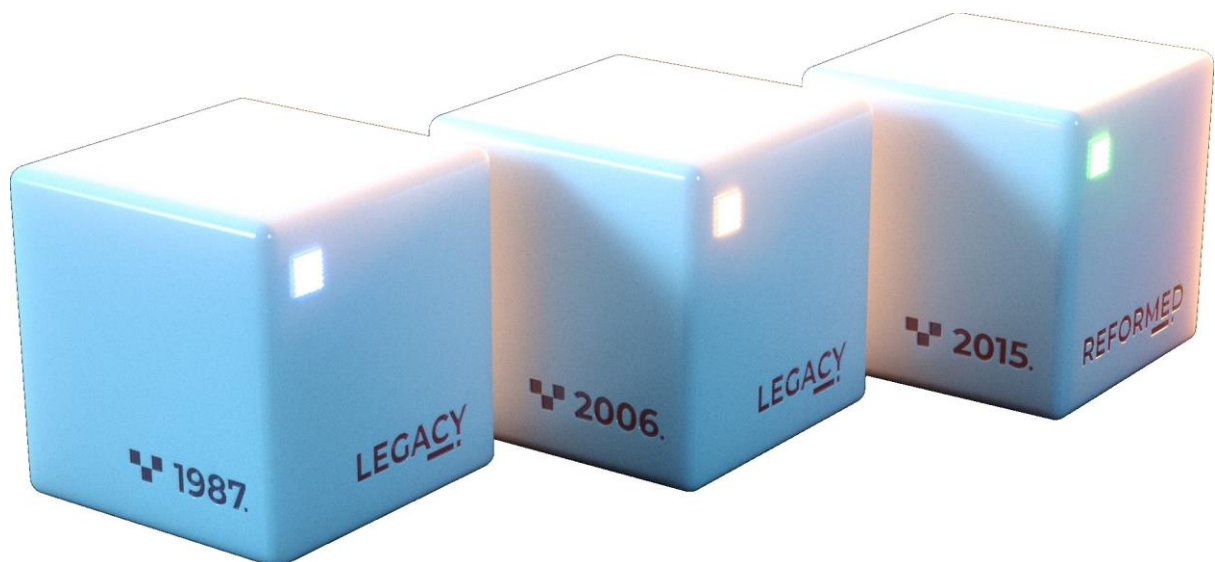


# Police Pensions – Age Discrimination Project Briefing Paper

20 May 2024



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## Executive summary

1. In 2018 the transitional protections given by HM Treasury via section 18 of the [Public Services Pension Act 2013](#) in the Public Sector Pension Reforms of 2015 were found to be age discriminatory by the Court of Appeal. In 2020 the government started the consultation process on the necessary legislative changes.
2. In 2022, The Public Service Pension and Judicial Offices Act gained Royal Assent and set out an 18-month period to implement remedy commencing on 1 October 2023 for all Public Service Pension Schemes.
3. The Act set a requirement that by the deadline of 31 March 2025, the end of the implementation period, that all members with membership in the remedy period should be, “rolled back” to their respective legacy pension scheme and provided with a Remediable Service Statement, setting out their choice of benefits and any consequential actions because of that “rollback”.
4. Members in scope for remedy are classed either as an Immediate Choice (IC) or a Deferred Choice (DC) member.
  - a) IC members were already in receipt of benefits on 1 October 2023, and they will have 12 months to make their choice once they receive their Immediate Choice Remediable Service Statement (IC-RSS).
  - b) DC members were either active or deferred on 1 October 2023 and they will make their choice of benefits when their benefits become payable at retirement. They will receive an Annual Benefit Statement Remediable Service Statement (ABS-RSS).
5. The Police Pension Scheme is not run as a national scheme. Across England and Wales, it is run as 43 local schemes with each force individually responsible for its management, governance, and pension administration and there are 12 different pension administrators and three different software suppliers.

6. The implementation of remedy and the associated processes have been far from straightforward and since 2021, The National Police Chiefs' Council Pension Team (NPCC) have been working collaboratively with HM Treasury (HMT), HM Revenue & Customs (HMRC) and the Home Office to provide advice and support to forces.
7. This document sets out how the legislation has been formed to provide remedy, the various responsibilities of police pension stakeholders to implement it, the resources that have been put into managing remedy and the challenges being dealt with. Those challenges can be summarised as: –
  1. A narrow remedy window of 26 months, which has impacted knowledge, discovery time and commercial arrangements.
  2. Significant extra burdens on forces in their role of scheme manager.
  3. A delay in tools provided by government for dealing with remedy.
  4. A lack of informed policy decisions by HMT for the Police Pension Scheme.
  5. Operational issues with providers.

