

14th August 2013

Rt Hon Damian Green MP
Minister of State for Policing and Criminal Justice
The House of Commons
London
SW1A 0AA

Dear Minister

I have recently been looking into the area of “injured on duty” (IoD) police officer pension enhancements and found that a significant part of my budget is consumed every year on these payments which generate no benefit to the people of Avon & Somerset. I thought I would share with you my key findings:

- Avon & Somerset Constabulary currently have (as at end of May 2013) 482 pensioners in receipt of an IoD enhancement;
- The annual cost of these IoD’s to the force is in excess of £5.5m (2% of our annual budget). This is more than it costs us to run our fleet, nearly as much as it costs us to run our corporate learning and development function, and represents the equivalent of 124 PC’s or 186 PCSO’s;
- The age range of those in receipt of an IoD ranges from 36 to 90;
- The overall package for medical retirements is extremely generous and there is no mitigation if the officer finds a new role;
- Using our actuary’s life expectancy figures^[1], our liability to continue to pay those currently in receipt of IoD’s (excluding any new additions) runs until 2066/67, and has a value (un-indexed) of £166.8m;
- The ratio of the enhancement to individual pensions ranges hugely, from the lowest being 0.83% of total pension, through to the highest being 97.6% of total pension. On average those in receipt are seeing 44% of their pension payments being the IoD enhancement;
- The value of the enhancement to individual pensions also ranges hugely, from the lowest being £11.26 pcm through to £2,103.24 pcm.

The financial challenges we face are well understood, and are set to continue into the foreseeable future. Assuming a 2% precept increase in 2014/15 we still have a funding deficit to manage in excess of £15m over the next two years even after £35m of savings to date and another £10m identified. The need to make further savings is likely to continue after the next election.

As we look around the organisation for savings, the current legal position in relation to IoD’s means that we are not able to affect any changes from this part of our

^[1] Police Officers - male life expectancy of 87, and female life expectancy of 89.

budget. As we continue to cut other parts of the organisation, the percentage of our budget dedicated to supporting IoD's will continue to grow. Therefore:-

- We are highlighting this issue to regulators and Ministers regarding the alarming size of the spend over which we are unable to affect a change (thereby reinforcing pressure for increases to our council tax precept); and
- We would like consideration given to this issue and possible legislative change (superseding the current case law) which will enable us to meaningfully review and reduce enhancements where appropriate and therefore reduce the size of our liability into the future. In particular we would ask for legislation to overcome current legal case law precedent to address these issues:
 - ***Why can we not reduce IoD payments if a medically retired former officer then finds new employment?***
 - ***Why should IoD be paid after the normal retirement age?***
 - ***Should the levels of IoD be so generous?***

The case which has caused the problems in relation to the review of IoD enhancements was Laws and Police Medical Appeal v Metropolitan Police.

This has been interpreted both here and across the Service as undoing the previous Home Office Circular (HoC 46/2004) and led to the Home Office instructing all Forces to cease all standard reviews (the only reviews we're currently undertaking are any new assessments and those requested by individuals in receipt of an IoD) pending the issue of further guidance.

The Home Office Police Pensions Unit are working on this revised guidance, although this has been some time coming now.

Therefore, at the moment the only reduction in annual IoD payments is when someone in receipt of an IoD dies. However as more officers leave the force with medical retirements this IoD annual cost continues to rise.

Hopefully this is of interest to you and I would welcome any thoughts that you may have as this is becoming a significant part of the budget that does not provide any services to the people of Avon & Somerset.

Yours sincerely



Sue Mountstevens
Police and Crime Commissioner

CC: Tom Winsor, HMI