

CHIEF OFFICERS STRATEGY DAY
DATE OF MEETING: 9th September 2009

TITLE: STRATEGIC RESOURCE LEVERAGE – INJURY ON DUTY AWARDS

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SUMMARY:

The Police Pensions Regulations 1987 (Part K) provides that a person who has ceased to serve as an officer and is permanently disabled as a result of an injury received in the execution of duty may be eligible to receive an injury award. The amount of the award is dependent upon the officer's length of service and an assessment of the extent of the disablement and the corresponding loss of earning capacity, categorised into 4 'Degree of Disablement' bands.

The Regulations require Police Authorities to consider at regular intervals whether the degree of the pensioner's disablement has altered and to review the level of award payable. Home Office guidelines on the operation of the Injury Awards scheme suggest further reviews of the award when the ex-officer reaches his/her compulsory retirement age under Police Regulations and again when he/she reaches State Pension Age.

The Home Office issued a consultation document in August 2008 in order to review the police injury benefits scheme which led a number of Forces to review their operation of the scheme. Following a review of the costs associated with the payment of Injury Awards to ex- West Mercia officers, it is proposed that the Home Office guidance on the review of Injury Awards should be fully implemented.

DECISIONS REQUIRED:

To support the proposals set out in this report and make recommendations to the Police Authority, as appropriate.

INJURY ON DUTY AWARDS

1. PURPOSE

The purpose of this report is to explain the provisions of the Police Pension Regulations in relation to the payment and review of Injury Awards and to demonstrate the cost savings that can be achieved by fully implementing the Regulations and the guidance issued by the Home Office.

2. BACKGROUND

2.1 Provisions of the Police Pension Regulations 1987

2.1.1. Part K2 of the Regulations state that

Where an injury pension is payable under these Regulations, the Police Authority shall, at such intervals as may be suitable, consider whether the degree of the pensioner's disablement has altered; and if after such consideration the Police Authority find that the degree of the pensioner's disablement has substantially altered, the pension shall be revised accordingly.

2.1.2. This regulation was supplemented by further guidance in HOC 46/2004 (Annex C):

Once a former officer receiving an injury pension reaches what would have been his compulsory retirement age under the Police Pensions Regulations (depending on the person's force and rank at the point of leaving the police service) the force should consider a review of the award payable, since it is no longer appropriate to use the former officer's police pay scale as the basis for his or her pre-injury earning capacity.

In the absence of a cogent reason for a higher or lower outside earnings level, it is suggested that the new basis for the person's earning capacity, had there been no injury, should be the National Average Earnings at the time of the review.

2.1.3. and:

Once a former officer receiving an injury pension reaches the age of 65, they will have reached their State Pension Age irrespective of whether they are male or female. The force then has the discretion, in the absence of a cogent reason otherwise, to advise the SMP to place the former officer in the lowest band of Degree of Disablement. At such a point, the former officer would normally no longer be expected to be earning a salary in the employment market.

2.2 Current practice in West Mercia Police

While it has been the Force's practice to conduct a review following the initial granting of an award, no further reviews have been conducted. Neither has the Force taken the opportunity to reduce the amount of the award by aligning it to National Average Earnings when recipients reach compulsory retirement age under the Police Pensions Regulations or placing the former officer in the lowest band of Degree of Disablement when he/she reaches State Pension Age.

There are currently 189 ex-police officers and 2 ex-police staff members receiving Injury Awards, 21 of whom are over 65 and 77 of whom will reach age 65 in the next 10 years. A full breakdown is shown in Appendix A.

The cost of these awards to the Police Authority in 2008/09 was £1.4 million, and the current budget for 2009-10 is £1.5 million. If the Force's current practice continues, this cost will increase year on year as the value of the awards is linked to current Police Officer pay rates.

3. STRATEGIC ISSUES FOR DISCUSSION

3.1 Compliance with Regulations and Home Office Guidelines

3.1.1 The 1987 Regulations impose a duty (**shall**) on Police Authorities to regularly review the degree of a pensioner's disablement and revise their pension if the disablement has substantially altered. This may result in an increase or decrease in the amount of the payment. Whilst the Regulations do not specify that the reviews should be conducted at any particular interval, many Police Authorities conduct regular reviews at five year intervals, or at shorter or longer intervals if appropriate in specific cases. In the past West Mercia has only conducted one review after the initial award was made so the initial level of payment has been maintained until the ex-officer's death.