## Purpose

8. This paper has been written by NPCC to provide an auditable and transparent account of implementing the Age Discrimination remedy for the Police Pension Scheme.
9. This document provides an insight into the management of the Police Pension Scheme and the responsibilities of the different stakeholders and how they have interacted to respond to the finding of age discrimination by the courts and subsequent legislation of HMT, HMRC and the Home Office. [Appendix One](#) and [Appendix Two](#) provides more information about the roles and responsibilities of each Police Pension Scheme stakeholder.



## Background to remedy

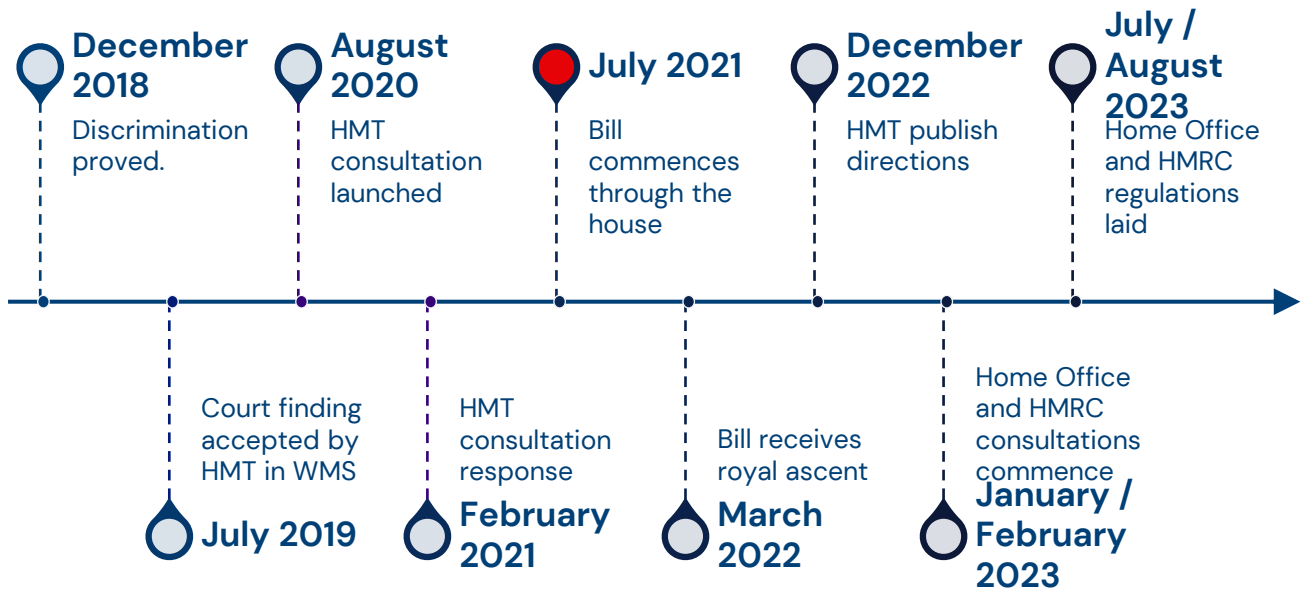
### Litigation

10. After the [final report](#) issued by Lord Hutton in 2011, HMT laid new rules governing public sector schemes, which included transitional protections via section 18 of the [Public Services Pension Act 2013](#), which allowed some members to remain in their legacy scheme for a set period after April 2015.
11. In 2015 the Home Office laid [regulations](#) for a new Police Pension Scheme (called PPS 2015) which commenced in April 2015, and as set out in the 2013 Act, gave [protections](#) for some members based on age to remain in their legacy scheme for a set period after April 2015.
12. After a legal challenge spanning several years, the courts finally determined in 2018 that these protections were age discriminatory and not fair to all members of the pension scheme i.e. younger members in the scheme were missing out on additional years of benefits from the original pension schemes.
13. On **15 July 2019**, the government made [written statement HCWS1725](#) accepting the Court's decision and confirming their intention to engage with the Employment Tribunal (ET) to agree remedy. It was a further year before HMT consulted on the mechanism to remedy the age discrimination.

