

POLICE NEGOTIATING BOARD

Independent Secretary:
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Agreement reached in the Police Negotiating Board

1. Agreement has been reached on guidance to police authorities and police forces on the pay and pension arrangements of part-time Inspectors and Chief Inspectors. Details are set out in the attached memorandum.
2. This agreement will take effect from 1 June 2012. This PNB Circular is advisory until specific approval of the Secretary of State for the Home Department, Scottish Ministers and the Secretary of State for Northern Ireland have been given and does not confer authority* to implement the agreement. Once approval has been given, it will be promulgated in Home Office, Scottish Government and Northern Ireland Justice Department circulars. In due course, the relevant Secretaries of State will make formal determinations.
3. Any enquiries about this circular should be addressed to the Independent Secretary at the Office of Manpower Economics 020 7271 0472, to the Official Side Secretary 020 7187 7340 or the Staff Side Secretary 01372 352101. Enquiries to the Independent Secretariat relating to the interpretation of this circular should be made in writing.

11 June 2012

*PNB Circulars form a single numerical series. Those which in themselves provide authority to implement an agreement carry the serial number alone, while those which are advisory are designated as such after the serial number.

Memorandum

PNB Guidance for Police Authorities/Forces on the Pay and Pension Arrangements for Part-Time Inspectors and Chief Inspectors with effect from 1 June 2012 .

Section One: Introduction

Background

1.1 This circular provides guidance with regard to the pay and pension arrangements for part time Inspectors and Chief Inspectors. ¹

1.2 The Police Negotiating Board has reached agreement on the pay and pension arrangements that should be applied by Forces in respect of part time Inspectors and Chief Inspectors.

What is the status and purpose of this PNB guidance?

1.3 This document is intended to provide guidance for pension administrators and other practitioners to enable them to introduce and administer the new pay and pension arrangements with effect from 1 June 2012.

1.4 This guidance is applicable to officers that have served on a part-time basis at any point since 1 June 2006 at the rank of Inspector or Chief Inspector.

1.5 The guidance provides information on the pay and pension arrangements, for part time Inspectors and Chief Inspectors including:

- Clarification of the pay arrangements for those officers who work over their determined hours;
- clarification of the pension arrangements for those officers who work over their determined hours
- arrangements for the backdating from 1 June 2006
- contact details for further enquiries

1.6 The Police Pensions Regulations 1987 and the Police Pensions Regulations 2006 will be amended, if necessary, to include the revised arrangements for part-time Inspectors and Chief Inspectors.

How should Police Forces and Police Authorities act on this guidance?

1.7 These arrangements apply in some Forces at the moment and no changes will be required; however, Forces are strongly advised to check whether their pay and

¹ Home Office Circular 22/2007 provided guidance for Forces on the pay and pension arrangements of part time constables and sergeants.

pension arrangements for part time Inspectors and Chief Inspectors comply with this guidance.

1.8 Police Forces will need to act on this guidance in order to ensure that they are acting in accordance with Police Regulations 2003, the equal pay (equality of terms) provisions of the Equality Act 2010, the Part Time Workers (Prevention of Less Favourable Treatment) Regulations 2000 and the findings of the Mayor and City of London County Court in the case of Inspector Claire Clark v the Metropolitan Police Authority and the Commissioner of Police for the Metropolis dated 26 May 2011.

1.9 Specifically, Police Forces will be required to:

- inform all affected² serving part-time Inspectors and Chief Inspectors of the pay and pension arrangements;
- inform, wherever possible, affected former officers of the pay and pension arrangements and any retrospective changes required and the options available to them;
- introduce changes for all serving officers of relevant rank from 1 June 2006;
- provide personalised information on previous additional service to serving and former officers as requested; and
- manage the payment systems of officer and employer contributions for backdated claims.

1.10 Contact details are provided in Section 9 if further clarification or other support is required.

Section Two: Summary of the New Arrangements

2.1 The new arrangements affect any serving or former³ officer that has served on a part-time basis at any time since 1 June 2006 at the rank of Inspector or Chief Inspector

2.2 A part time Inspector or Chief Inspector is to be paid at plain time for any additional hours they are or have been required to work over their determined hours up to forty hours (the normal hours of a full time officer of the same rank in a relevant week)⁴. This does not include any hours taken as time-off in lieu. This definition of additional hours should be applied throughout this guidance.

2.3 Any changes to Force arrangements required must be backdated to 1 June 2006.

² This includes officers now serving full time who have previously served part-time and higher ranked officers who were previously part-time Inspectors and/or Chief Inspectors.

³ Former officers include those with deferred pensions and those with pensions already in payment

⁴ Relevant week as defined by Paragraph (3) (a) of the determination (Annex G) for Regulation 25 of Police Regulations 2003

2.4 From 1 June 2012 all additional hours worked by part time Inspectors and Chief Inspectors over their determined hours up to forty hours in a week which are paid will be automatically pensionable. Police Authorities are required to pay employer contributions in respect of any additional pensionable pay on or after 1 June 2012.

