

Police Negotiating Board Staff Side submission to the Independent Public Service Pensions Commission

Summary Position Statement

- Member contribution rates in the police pension schemes are the highest in the public sector. Looking at the public service pension schemes within the remit of the Commission, members of the Police Pension Scheme (PPS) 1987 pay the greatest amount towards their benefits, namely 11 percent of pensionable pay. The next highest contribution rate is the 9.5 percent paid by members of the New Police Pension Scheme (NPPS) 2006 towards their pension. The vast majority of public sector workers appear to pay in the region 6.5 percent in employee contributions. Moreover, in 2008 the average employee in private sector defined benefit occupational pension schemes contributed 4.9 percent of salary to their pension.
- There are only two pension schemes currently in operation for warranted police officers, the PPS 1987 and the NPPS 2006. Of these, only the NPPS 2006 is open to new entrants. Therefore, we do not consider that there is an unnecessary plurality of pension schemes for police officers.
- While we recognise that there are a number of different retirement ages which apply to workers across the public sector, we would caution against the arbitrary harmonisation of retirement ages. Many professions within the public sector are stressful and physically and emotionally demanding; this is especially the case for police officers. If the retirement age was raised for police officers this could have a serious impact upon the police service. An ACPO-Home Office paper noted that plans for workforce modernisation would concentrate the role of police officers on confrontational duties, putting them at greater physical risk. The response from Force Medical Advisers (FMAs) indicated that there was well documented evidence that certain types of medical condition were directly linked to age, including arthritis, cardiac and circulatory conditions and diabetes.
- Although we note that some commentators, particularly the Institute of Directors (IoD) and Institute of Economic Affairs (IEA), through their own Public Sector Pensions Commission, have stated that evidence is missing on the trade-off between pay and pensions in attracting and retaining public sector employees of suitable quality, we would make two observations on this point:
 - i) Firstly, our own consultation among police officers has assured us that the police pension schemes are significant factors in reducing turnover and, therefore, in the retention of experienced officers within the service. This mix of experience and skills is extremely important;

- ii) Secondly, despite the Public Sector Pensions Commission's assertion that the private sector uses a different reward mixture of pay and pensions, there is no legitimate comparator group for police officers within the private sector.

Police Negotiating Board Staff Side submission to the Independent Public Service Pensions Commission
July 2010

1. Introduction

1.1 This response is on behalf of the Staff Side of the Police Negotiating Board (PNB). The PNB is a statutory body, established by Act of Parliament in 1980, that exists to negotiate the pay and terms and conditions of all police officers in the UK. The PNB consists of an Official Side, a Staff Side and an Independent Chair and Secretariat. Police pensions are dealt with through the Pensions Review Working Party of the PNB, which was established in 2004. Staff Side consists of the police staff associations which represent all ranks in all police forces in England and Wales, Scotland and Northern Ireland (See Appendix A for a list of constituent organisations). In total Staff Side represents in excess of 165,000 police officers.

1.2 Staff Side welcomes the opportunity to provide evidence and comments to the Independent Public Service Pensions Commission and recognises the scale of the task facing the Commission. We are reassured by the statement in your letter of 28 June that any recommendations would be “sustainable, affordable and fair in the long term.” We judge these principles to be essential when considering any long-term reform of public sector pensions.

1.3 Given the nature of the challenge being undertaken, and its potential impact upon a large section of the working population, we believe that the Commission’s approach must be further guided by the following three additional principles:

- Any case for reform must be based on sound evidence;
- The Commission should develop a shared understanding of the case for reform with staff associations and other stakeholders; and
- Each of the schemes to be considered by the Commission is inherently different. Consequently, a “one size fits all” set of recommendations may not be appropriate.

1.4 In your letter you ask us to provide you with evidence or views in relation to:

- Affordability, fairness, impact on mobility and plurality of current public service provision of the current public sector pension schemes;
- The objectives that should guide public service pension in future.

In considering these points in relation to police pensions, we look firstly at the restrictions faced by police officers and the importance of pensions in reducing turnover. We then go on to look at the demanding nature of policing and the importance of police pension provision, before examining the recent reform of police pensions and the current police pension contribution rates.