3.1.2 The 2004 Home Office guidance suggests that Force's should **consider** a review of the award payable when the ex-officer reaches the compulsory retirement age under the Police Pension Regulations. The guidance also **suggests** that the basis for assessing the individual's earning capacity should be the National Average Earnings at the time of the review, rather than the former officer's police pay scale. West Mercia has not conducted these reviews so the amount paid to ex-officers over the compulsory retirement age has continued to increase in line with police officer pay.

3.2.3 The 2004 guidelines also give Forces the **discretion**, in the absence of a cogent reason otherwise, to place the former officer in the lowest band of Degree of Disablement when he/she reaches State Pension Age. West Mercia has not exercised this discretion so 8 ex-officers over the age

of 65 are currently receiving a higher level payment (7 at level 2 and 1 at level 4).

3.2.4 If the Home Office guidelines were to be fully implemented, careful consideration would need to be given to whether the awards made to the 21 ex-officers and staff who have already reached the State Pension age should also be reviewed. Any resulting decrease in the pension these individuals receive would obviously have a more dramatic impact on their standard of living than may be the case for younger pensioners who may still be employed.

3.2 Implications of reviewing the Awards currently paid

3.2.1. Costs

Some additional cost and staff time will be required to complete the reviews, the most significant of which will be the cost of Selected Medical Practitioner.

3.2.2. Appeals from current recipients

The changes proposed will inevitably have a detrimental impact on the income of current recipients of an award and it is likely that many will wish to appeal to the Police Medical Appeals Board. However, advice from the Police Federation to its members contained in JBB Circular 94/2008, is cautious in this regard and North Yorkshire Police have, to date, a 100% success rate in appeal hearings

3.2.3. Unwelcome publicity

West Yorkshire Police and Northumbria Police have fully implemented the Home Office Guidance, including reviewing the Injury Awards of all those over age 65 (see 3.2.4 above). This has caused a lot of negative publicity, including an article in Police Review titled 'Great Pensions Robbery'. However, the negative impact of implementing these changes can be reduced by ensuring full consultation with local Police Federation, Superintendents Association and NARPO representatives.

4. FINANCIAL IMPLICATIONS

By fully implementing the Home Office guidance, it is estimated that the saving to the Police Authority could be £840K per year A full breakdown is shown in Appendix B.

5. CONCLUSION

West Mercia's operation of the regulations relating to Injury Awards has been over generous in the past, resulting in much higher costs to the Police Authority than is necessary. Under the present approach these costs will continue to rise in future years. Although the introduction of a more rigorous process will inevitably cause some anxiety and loss of income for some of the 191 ex-officers and staff currently receiving an award, the benefits to the Police Authority in terms of current and future cost savings are substantial.

6. RECOMMENDATION/S¹

Subject to the approval of the Police Authority, it is recommended that:

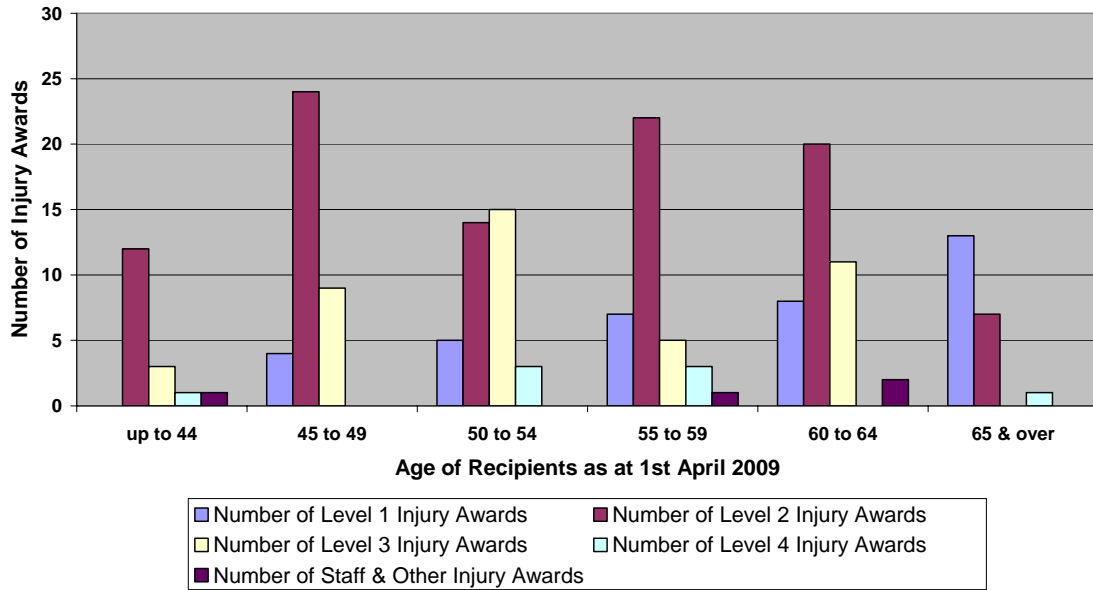
6.1 The Injury Awards currently paid to ex-officers and staff below the age of 65 be subject to review at least once every 5 years (or more frequently if deemed appropriate in specific cases) in accordance with the provisions of the Police Pension Regulations 1987.

