

HO Circular: increased police officer pension contributions

To: Chief Officers and Chairs of Police Authorities

This circular publishes the Home Secretary's decision to increase police pension contributions payable by police officers, with effect from 1 April 2012. This concerns contributions made under the Police Pension Regulations 1987 and the Police Pension Regulations 2006.

On 30 January 2012, the Home Secretary announced that she has decided to implement the first year of increases in line with the proposal put to the Police Negotiating Board, the details of which can be found at Annex A below.

The relevant regulations will be amended, subject to the relevant Parliamentary procedure, in order that the changes take effect from 1 April 2012. The regulations will also make consequential amendments, such as increasing the current scheme limit of 15% for officer contributions payable to the police pension scheme 1987, and adjusting the contribution rates of those ineligible for a pension award payable on the ground of permanent disablement.

The Government is committed to securing in full the savings announced at Spending Review 2010 from increases in employee pension contributions for the unfunded public service pension schemes for 2013-14 and 2014-15. The Home Secretary will ask the Police Negotiating Board to consider proposed increases for these years in line with other public service schemes.

Please bring this notice to the attention of the relevant police pension administrators to ensure that the necessary arrangements are in place for the correct contributions to be deducted from members of the schemes, as appropriate and in line with the revised contribution rates, once the relevant regulations have come into effect. .

Please note that the employer contribution rate does not change as a result of this notice or these intended regulation amendments.

NB You should ensure that **all members who are affected** by this change are notified individually in writing in order to meet obligations under the Occupational Pension Scheme (Disclosure of Information) Regulations 1996. More details are at Annex B to this Circular.

You may wish to use wording as follows in your notification:

"This is to inform you of an increase in the contribution rate to your pension which is effective from 1 April 2012. The increase will depend on which scheme you are in, and on your basic annual salary, and will be as set out in the table below. Your employer will continue to pay a rate of 24.2% on your behalf."

[then insert the content of Annex A of this Circular]

Annex A: increase in police officer contributions

			2011/12	2012/13	
Increase in officer contributions (compared to 2011/12)			Tier 1 - 1987 scheme	n/a	n/a
			Tier 1 - 2006 scheme	0	0.6
			Tier 2 - 1987 scheme	0	1.25
			Tier 2 - 2006 scheme	0	1
			Tier 3 - 1987 scheme	0	1.5
			Tier 3 - 2006 scheme	0	1.25
Total officer contributions - tier 1	1987 scheme	%	n/a	n/a	
	2006 scheme	%	9.5	10.1	
Total officer contributions - tier 2	1987 scheme	%	11	12.25	
	2006 scheme	%	9.5	10.5	
Total officer contributions - tier 3	1987 scheme	%	11	12.5	
	2006 scheme	%	9.5	10.75	

Tier 1 is those on a basic annual salary of under £27,000.

Tier 2 is those on a basic annual salary of more than £27,000 but less than £60,000.

Tier 3 is those on a basic annual salary of £60,000 and over.

Annex B

Member communications

The Occupational Pension Schemes (Disclosure of Information) Regulations 1996

1. The Occupational Pension Schemes (Disclosure of Information) Regulations 1996 apply to public sector pension schemes across the board (regulation 2(1) (b)).
2. The obligation in regulation 4(5) is that managers of a scheme “shall notify” members and beneficiaries of material changes to the pension schemes, which includes changes to members’ contributions, before the change if practicable, and within 3 months of the change taking effect if not (it will be highly unusual for scheme managers not to be able to inform members beforehand). This is an imperative: they have no discretion not to do so. The word “shall” is also used in a number of other places to confer imperative obligations in regulations 3 to 8. The word “notify” is capable of being interpreted widely, and will include letters, leaflets, and electronic communications among other means. Regulation 4(5) does not limit itself by stating that the notice shall be “in writing”. However, scheme managers are only under a duty to notify those members and beneficiaries who are actually affected by the scheme (regulations 4(5A) and 4(4)). In the case of contributions, this is limited to those active members paying them (although it may be good practice to notify deferred members who could return or are anticipated to return to work).
3. However, regulation 10(1) states that scheme managers “may” communicate the information by posted letter or by electronic communications (including emails, website postings, or a combination of the two). If electronic communications are used, they must be in a form that is capable of being stored or printed (with particular attention being given to any special requirements of disabled members or beneficiaries). This is easy to achieve with an email but a website posting may require an archive or a downloadable document. This regulation is not drafted in the imperative. Scheme managers have a choice whether to use these two methods or other effective methods. The fact that they have that choice does not exclude their ability to use other methods. Consultation with drafting lawyers has confirmed that this was the express intent of the draftsman.
4. This interpretation is consistent with the Ombudsman’s ruling in the Dunkley case. That ruling was made upon the basis of the old regulation 10, which also used the word “may”. The Ombudsman’s ruling that other methods than a mass mailing were acceptable methods of notifying members and beneficiaries of information was not challenged in the subsequent Court of Appeal case.
5. Regulation 10(2) provides for members or beneficiaries to opt out of electronic communications. If they do so, then electronic communications cannot be

used in their cases. However, this does not limit the other ways that the scheme managers can use their discretion to notify them.

6. Accordingly, scheme managers do retain a discretion to inform members and beneficiaries via the two methods set out in regulation 10, and also by other methods (subject to any opt out of electronic communications).
7. These Regulations are overseen by the Pensions Regulator, who has the power to punish any failure to comply with a fine of up to £5,000 per member. This is aside from the reputational damage that such a failure will cause.