2. Restrictions on the personal lives of police officers

2.1 Police officers are not employees. Each sworn constable is an independent legal official rather than simply an agent of the police. The office of constable means a police officer has legal powers of arrest and control of the public given to him or her directly by a sworn oath and warrant: they have not been delegated these powers simply because they have been appointed as an officer.

2.2 We understand that there is a general need to review pension provision across the public sector. However, each scheme is different in order to meet the needs of its membership. We would therefore invite the Commission to consider the unique role in society performed by police officers. The primary function of the common law office of constable is to protect life and property. It is also the duty of a constable to prevent and detect crime and to uphold the Queen's peace.

2.3 In setting out to achieve this goal, police officers have a significant degree of legal authority and discretionary power. These powers are inherent in the office of constable. They confer authority and require a considerable degree of responsibility, accountability and liability for its use. Police officers are required to deploy coercive force, to put themselves in the way of harm and to make discretionary ethical judgements.

2.4 Failing to carry out these duties, whether on or off duty, leaves an officer open to the charge of misconduct in a public office. Any conduct, whether on or off duty, which brings or is likely to bring discredit to the police service may be the subject of sanction. This means that, even where a police officer is not on duty, their failure to carry-out the responsibilities of the office of constable would see them facing conduct procedures.

2.5 Moreover, police officers may not refuse a lawful order or undertake any form of industrial action. Section 280 of the Trade Union and Labour Relations (Consolidation) Act 1992 (TULRCA) holds that an "employee" or "worker" does not include a person in the police service, which it defines as service as a member of any constabulary or in any other capacity by virtue of which a person has the powers or privileges of a constable. Section 64(1) of the Police Act 1996 holds that a member of a police force shall not be a member of any trade union, or of any association having for its objects, or one of its objects, to control or influence the pay, pensions or conditions of service of any police force. Further, Section 91(1) states that any "person who causes, or attempts to cause, or does any act calculated to cause, disaffection amongst the members of any police force, or induces or attempts to induce, or does any act calculated to induce, any member of a police force to withhold his services, shall be guilty of an offence". This confers upon police officers a unique status within employment.

2.6 Regulations also provide for restrictions upon the private lives of police officers so as to "secure the proper exercise of the functions of a constable". These go beyond those restrictions relating to party political involvement, which in itself is a limitation placed upon few other groups of public servants.

According to one examination of the issue, fewer than two percent of local government employees were in politically restricted posts¹. However, all police officers face such restrictions.

2.7 Furthermore, police officers are also restricted from taking on any employment or business interests outside of policing without the express consent of their chief constable. In certain circumstances, these restrictions can also apply to the partner, spouse or relative of a police officer residing with them. This is a significant imposition upon the personal life of a police officer, but again it seeks to reaffirm the importance of the constable as an office-holder sound in judgement and independent from compromise.

2.8 It is also not uncommon for police officers and their families to be forced to move home as a result of serious threats of violence or because of terrorism. This issue has been the subject of discussion at the PNB and an agreement was subsequently reached regarding relocation assistance for officers forced to move home because of serious threats of violence against them or their immediate family arising from their police duty. The details of the agreement were promulgated in PNB Circular 97/12.

2.9 As the Edmund-Davies Committee noted, together with the armed forces and the judiciary, police officers occupy a “unique role in our society and are essential to its continuation”. This unique role is reflected in the “unique restrictions and limitations” to which police officers are subjected.²

2.10 In return for their unique employment status, there has to be an assurance that police officers will be fairly provided for in their retirement.

3. Importance of pension provision to police officers

3.1 Although we note that some commentators, particularly the Institute of Directors (IoD) and Institute of Economic Affairs (IEA), through their own Public Sector Pensions Commission³, have stated that evidence is missing on the trade-off between pay and pensions in attracting and retaining public sector employees of suitable quality, we would make two observations on this point.

3.2 Firstly, our own consultation among police officers has assured us that the police pension schemes are significant factors in reducing turnover and, therefore, in the retention of experienced officers within the service. This mix of experience and skills is extremely important.

3.3 Secondly, despite the Public Sector Pensions Commission’s assertion that the private sector uses a different reward mixture of pay and pensions, there is no legitimate comparator group for police officers within the private sector.