2.5 Police Forces are responsible for notifying all affected serving officers of the new arrangements.

2.6 Police Forces should notify, wherever possible, former officers of the retrospective changes.

Section Three Pay arrangements from 1 June 2012

3.1 From 1 June 2012 part time inspectors and chief inspectors will be paid at plain time for all determined and additional hours up to forty hours in a relevant week unless they choose to take time off in lieu of payment.

3.2 Pension arrangements are dealt with in section 4 below. Officers will have no choice as to whether these additional hours are pensionable.

Section Four: Pension Arrangements from 1 June 2012

4.1 From 1 June 2012 part-time officers will pay officer contributions on all determined and additional hours up to forty hours in a relevant week. If an officer takes time-off in lieu instead of payment for additional hours, no further changes to pensionable pay are required.

4.2 Officers will have no choice as to whether paid additional hours are pensionable. Officers can only choose to opt out of the pension scheme entirely (under Regulation G4 of the Police Pensions Regulations 1987 and Regulation 9 of the Police Pension Regulations 2006).

4.3 The Police Authority will pay employer contributions in respect of this pensionable pay.

4.4 Forces should ensure that pensionable hours are capped at 40 hours per week. Additional reckonable service should be calculated on an annual basis. For the calculation of this service, each additional hour worked will provide a further 0.175 day's service (1/40 of 7 days). Therefore an officer working an additional ten hours will accrue 1.75 day's service and an officer working an additional forty hours will accrue a week's service.

4.5 Forces should ensure that annual benefit statements accurately reflect the new arrangements. Benefits statements must clearly state the date up to which the additional hours worked have been included in the revised calculation of reckonable service.

Section Five Variable working arrangements

5.1 The arrangements in relation to pay and pension will also benefit part-time officers working variable shift patterns (whether on a weekly, monthly or other basis). In some cases officers store up additional hours, say, in term time so that they can take more time off during school holidays. Where this arrangement is in accordance with their overall determined hours, all hours served will already be paid and pensionable. However any additional hours up to forty hours within a relevant week will also be paid and pensionable.

Section Six: Arrangements for backdating pay

6.1 Within three months from the date of this circular, forces should ensure they inform all affected inspectors and chief inspectors that currently work part-time or that have previously worked part-time and since reverted to full-time, of the new arrangements set out in this circular. This should include any officers in senior ranks who previously worked part-time as an inspector or chief inspector during the period covered by this circular ie after 1 June 2006

6.2 Within three months from the date of this circular, forces should ensure they also inform, wherever possible, affected former inspectors or chief inspectors who may have left the service.

6.3 A cut-off date of 1 June 2006, six years' before the effective date of this circular should be applied.

6.4 The onus is then on the individual officer to contact their force and provide the necessary evidence of any additional hours they have worked beyond their weekly determined hours that they have not previously been paid for or been previously provided with time off in lieu. The expectation is that the evidence relied upon by individual officers should where possible take the form of timesheets or similar. Forces are responsible for verifying the validity of an application from an officer for backdating and should co-operate with reasonable requests for information or documents from officers and former officers.

6.5 Officers should provide evidence of any additional hours worked beyond their weekly determined hours to the relevant force contact within six months from the date of being notified of the new arrangements set out in this circular.

6.6 Any application for arrears made outside of the above time frame may be rejected by the force, although the right to bring legal proceedings cannot be excluded, and forces may wish to consider requests made outside that time period if a good reason is given.

6.7 Additional hours will be automatically pensionable

6.8 Back payments should be calculated by reference to the rates that applied at the time the hours were worked.

6.9 There will be no retrospective consideration for officers who had time off for any additional hours worked.

Section Seven: Arrangements for backdating pension payments

7.1 Officers will need to pay contributions on any payment for previous additional hours. Any officer contributions in respect of service prior to 1 April 2012 are payable according to the original rate, rather than the increased rates applicable from 1 April 2012.

7.2 Following the introduction of the new finance arrangements, the Police Authority will be required to backdate employer contributions where a claim includes time served on or after 1 April 2006.

7.3 Additional contributions and awards will be calculated for each individual officer according to original pay rates, contribution rates and additional hours worked.

7.4 Tax relief for the backdated payments of contributions is restricted to the tax year in which contributions are actually paid. Backdated payments may be subject to the tax relief limit depending on the amount of additional contributions paid. For further information, please see HMRC website (www.hmrc.gov.uk).

Section 8: Publication and Procedures

Publication of new arrangements

8.1 Police Forces are responsible for notifying all affected serving officers of the new arrangements. This includes serving full-time officers that have (since 1 June 2006) previously worked part-time at the rank of Inspector or Chief Inspector and officers currently on career breaks.