### The Remedy

14. In 2022 the Public Service Pensions Judicial Offices Act (PSPJOA) 2022 gained Royal Assent. This put in place a legal framework to rectify the unlawful discrimination.
15. The principles of the 'remedy' are to put members back into the previous legacy scheme, this is known as 'rollback'. However, to protect members because some reformed schemes are better for members, members are to be given a choice of which scheme they wish to receive benefits in. The choice happens at different times depending on the category of member, this is known as Immediate Choice or Deferred Choice.
  - a. Immediate Choice. These are pensioners or beneficiaries whose benefits became payable between 1 April 2015 and 30 September 2023. These members must be contacted before 31 March 2025 and given the choice of the alternative scheme for the remedy period.
  - b. Deferred Choice. These are active or deferred members on 1 October 2023. These members are automatically 'rolled back' into their legacy scheme, they will be given a choice of which scheme to receive a pension from when they retire.

## Timeline of events

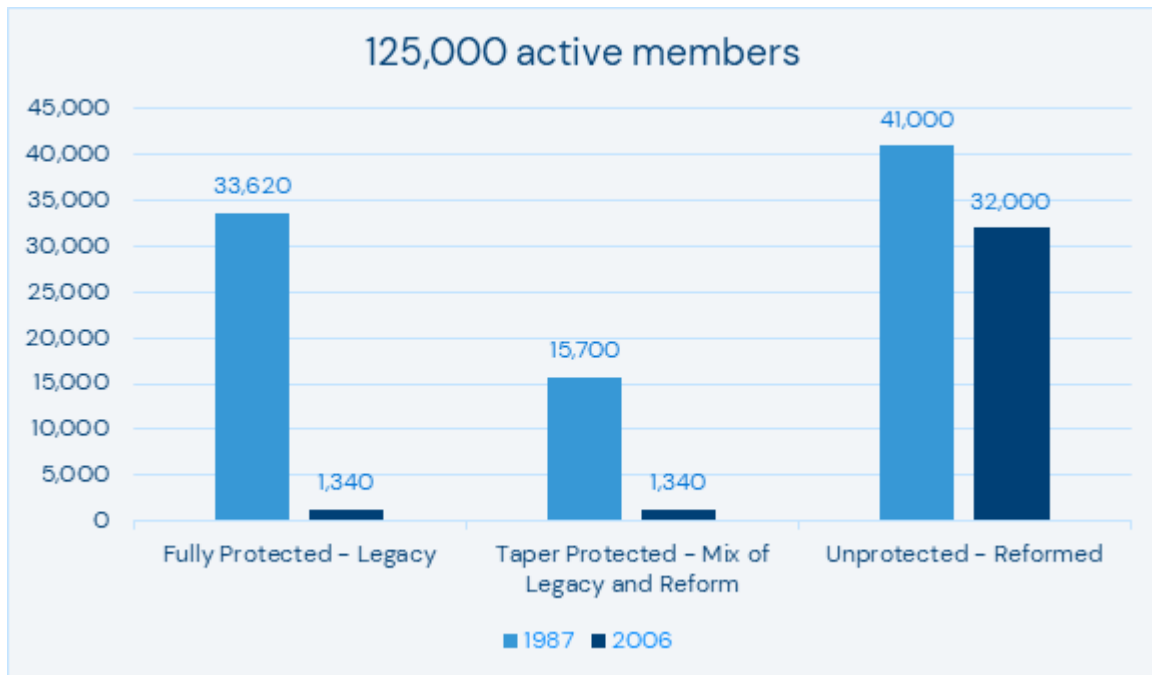


16. Between December 2018 and August 2020, HMT considered the findings of discrimination by the Court of Appeal.
17. In August 2020 HMT consulted on mechanisms for remedy.
18. In February 2021 HMT published their consultation response on remedy.
19. The Bill which contained the first regulatory provisions was introduced on 19 July 2021. This was a pivotal moment, as this was the first time a framework for rectification had been set out.
20. This set an ambitious and narrow window for completion of the regulatory framework and implementation of remedy within 26 months.
21. To mitigate against this narrow timeframe, NPCC established a Police and Fire stakeholder group, a core group of administrators and software providers. This group was given access to Cross Whitehall Public Sector Pension Scheme (XWH) groups which enabled participants to have privileged access to central policy discussions and decisions. It was intended that this engagement would give providers the foresight they needed to consider the complexities and to put the right support into their preparations at the right time.

## Police Scheme Members in Scope

### Active members

22. Based on GAD data published as part of the 2016 scheme valuation, the numbers of members in scope in the police scheme are approximately 125,000.