¹ *Political restrictions on council employees*, Scottish Parliament Information Centre, 2001

² *Committee of Inquiry on the Police: Reports on Negotiating Machinery and Pay*, HMSO, July 1978

³ *Reforming Public Sector Pensions: Solutions to a Growing Challenge*, Public Sector Pensions Commission (London: Institute of Directors) 2010

4. Benefits of low turnover in policing

4.1 While much weight is often attached to the lack of retention issues in policing we feel that the benefits of this are rarely articulated. Turnover costs common to all organisations are covered in the annual *Recruitment, retention and turnover survey* conducted by the Chartered Institute of Personnel and Development (CIPD). For each employee who left, the average cost to an organisation was between £6,125 and £9,000⁴. Costs were attributed to a number of factors, including:

- administration of the resignation
- recruitment costs
- selection costs
- cost of covering during the period in which there is a vacancy
- administration of the recruitment and selection process
- induction training for the new employee

4.2 While the low rate of turnover among police officers does, therefore, represent a substantial saving to the police service, there is a further public benefit beyond such financial savings. High turnover rates often provide a disincentive to employers to invest in training. However, high-quality training is fundamental to the ability of police officers to provide a professional service which keeps the public safe and is capable of dealing with a range of threats from a variety of sources. The fact that turnover is low in policing ensures that training costs are kept to a minimum and the experience gained from the use of those skills is not lost from the service.

4.3 Initial costs for the recruitment and training of police officers within the first two years have been estimated to be in excess of £150,000. This does not take into account the costs of training for officers as they progress through their careers or take on specialist roles. Improving training for police officers is widely regarded as a key element in improving the police service's ability to deal with a range of challenges, from community safety to public order.

5. Physical demands

5.1 As noted by the Sheehy Report, policing is an onerous, often dangerous and physically demanding job. Acute demands can face officers and the police "are expected to exercise control in sensitive, quite often dangerous and sometimes explosive situations, often at considerable risk to themselves."⁵

5.2 According to research carried out for the Police Federation of England & Wales (PFEW), around two respondents in five stated that they had felt that there was at least one occasion in the preceding two years when their life was in serious danger as a result of a threat by a member of the public. Just over

⁴ *Recruitment, retention and turnover*, CIPD, June 2009

⁵ *Inquiry into Police Responsibilities and Rewards*, HMSO 1993

four in 10 respondents indicated that they had sustained an injury as a result of an assault by a member of the public, including while affecting an arrest⁶.

5.3 As highlighted in a Home Office-Association of Chief Police Officers (ACPO) paper⁷, the increased risk of injury is of particular concern, since the unpredictable nature of policing may well exacerbate existing age-related medical risks. ACPO consulted Force medical advisers (FMAs) in drawing-up the paper, who pointed out that there was some evidence that older officers have higher levels of absence related to sickness and injury. For example, orthopaedic conditions may mean that earlier injuries become troublesome in later life and reduce the ability to respond operationally to emergencies. This is particularly of concern where short bursts of exertion follow periods of inactivity. Increased psychological stress can advance both cardiac and diagnosed mental health conditions and are cited as further evidence of increased risks to older officers. Whilst this cannot be assumed to be directly related to age, it is considered to be linked to the toll taken on older officers in terms of increased physical and psychological stress.

5.4 In fact, so great is the possibility of policing activity exacerbating pre-existing medical conditions that the Home Office amended the Police Pension Scheme (PPS) 1987 in 2004. Although Staff Side did not agree with this position, new entrants with a disability, whose pension costs were likely to be disproportionately high due to their risk of early retirement on the grounds of ill health, were excluded from the scheme's ill health provisions. This is now also the case for new entrants to the New Police Pension Scheme (NPPS) 2006.

5.5 Police pension provision reflects the distinctive nature of policing. During the length of their career police officers undertake a wide variety of duties, often in circumstances which expose them to a high risk of injury, assault and even death. A medical pension is therefore a valuable provision for police officers who can no longer continue in service due to poor health – some of whom will have been injured whilst on duty. Unfortunately those in receipt of ill health pensions will be disadvantaged by the adoption of the CPI to uprate public sector pensions from April 2011.

5.6 If the review of health and safety legislation currently being conducted by Lord Young removes the few protections which do apply to police officers, the risk to police officers will only increase.

