retirement
- The treatment of part-time service when counting previous service for

eligibility for tapered protection (of particular relevance to women members of the Scheme),

- The enabling of members on unpaid family-related leave (such as unpaid maternity, adoption or maternity support leave) to pay additional contributions to cover such periods,
- The treatment of same-sex partners who are survivors following the death of a Scheme member. .

### Consultation with other Government departments

1.2 Throughout the development of the 2015 police pension scheme, Home Office officials have participated in fortnightly consultation meetings with other departments also developing new public sector pension schemes. These meetings have all been hosted by HM Treasury, whose officials have also provided detailed advice to enable consistency with the other schemes and to ensure that the new scheme was developed within overarching parameters set by HM Treasury, supported by the Government Actuaries Department in conjunction with HM Revenue and Customs.

### 2. Home Office Publications relevant to the General Duty

2.1 The Home Office's internet pages **Pension Reform Calculator** ([www.gov.uk/government/publications/pension-reform-calculator](http://www.gov.uk/government/publications/pension-reform-calculator)), published 3 September 2012. This allows members to determine how the 2015 police pension scheme will affect them and provide an approximate guide to the benefits that they may receive.

2.2 The **Reform Design Framework**, published 4 September 2012. This sets out the Government's final position on the main elements of the 2015 police pension scheme design, including principles on protection of accrued rights and protection for those closest to retirement.

2.3 The Home Office's internet pages **Police Pension Reform** ([www.gov.uk/police-pension-reform](http://www.gov.uk/police-pension-reform)), published 26 March 2013. These explain how and why police pensions are being reformed and how the changes will affect officers' pensions.

2.4 Home Office Circular **014/2013**, published 19 November 2013. This sets out details of the 2015 police pension scheme, including information on how transitional arrangements will apply.

### 3. Alternatives Considered giving due regard to the General Duty

3.1 *Disability* – the existing police pension schemes use the term “disablement” to refer to an officer who can be retired on ill-health grounds. This term pre-dates the Disability Discrimination Act 1996 (DDA) and implied that the permanent disability of an officer should be the trigger for ill-health retirement. In the context of the 2015 police pension scheme we considered the term to be no longer appropriate as it disregarded the legal duty to consider reasonable adjustments to keep the individual at work where possible. Therefore the term

has now been replaced with “permanent medical unfitness”.

3.2 *Age* – The Reform Design Framework stated that there would be flexible retirement from the Scheme’s minimum pension age of 55 built around the Scheme’s Normal Pension Age of 60. This is an increase from the 1987 Scheme’s minimum pension age of 48 (for members with 30 years’ service) or 50 (for members with at least 25 years’ service). The 2006 Scheme has a Normal Pension Age of 55. However, this increase has been justified as part of wider Government public sector pension reform and reflects current views on future life expectancy. The increase in Normal Pension Age also has the result of increasing the upper age limit for members to be considered for ill-health retirement.

3.3 During 2014 HM Treasury consulted on its proposal to increase the minimum pension age in all the new public sector pension schemes from 55 to 57 from 2022. The Home Secretary wrote to the Chancellor of the Exchequer requesting that a minimum pension age of 55 be retained for the police due to the unique nature of their service. As a result all uniformed occupation pensions schemes (fire-fighters, police and armed forces) retained the minimum pension age of 55.

3.4 *Wide age disparity*: In instances where a member has a spouse who is twelve years younger or more any survivor’s pension entitlement will be reduced to account for the disproportionate cost of providing that pension. This is common across all public sector schemes.

3.5 *Gender Reassignment* – Phase 2 of the implementation of the Marriage (Same-Sex Couples) Act 2014 uncovered certain implications for public sector pension reform. This relates to cases where a scheme member has undergone gender reassignment. That Act now enables a marriage to continue (with the agreement of both spouses) if either spouse changes legal gender. This is known as the *trans-gender exception*. The Home Office has been fully engaged in discussions on this matter. The 2015 Police Pension Scheme takes account of these changes.

3.6 *Pregnancy & Maternity* – In the existing police pension schemes, women on unpaid maternity leave have the facility to pay additional pension contributions for that unpaid period. The Home Office has introduced an option within the 2015 police pension scheme to allow members to pay additional contributions for periods of unpaid adoption leave, unpaid maternity leave, unpaid sick leave, unpaid parental leave, unpaid adoption support leave or unpaid maternity support leave. The Police Federation raised the issue that the first 26 weeks of maternity leave need to accrue benefits even if unpaid. We have addressed this and reflected it in the regulations.

3.7 *Gender*– The Home Office’s consultation with the Pensions Technical Working Group of the Police Negotiating Board identified in 2012 during consideration of the proposed transitional protection, that female members of the 1987 or 2006 Schemes could be subject to unlawful discrimination if part-time service was not counted as equal to full-time service for reckoning if a member qualified for transitional or tapered protection. Originally the Home

Office had intended to treat such part-time service as pro-rata. This would have resulted in members who had worked part-time (almost entirely female) not receiving equal treatment in reckoning if they qualified for transitional or tapered protection. In order to address this inequality the Home Office changed its proposal to allow the length of service for both part-time and full-time workers to be measured in calendar years to establish eligibility for transitional and tapered protection

3.8 The Police Federation raised the issue of gender being taken into account when determining payments for added (self only) pension. Following consultation with the scheme actuary it was decided that gender should be taken into account for added (self only) pension. This is compliant with the Equality Act because it recognises a specific set of circumstances where it is appropriate to take account of gender .

3.9 *Sexual Orientation* – Under the 2015 Police Pension Scheme, same sex couples of whom either or both are members of the scheme are treated no less favourably than opposite sex couples in terms of survivor benefits.

<b>SCS sign off</b>	Rachel Watson	<b>Name/Title</b>	Rachel Watson, Police Workforce & Capability Unit
<b>I have read the available evidence and I am satisfied that this demonstrates compliance, where relevant, with Section 149 of the Equality Act and that <u>due regard</u> has been made to the need to: eliminate unlawful discrimination; advance equality of opportunity; and foster good relations.</b>			
<b>Directorate/Unit</b>	Police Workforce & Capability Unit, Central Policing Group	<b>Lead contact</b>	Angela Chadha, Head of Police Pensions Analysis & Reform and Exits Policy
<b>Date</b>	26/02/2015	<b>Review Date</b>	30/09/2015

**Retain the completed PES for your records and send a copy to [GEDI@homeoffice.gsi.gov.uk](mailto:GEDI@homeoffice.gsi.gov.uk) and your relevant business area Equality and Diversity Lead.**