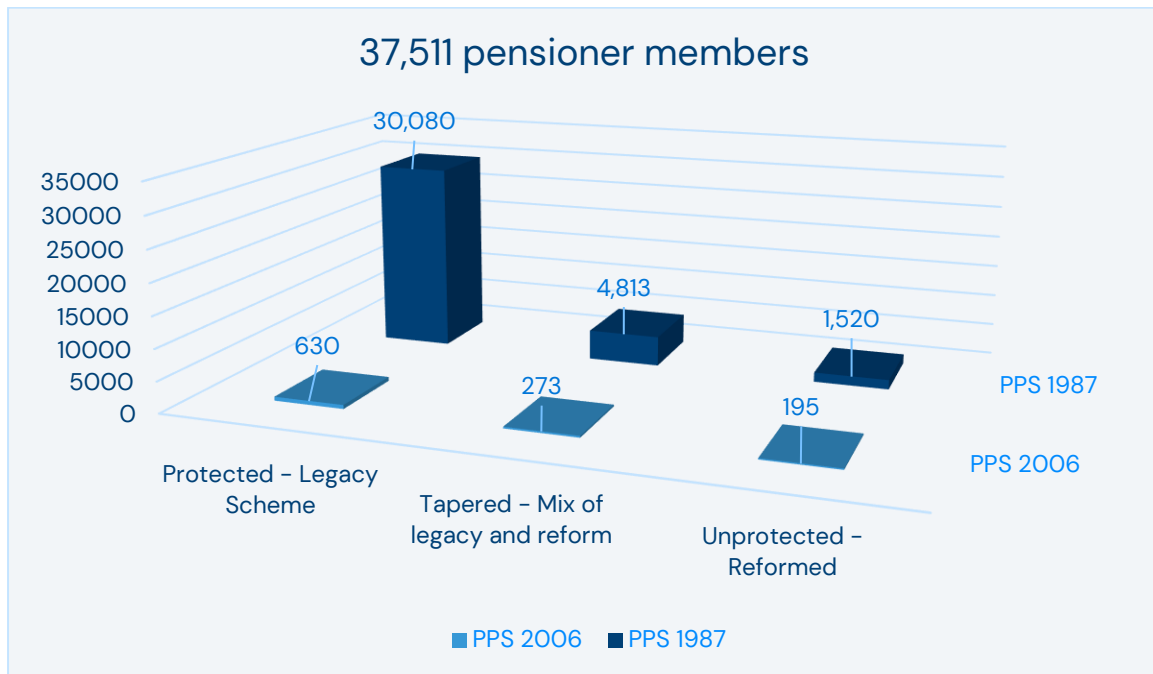


23. The table above shows how that membership is split between each of the legacy schemes, the PPS 1987 and the PPS 2006 and then within each of those schemes the number of members with each protection status.
24. This is important because 28% (34,960) are fully protected members and will not be affected by rollback. 14% (17,040) are tapered protected and 58% (73,000) are unprotected members and they will have a contribution adjustment and may, dependent on their circumstances, have other adjustments such as pensions tax.

## Pensioner Members

25. Other than those that retired on ill-health, pensioners who retired during the remedy period, voluntarily chose to take early voluntary retirement, either before they reached 30 years' service or before age 55 and knew what pension they would receive under the legislation in force at the time. For a lot of these members their retirement will have occurred prior to the Court of Appeal finding that the protections awarded were discriminatory.
26. Based on administrator records, 37,511 remedy eligible members retired between 1 April 2015 and 30 September 2023. 80% (30,080) of members who retired with 1987 benefits were protected and are unlikely to choose reformed benefits when given the choice.