5.7 In order to recruit and retain officers of the appropriate calibre who are willing to accept these hazards, members of a police pension scheme should be allowed to work towards, and benefit from, a reasonable retirement benefit. They must also be secure in the knowledge that, should their career be cut short by illness or injury, they will be appropriately supported.

⁶ *Police Federation of England and Wales Survey of Members*, ERS Market Research, April 2006

⁷ Home Office/ACPO Objective justification for the new Compulsory Retirement Ages (CRA), December 2006

5.8 For any police officer their pension is an important integral part of the remuneration package. Any loss in benefits would render policing a much less attractive career and could result in a recruitment and ultimately a retention crisis.

6. Working patterns for police officers

6.1 As set out above, police work is often confrontational and can involve a significant degree of physical exertion. This is exacerbated by factors such as changing shift patterns, being on-call and frequent and often unplanned changes to shifts with a requirement to work additional hours to deal with policing demands.

6.2 Shift working is a particular feature of many aspects of policing. There is evidence to suggest that older, more experienced police officers tend to tolerate night-shift work less well and take longer to recover from sleep disruption⁸. More recently, survey work carried out for the PFEW highlighted a number of personal costs, with particular impacts upon the well-being of officers who worked 'non-regular' shift patterns. Many reported difficulty maintaining concentration or alertness, find it hard to relax and suffering from worry and anxiety. Many also reported suffering from fatigue or exhaustion, insomnia or disturbed sleep and loss of appetite, over-eating or poor diet. All of these feelings and symptoms can have an obvious impact upon the long-term health and well-being of police officers. Police pension provisions reflect the potential of these long-term effects upon the future earnings potential and income requirements of police officers.

6.3 Although we acknowledge that it would not wholly support our position, even the Confederation of British Industry (CBI) agreed that strenuous occupations should be treated differently when determining pension provision, and specifically highlighted police officers as a particular example⁹.

7. Compulsory Retirement Age

7.1 While we recognise that there are a number of different retirement ages which apply to workers across the public sector, we would caution against the arbitrary harmonisation of retirement ages. Many professions within the public sector are stressful and physically and emotionally demanding; this is especially the case for police officers. If the retirement age was raised for police officers this could have a serious impact upon the police service. The ACPO-Home Office paper cited above noted that plans for workforce modernisation would concentrate the role of police officers on confrontational duties, putting them at greater physical risk. The response from FMAs indicated that there was well documented evidence that certain types of medical condition were directly linked to age, including arthritis, cardiac and circulatory conditions and diabetes.

7.2 However, even if officers did feel able to work for longer, under existing Regulations, the Compulsory Retirement Age for those police officers of the

⁸ "Improving Shift Schedule and Work-hour policies and practices to increase police officer performance, health and safety," Vila, Morrison and Kenney, *Political Quarterly*, March 2002

⁹ *Getting a grip: The route to reform of public sector pensions*, CBI 2010

rank of chief inspector and below is 60. The fact that the vast majority of police officers can be made to retire earlier than most other workers, at a time in their life when they may well find it more difficult to find alternative employment, necessitates a pension scheme which provides adequate security. This is especially the case, given that the average age of police recruits is now 27¹⁰, which means that in the future most police officers will not have accrued their rights to a full pension by the time they reach the Compulsory Retirement Age.

8. Police pension reform

8.1 There are only two pension schemes currently in operation for warranted police officers, the Police Pension Scheme (PPS) 1987 and the New Police Pension Scheme (NPPS) 2006. Of these, only the NPPS 2006 is open to new entrants. Therefore, we do not consider that there is an unnecessary plurality of pension schemes for police officers.

8.2 As part of the new contributions-based system of police pensions financing, a full actuarial valuation of both schemes is required every three years. The Government Actuary's Department (GAD) is currently undertaking this valuation, which the Home Office has told us "will form the basis for setting contribution rates from April 2011."¹¹ We would expect the Commission, as part of its evidence-gathering process, to review the most current information on the costs of maintaining the police pension schemes, before considering any changes in police pension provision.