6.2 The award paid to ex-officers who reach compulsory retirement age under the Police Pensions Regulations be reviewed and, in the absence of any cogent reason for a higher or lower earnings level, be adjusted to reflect National Average Earnings.

6.3 The Force exercise its discretion under the Regulations to place all ex-officers and staff who reach State Pension age in the lowest band of Degree of Disablement, unless there is a cogent reason otherwise.

APPENDIX A - CURRENT RECIPIENTS OF INJURY ON DUTY AWARDS

Injury On Duty Awards - Numbers by Age and Injury Award Level



Age Range	Number of Injury On Duty Awards					Total Number of Injury On Duty Awards
	Level 1	Level 2	Level 3	Level 4	Staff & Other	
up to 44	0	12	3	1	1	17
45 to 49	4	24	9	0	0	37
50 to 54	5	14	15	3	0	37
55 to 59	7	22	5	3	1	38
60 to 64	8	20	11	0	2	41
65 & over	13	7	0	1	0	21
TOTAL	37	99	43	8	4	191

Age Range	Annual Cost of Injury On Duty Awards					Total Annual Cost of Injury On Duty Awards
	Level 1	Level 2	Level 3	Level 4	Staff & Other	
up to 44	0	102,500	59,612	29,519	0	191,631
45 to 49	7,871	187,507	111,748	0	0	307,126
50 to 54	17,911	98,837	167,824	12,058	0	296,630
55 to 59	33,809	145,807	62,818	10,679	479	253,592
60 to 64	26,745	133,190	112,289	0	1,600	273,824
65 & over	40,817	49,085	0	14,554	0	104,456
TOTAL	127,153	716,926	514,291	66,810	2,079	1,427,259

APPENDIX B – ESTIMATED INJURY ON DUTY COST SAVINGS

Due to the nature of the Injury On Duty Awards, it is only possible to give an estimation of the financial impact from the Home Office Guidance on Injury On Duty Awards. We took a sample of 10 of Injury On Duty Award recipients, making sure that this was representative of the age and award level of recipients. The Injury On Duty Awards were then re-calculated for a reduction to one level below the one they were currently receiving, except those already on Level 1. The following table shows the estimated annual savings that would result from the changes in award levels.

Age as at 1st April 2009	Current Injury On Duty Award Level	Current Injury On Duty Award Value	'Revised' Injury On Duty Award Level	'Revised' Injury On Duty Award Value	Estimated Annual Saving
63	1	£5,872	1	£5,872	£0
42	2	£10,727	1	£5,599	£5,128
48	2	£7,044	1	£807	£6,237
53	2	£6,385	1	£0	£6,385
59	2	£4,037	1	£0	£4,037
63	2	£7,253	1	£3,626	£3,627
48	3	£12,833	2	£6,973	£5,860
51	3	£13,364	2	£6,597	£6,767
60	3	£10,232	2	£6,821	£3,411
51	4	£6,207	3	£3,644	£2,563
TOTAL		£83,954		£39,939	£44,015

Based on the above sample, the expected savings from just reducing the Injury On Duty Award by one level are estimated at £840K a year.