

GENERAL SECRETARY'S STATEMENT ON LONG TERM PENSION REFORM

When the Home Secretary published her proposals for the long term reform of police pensions in March this year the Federation had to decide how to respond in the best interests of its members.

Naturally, throughout this process we have taken legal advice including from leading counsel.

We were advised that there were obstacles that the Government would need to overcome in order to make changes along the lines they proposed, and in particular that primary legislation would be needed, but that if the Government was determined to bring in the changes they would be able to do so.

This advice informed our response to the Home Secretary's consultation exercise, which was contained in the Staff Side letter of 22 June which appears on our website.

In that letter we emphasised that Section 2 of the Police Pensions Act 1976 currently prevents the proposals being implemented.

We anticipate that the Government will amend Section 2 as part of the various legal changes needed to bring in new public service pension schemes to allow the proposals for the police scheme to be implemented.

Our letter went on to indicate that if it was intended to amend the Police Pensions Act 1976 we would consider the detail and the legality of any such proposal. That still remains the case.

In the circumstances we had a clear choice in relation to the Home Secretary's proposals for police pension reform. We could:

- decide not to engage in discussing the detail, whether in the hope that a legal challenge would save us or otherwise, in which case the overwhelmingly likely outcome would be the imposition of that proposal; or
- engage in discussions with a view to getting the best design possible for our members.

If we had decided not to engage, then the effect of the Home Secretary's proposal would have been (amongst other things) that any member who did not serve until the age of 60 would not have been entitled to draw his or her new career average pension until State Pension Age, which is due to rise to 67 and then to 68.

This would mean for example, that a member leaving at 56, would have had to wait 11 or 12 years to access their new career average scheme pension (or to take actuarial reduction from State Pension Age).

This was a matter of significant concern to the negotiating team, as we knew it would be for our members. We worked extremely hard to change this position and managed to achieve the outcome announced by the Home Secretary on 4 September.

This means that a police officer who works until 55 will be able to take their new career average scheme pension immediately on retirement. It will be actuarially reduced, but the reduction will be calculated from the age of 60, not State Pension Age.

We also secured an improvement in the transitional protections, so that they apply to more members than was originally proposed.

Whilst we do not welcome the changes to our pensions we accept them in the context of the Government's wider public sector pension's reform agenda. It is disappointing that we were unable to achieve a lower contribution rate. However, in the circumstances, we consider that the process of engagement has delivered a significantly better outcome than that which would have been imposed.

Ian Rennie
General Secretary

5th September 2012