8.3 The last occasion on which police pension schemes were valued was in the summer of 2004, prior to the introduction of the NPPS 2006. Annex C of the Police Pensions Working Party report to PNB of December 2004 stated that the cost of the PPS 1987 stood at 37.1 percent of pensionable pay, and the cost of the NPPS 2006 would be 28.6 percent of pensionable pay. At that time the Staff Side's actuaries disputed these estimated costs, suggesting that the underlying assumptions were too cautious.

8.4 Since then, Home Office Circular (HOC) 10/2008 was issued, regarding the Police Pension Fund Regulations 2007. This stated that, "With effect from 1 April 2008 the employer contribution rate payable by authorities has been set at the reduced rate of 24.2 percent. This reflects the fact that the composite cost of both PPS 1987 and NPPS 2006 is now estimated at 25.5 percent and that the reduction to allow for the additional charges paid by individual authorities for each early ill-health retirement is to remain at 1.3 percent"¹². This indicates that the total cost to the employer of both schemes has in fact fallen, since the previous employer contribution rate for both schemes was 24.6 percent.

¹⁰ *Examinations and Assessment Police SEARCH Recruit Assessment Centre Annual Results Report 2008-2009*, NPIA

¹¹ Police Pensions Review Working Party Report to PNB, October 2008

¹² Home Office Circular 10/2008 *Police Pension Scheme – Updated Guidance*

<http://www.homeoffice.gov.uk/about-us/home-office-circulars/circulars-2008/010-2008/>

8.5 The introduction of a new scheme has also seen less generous accrual rates for police officers. Whilst the PPS 1987 accrues at a rate of 1/60 for the first 20 years and 2/60 for the final 10 years, the NPPS 2006 has a uniform accrual rate of 1/70 over a 35-year period. The NPPS 2006 also has a higher normal retirement age and, according to a recent report of the Public Sector Pensions Commission, is 6 percent cheaper than the PPS 1987 based on the Government accounting discount rate.¹³ In addition, the Commission noted that with the introduction of the NPPS 2006, accrual rates became less generous as the commutation provision was replaced by lump sum accrual.¹⁴

8.6 A further point to consider is that in 2006 the commutation factors for the PPS were reviewed by GAD and for every pound exchanged by police officers, the commutation factors were revised upward to reflect the higher value of the pension foregone. This review also introduced gender-neutral commutation factors.

9. Wider changes to public sector pensions

9.1 Police officers are not alone in experiencing reform of public sector pensions in recent years. New schemes with less expensive benefits were introduced in 2005 and 2006 for the armed forces and firefighters, as well as for police officers. And in 2007 and 2008 change were introduced for the four largest public sector schemes: NHS, teachers, civil service and local government. Incomes Data Services (IDS) identified four broad similarities in the reforms¹⁵:

- member contributions increased for most schemes;
- there were changes to accrual rates;
- new tiers of ill health retirement were introduced;
- the criteria for eligibility for survivor's benefits were widened.

9.2 The Public Pensions Institute (PPI) states that these reforms have reduced the value of the schemes to new entrants to the four main public sector schemes from around 23 percent to 20 percent of salary. With regards to the uniformed services (armed forces, police and fire services), the costs have been reduced from around 37 percent to 33 percent of salary.¹⁶

9.3 We understand the apparent widespread perception that these reforms did not go far enough. The Institute of Fiscal Studies (IFS), for instance, points out that as they were only brought in for new entrants the impact of the changes was "modest".¹⁷ However, the IFS does believe that these "limited reforms" closed the gap between the average generosity of public and private

¹³ *Reforming Public Sector Pensions: Solutions to a Growing Challenge*, Public Sector Pensions Commission (London: Institute of Directors) 2010

¹⁴ Ibid.

¹⁵ "Public Service Pensions – Where Next?", *IDS Pensions Bulletin* 232, 2010

¹⁶ Adams, J (2010) *Public Sector Pension Schemes: Policy Objectives and Options for the Future*, London: Pensions Policy Institute, J Adams, 2010

¹⁷ Chote R, Emmerson C and Shaw J (2010) *The IFS Green Budget: February 2010*, London: Institute for Fiscal Studies

sector schemes by about half. The PPI also agrees that the reforms have reduced the value of the main public sector schemes to its members.¹⁸

