

**EXPLANATORY MEMORANDUM TO**  
**THE POLICE PENSIONS (AMENDMENT) REGULATIONS 2012**

**2012 No. 640**

**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 which deal with police officer pensions and retirement benefits. It changes these regulations to implement the Government's policy of increasing the contribution rate of public servants, in this case police officers.

**3. Matters of special interest to the Joint Committee on Statutory Instruments**

3.1 None.

**4. Legislative Context**

4.1 There are two pension schemes for members of police forces in England and Wales. The "old" police pension scheme is governed by the Police Pensions Regulations 1987 and has been closed to new members since 2006. Officers joining the police service since that date have been eligible for membership of the "new" police pension scheme, governed by the Police Pensions Regulations 2006, and members of the old scheme were given the opportunity to transfer to the new one.

4.2 The rules and benefits of the scheme are different in a number of respects, but both are defined benefits schemes funded partly by police authorities and partly by the police officers who are members of the relevant scheme. Regulation G4 of the Police Pensions Regulations 1987 and regulation 7 of the Police Pensions Regulations 2006 provide for the rate of contributions payable by officers in each scheme.

**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**

*What is being done and why*

7.1 The Government gave a commitment to review the long-term affordability and sustainability of public service pensions. The Independent Public Service Pensions Commission, chaired by Lord Hutton, concluded in its report that reform is needed. The Government accepted Lord Hutton's recommendations as a basis for consultation with public sector workers and trade unions on long-term reform of pension arrangements.

7.2 Ahead of longer term reform, the Commission made clear the rationale for increasing pension scheme member contributions to ensure a fairer distribution of costs between taxpayers and members. The Government announced plans to make £2.8bn savings per year by 2014-15 through increasing public service employee pension contributions over three years from 2012-13.

7.3 This instrument amends the regulation G2 of the Police Pensions Regulations 1987 and regulation 7 of the Police Pensions Regulations 2006 in order to implement this policy in relation to police pensions in England and Wales. In each case the instrument substitutes a new regulation providing for increased rates of contribution for members of the relevant police pension scheme. The increases are structured such that:

- low earners are protected;
- higher earners pay more; and
- any increase in the rate of opt-out from pension schemes is minimised.

7.4 The instrument also reflects these increased rates of contribution by amending the provision of the Police Pension Regulations 1987 that currently restricts the total rate of contributions (including any additional or further contributions) that can be made by a member of the old police pension scheme. The existing flat rate of 15% of the member's pensionable pay is replaced with a rate calculated by adding 4% to the percentage rate of contributions payable by the member under the amended regulation G2.

### *Consolidation*

7.5 The Home Office intends to consolidate the old police pension scheme in 2012. There are currently separate regulations in place for England and Wales, Scotland and Northern Ireland.

## **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. Some changes were made to the instrument in response to comments received during the consultation. In particular, the instrument has been changed such that only the first of the three years of increases will be implemented at this time. We have also collaborated with HM Treasury in agreeing the policy set out in this instrument.

## **9. Guidance**

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

## **10. Impact**

10.1 There is no impact on business, charities or voluntary bodies.

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 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**

Stephen Finer at the Home Office Tel: 020 7035 8343 or email: [stephen.finer@homeoffice.gsi.gov.uk](mailto:stephen.finer@homeoffice.gsi.gov.uk) can answer any queries regarding the instrument.