

EXPLANATORY MEMORANDUM TO
THE POLICE PENSIONS (ADDITIONAL VOLUNTARY CONTRIBUTIONS)
(AMENDMENT) REGULATIONS 2010

2010 No. 2235

1. This explanatory memorandum has been prepared by the Home Office and is laid before Parliament by Command of Her Majesty.
2. **Purpose of the instrument**
 - 2.1 The instrument amends existing regulations to close the additional voluntary contribution (AVC) scheme for police officers to new business from 1 October 2010. The closure was announced in a written ministerial statement dated 30 March 2010 and has been approved by the appropriate Ministers of the current Government.
3. **Matters of special interest to the Joint Committee on Statutory Instruments**
 - 3.1 None.
4. **Legislative Context**
 - 4.1 The regulations governing police pensions are subject to regular amendment to reflect changing circumstances. This instrument is part of that ongoing process of review and amendment. The Police Negotiating Board (PNB) has the statutory function of considering questions concerning police terms and conditions of service. The instrument reflects the outcome of consultation with the PNB on matters relating to the cessation of the AVC scheme for police officers.
5. **Territorial Extent and Application**
 - 5.1 This instrument applies to England and Wales.
6. **European Convention on Human Rights**
 - 6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.
7. **Policy background**
 - 7.1 Police Officers have been able to supplement their occupational pension by making additional voluntary contributions since 6 April 1990. The option for AVCs was given to police officers, in line with most other major public service schemes, as a more flexible and more affordable alternative to topping up pension entitlement through “added years”. However, take-up amongst police officers has always been low, particularly as officers already pay 11% of their salary in pension contributions under the Police Pension Scheme 1987. When the AVC scheme was set up, there was a relatively small amount of extra pension that most officers could add to their

existing entitlement on retirement without breaching pensions taxation limits. Even after those limits were removed in April 2006, take-up of the AVC scheme has remained low.

7.2 There are now greater and more flexible options for providing for retirement than an in-house AVC scheme, through private arrangements such as a stakeholder pension. Given the low take up (fewer than 500 police officers contribute to the AVC scheme) it no longer seems appropriate to offer this scheme with the associated risk and administrative burden.

8. Consultation outcome

8.1 The instrument was the subject of statutory consultation with the Police Negotiating Board (PNB) under section 1 of the Police Pensions Act 1976. Neither side of the PNB had any comments to make on the instrument. We have also collaborated with HM Treasury in agreeing the policy set out in this instrument.

9. Guidance

9.1 A Home Office Circular will be issued to Home Office forces with guidance on the provisions of the instrument. This will also be available on the Home Office website.

10. Impact

10.1 There is no impact on charities or voluntary bodies. There is negligible impact on business – the current commercial providers have been notified and consulted about the closure of the AVC scheme.

10.2 The impact on the public sector is limited to the area of police pensions provision. It is not anticipated to result in any increased costs.

10.3 An Impact Assessment has not been prepared for this instrument. This is because no impact on business charities or voluntary bodies is foreseen and the impact on the business and the public sector is negligible.

11. Regulating small business

11.1 The legislation does not apply to small business.

12. Monitoring & review

12.1 Police pensions policy is kept under review by the Home Office together with the PNB. If necessary changes are identified, the legislation will be amended accordingly.

13. Contact

Peter Spreadbury at the Home Office Tel: 020 7035 1893 or email: peter.spreadbury@homeoffice.gsi.gov.uk can answer any queries regarding the instrument.