9.4 More recently, the previous Government, in its March 2010 Budget, confirmed a cap and share policy for the four largest public sector schemes, thus reducing taxpayer cost as the pension becomes more valuable. This would mean that where there are unforeseen increases in the costs of the schemes, these would be shared equally between the employer and the employee. Cost-capping would limit the employer contribution to a certain level and unanticipated costs above this level could be charged to the member. In addition, those earning the highest salaries would be expected to pay a greater contribution towards their pension. The then Government estimated that these reforms would save £1 billion a year from 2012-13, and twice that amount over the long-term.¹⁹

9.5 Much has been made of the total value of public sector pensions liabilities. For instance, in June 2009 Policy Exchange described the accrued public sector pension liability as “a second national debt”. It stated that, using the Government’s own figures, the total cost of all future payments a pension scheme has promised to make (whether or not the member has retired) was estimated to be larger than the national debt. According to Policy Exchange, the outstanding public sector pension liability was 78 percent of Gross Domestic Product (GDP) in 2008.²⁰ However, it is worth pointing out that the liability to pay public sector pensions ranges over several decades, so comparing that liability to total GDP for a single year is not a valid comparison.

9.6 A final point in respect of the public sector is that in total it employs some six million employees. Of that total, police officers account for less than three percent. Therefore, any changes to police pensions will provide limited savings within the context of the wider public sector.

10. Contribution rates

10.1 Member contribution rates in the police pension schemes are the highest in the public sector, as Table 1 (attached) shows. Looking at the public service pension schemes within the remit of the Commission, members of the PPS 1987 pay the greatest amount towards their benefits, namely 11 percent of pensionable pay. The next highest contribution rate is the 9.5 percent paid by members of the NPPS 2006 towards their pension. The vast majority of public sector workers appear to pay in the region 6.5 percent in employee contributions.

¹⁸ Adams, J (2010) *Public Sector Pension Schemes: Policy Objectives and Options for the Future*, London: Pensions Policy Institute

¹⁹ HM Treasury (2009) *Pre-Budget Report 2009: Securing the recovery: growth and opportunity*, London: Stationary Office

²⁰ Record N (2009) *Public Sector Pensions: The UK’s Second National Debt*, London: Policy Exchange

10.2 Moreover, in 2008, the average employee in private sector defined benefit occupational pension schemes contributed 4.9 percent of salary to their pension.²¹

11. Fairness

11.1 As stated above, police pensions have been the subject of review within recent years. When these changes were first proposed Staff Side was consulted via the PNB. In respect of negotiations on most conditions of service, a Police Arbitration Tribunal (PAT) provides a safeguard to resolve any disputes where the two Sides of the PNB cannot reach an agreement. However, pension provision is the only area of police terms and conditions of service under the remit of the PNB which is not subject to arbitration. This means that police officers are subject to a double disadvantage – not only do they not have the employment status of other workers by which to resist changes in their pension schemes (for example they are unable to take industrial action), but they also cannot seek independent arbitration. This puts police officers in a distinctly different category to the majority of other workers in both the public and private sectors. Therefore, in the interests of fairness, police pensions must continue to reflect the unique employment status and position of police officers in comparison to the majority of workers.

12. Conclusion

12.1 Police officers undertake an important and dangerous role in fulfilling the unique office of constable. In doing so, they accept the restrictions which this role brings upon the personal lives of both themselves and their families. This role also brings with it the significant risk of physical attack and injury, as well as demanding working patterns.

12.2 Police officers also have a unique employment status. Furthermore, police pension provision is not even subject to the safeguard of arbitration which applies to other terms and conditions of service.

12.3 As we have set out in this submission, police pensions have been through a process of reform in recent years which have reduced both the costs to the employer and the rate of accrual for police officers. This is compounded by the fact that police pension contribution rates are the highest in both the public and private sectors.

12.4 Any detrimental changes to police pensions would, therefore, be unfair given the recent history of police pension reform. They would also remove the security which police officers deserve and which, at 11 percent of their salary, they contribute greatly towards for their retirement. In doing so, those changes could prove damaging to the morale and the long-term resilience of the police service.

12.5 We understand that this consultation forms part of the first phase of the Commission's review, ahead of its interim report due by the end of September 2010. Following the publication of that interim report, Staff Side looks forward

²¹ *Pension Trends*, ONS, April 2010

to the opportunity to submit evidence and views into a fuller consultation process, prior to the publication of its final report due in time for the 2011 Budget.