8.2 Wherever possible, Forces should notify affected former officers of the changes. Forces should also publicise the changes on pension benefit statements (if issued at an appropriate point in the year) as well as general forums such as newsletters and websites. Police Forces are obliged to consider claims from former officers.

Procedures

8.3 Serving and former officers wishing to claim back payments are responsible for submitting an application to the Force.

8.4 Police Forces are responsible for verifying the validity of an application for backdated payments, confirming additional hours that are pensionable and for calculating additional pension contributions and reckonable service.

8.5 In cases where Forces have difficulty in the verification of an application as far back as the request for backdating, they should make use of all available data and records to satisfy themselves as to the validity of the claim.

8.6 Internal dispute resolution procedures should be applied for both serving and former officers.

Serving officers

8.7 Once informed of the right to claim back payments, officers may request information from the Force to assist them in identifying their hours. Wherever possible, the Force should provide officers with specific information within a month of receiving the initial application. If there is likely to be a significant delay in the provision of this information, Forces should consider providing officers with confirmation of receipt of the application.

8.8 From receipt of this personalised information, officers should be given a further 3 months in which to make a formal claim. Forces will have discretion to consider any request received after this time by reason of exceptional circumstances.

8.9 Once a claim has been made and approved, Forces must ensure that the officer is informed.

8.10 Officers should only be given one opportunity on which to request information or make a claim. They cannot make a fresh claim as a former officer after they have left the service.

8.11 If a serving officer dies or has died, his or her survivor should be given the opportunity to continue this claim under the same conditions.

Former officers

8.12 Following the introduction of the new arrangements, former officers should be given one year in which to request personalised information. Forces will have discretion to consider any request received after this time.

8.13 Wherever possible, Forces should provide former officers with personalised information within a month of receiving the initial application. If there is likely to be a significant delay in the provision of this information, Forces should consider providing officers with confirmation of receipt of the application.

8.14 From receipt of this personalised information, former officers should be given a further 3 months in which to make a formal claim for backdating payments. Forces will have discretion to consider any request received after this time.

8.15 Once a claim has been made and approved, Forces must ensure that the officer is informed.

8.16 If a former officer dies or has died, his or her survivor should be given the opportunity to continue this claim under the same conditions.

Miscellaneous

8.17 If an officer has served for more than one Force since 1 June 2006, the claim must be dealt with by the Force for whom the officer currently serves. Previous forces must assist the current force in the verification of an officer's claim and the provision of information where required. This should still be applied even if the officer is transferring between GB / PSNI forces.

8.18 Forces should ensure that pension benefit statements accurately reflect the backdating arrangements.

8.19 Interest will be paid on any backdated pension which becomes due under these arrangements, if the award is not paid within three months of the date on which it should have been paid had the officer retired with the added pensionable service he or she has purchased. Please see below for an example of this arrangement.

Officer X was originally entitled to a monthly pension on £1000. However, having purchased some previous additional service, the officer is now entitled to a monthly pension of £1020. If Officer X has not been repaid the extra £20 per month within three months of retirement, interest becomes due on this sum.

8.20 When the additional benefits purchased by former officers come into payment, there will be a fresh Benefit Crystallisation Event (BCE) in respect of them. This BCE will need to be tested against the individual's Lifetime Allowance (LTA).

8.21 Officers who received a tax-free retirement lump sum under PPS commutation provisions should be given the opportunity to commute part of the additional pension into a lump sum. This should be calculated according to original commutation factors.

8.22 Administrators should note the tax implications for those receiving such backdated payments since they could be liable for a higher rate of income tax on the payments than would have been the case if they had received them when they fell due. If such a situation does occur, it may be possible to count some of the back-payments for tax purposes as if they had been paid at the time they fell due and therefore be taxed at the appropriate rate. Recipients of the payments should be advised to pursue this with HMRC.

Finance arrangements

8.23 Where a claim includes additional hours worked on or after 1 April 2006 when the new finance arrangements were introduced, the Police Authority will be required to make backdated employer contributions for those hours. The Police Authority will have to pay the applicable rate of employer contributions of the pay received in respect of additional hours worked on or after 1 June 2006 by each part time officer into Force's pensions account.

8.24 If an officer has served for more than one Force since 1 June 2006, contributions should be paid to the force in which the individual currently serves / has

most recently served. Previous forces must assist the current force in the verification of an officer's claim and the provision of information where required.

Impact of options exercise

8.25 Officers that have transferred from the 1987 Police Pension Scheme on to the new Police Pensions Scheme will need to have their transferable service recalculated in the light of the retrospective changes of the pensionable status of part-time hours and according to original contribution and accrual rates.

Section Nine: Enquiries

If you have any enquires or require further explanation please contact your Force HR/payroll/pensions administrator.