APPENDIX A

Staff Side Constituent Organisations

Chief Police Officers' Staff Association

Police Superintendents' Association of England and Wales

Police Federation of England and Wales

Scottish Chief Police Officers' Staff Association

Association of Scottish Police Superintendents

Scottish Police Federation

Superintendents' Association of Northern Ireland

Police Federation for Northern Ireland

Table 1 – Public Sector Member Contribution Rates

Pension Scheme	Potential Coverage (Approx.)	Employee Contribution	Normal Retirement Age	Accrual Rate	Status
Police Pension Scheme Closed Scheme (PPS 1987) New Scheme (NPPS 2006)	170,000	11% 9.5%	55 55	Dual accrual ¹ 1/70 + lump sum	Closed 05/04/06 Open since 06/04/06
Firefighters' Pension Scheme Closed Scheme (FPS 1992) New Scheme (NFPS 2006)	45,000	11% 8.5%	55 60	Dual accrual ² 1/60 +commutation	Closed 05/04/06 Open since 06/04/06 (for regular, retained and volunteer firefighters)
NHS Pension Scheme Closed Scheme New Scheme	1.3 million	6.5% average ³ 6.5% average	60 65	1/80 + lump sum 1/60 +commutation	Closed 31/03/08 Open since 01/04/08
Local Government Pension Scheme LGPS England & Wales	2.5 million	6.5% average ⁴	65	1/60 +commutation	New look scheme wef

¹ 1/60 for the first 20 years, 2/60 for the final 10 years

² 1/60 for the first 20 years, 2/60 for the final 10 years

³ Contribution rates range from 5 percent to 8.5 percent. The contribution rate in the table is based on the average salary in the NHS falling into the 6.5 percent band

⁴ Contribution rates range from 5.5 percent to 7.5 percent. The contribution rate in the table is based on the average salary in local government falling into the 6.5 percent band

Table 1 – Public Sector Member Contribution Rates

LGPS Scotland		6.5% average	65	(for service up to 31/03/08 it was 1/80 + 3/80 lump sum) 1/60 + commutation (for service up to 31/03/09 it was 1/80 + 3/80 lump sum)	01/04/08 – for all members New look scheme wef 01/04/09 – for all members
Teachers' Pension Scheme Closed Section Open Section	550,000	6.4% 6.4%	60 65	1/80 + lump sum 1/60 + commutation	Closed 31/12/06 Open since 01/01/07
UKAEA Pension Scheme		5%	60 (although some historically have age 65)	1.80 + 3/80 lump sum	Open
Principle Civil Service Pension Scheme PCSPS – Classic PCSPS – Premium PCSPS – Nuvos	500,000	Non-contributory ⁵ 3.5% 3.5%	60 60 65	1/80 + lump sum 1/60 2.3% + commutation	Closed 30/07/07 Closed 30/07/07 Open since 31/07/07
Armed Forces Pension					

⁵ 1.5% contribution towards widow(er)'s or civil partner's pension. May receive partial refund if not married or in civil partnership at retirement.

Table 1 – Public Sector Member Contribution Rates

Scheme Closed Scheme (AFPS 75)	200,000	Non-contributory	Max pension age 55, Immediate pension after 16 years (officer) or 22 years (other ranks)	Not uniform accrual	Closed 05/04/05
New Scheme (AFPS 05)		Non-contributory	55	1/70 + lump sum	Open since 06/04/05
Judicial Pensions Scheme		Non-contributory ⁶	65	1/40	Open
Research Councils' Pension Schemes Operated by analogy to the Principal Civil Service Pension Scheme		See PCSPS, above	See PCSPS, above	See PCSPS, above	See PCSPS, above

⁶ 1.8% for spouses and children's pensions

Table 1 – Public Sector Member Contribution Rates

Sources: IDS Pensions Bulletin 232, February 2010
IDS (2010), *Pension Scheme Benchmarks: The 2010 Review of Contributions and Benefits*, London: IDS Limited
Public Sector Pensions Commission (2010) *Reforming Public Sector Pensions: Solutions to a Growing Challenge*, London: Institute of Directors
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