Table 1 – Pensioner members



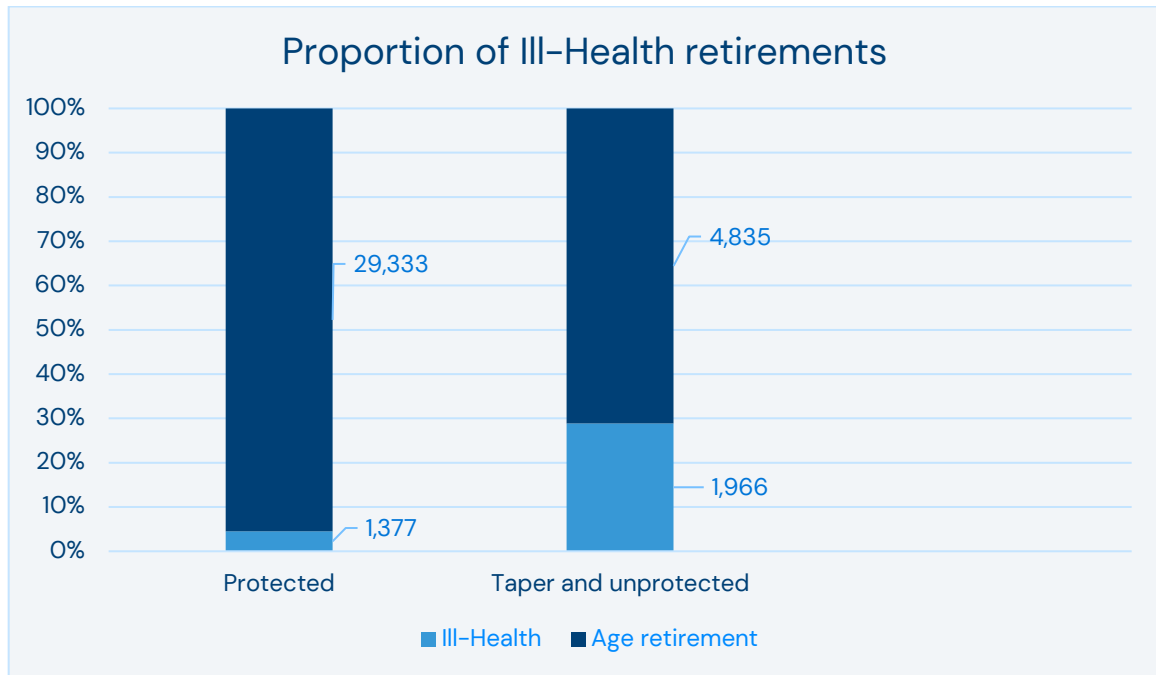
27. Table 1 above shows that there are **6,333** former members of the 1987 scheme who had taper protection or no protection and will have retired during the remedy period with some or all 2015 benefits in payment. These members are expected to choose benefits to be paid from the legacy scheme.
28. In addition, there are a further **903** former members of the 2006 scheme who will have retired with none or some 2015 benefits in payment. These members are more likely to choose benefits to be paid from the reformed scheme.



### Ill-Health retirements

29. Based on administrator data, table 2 below shows that out of the 37,511 pensioner members there are 9% (3,344) of members who retired on ill-health of which 41% (1,377) are fully protected members and are likely to need an ill health reassessment<sup>1</sup> to determine their entitlement in the alternative scheme.

Table 2 – ill health retirements



30. Overall, as indicated in table 1, this means that the bulk of the Immediate Choice work is expected to be for 7,236 members. These are the members that either must change their benefits as they have taper protection and cannot retain mixed benefits, or choose alternative benefits.

<sup>1</sup> Further information about assessment of eligibility to the alternative scheme is available in the [ill-health remedy factsheet](#)



## Managing the Remedy

### Remediable Service Statements

31. A pivotal milestone document for police officers about remedy, is the issuing of a Remediable Service Statement (RSS). An RSS will be issued at different points in a police officer's lifecycle detailing their remediable options.
32. The two most important documents are known as: –
  - Immediate Choice – Remediable Service Statement (IC-RSS).
  - Annual Benefit Statement – Remediable Service Statement (ABS-RSS).
33. These RSS documents must be issued to all members affected by remedy by 31 March 2025. This is the 'relevant date' set by the [PSPJO section 29, paragraph 10a](#).
34. We are aware of some reports that officers were not aware of this rectification period. This date was first established on 19 June 2021 when the Bill was [introduced to the house](#) under clause 26, paragraph 10. A further timeline of communications of this date is available in [Appendix Three](#)
35. We are further aware of some concern that administrators can use paragraph 10b to extend this date. It is worth clarifying that administrators have no power by this regulation, as it applies to the scheme manager (the Chief Constable) not the administrator.
36. There is case law with regards to how to use discretions, therefore we would only expect it to be applied on a case-by-case basis. Cohorts who could be covered by this are likely to be those for whom there is additional complexity in offering a choice, such as some ill-health members who had not had a reassessment for eligibility, and this could reasonably extend their opportunity for reassessment, or members who need to make [contingent decisions](#) before making their choice.

### RSS timelines

37. The Act requires that RSS' are sent by 31 March 2025<sup>2</sup>.
38. The Act does not make any differentiation between the types of RSS' that must be issued or specify an order, neither has HMT issued any guidance or instructions.

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<sup>2</sup> An 18-month remedy period was announced in the draft bill published on 19 July 2021, this date was communicated to members in the [member guide to remedy](#) first published in December 2021.

39. In November 2022, after discussion with the Scheme Advisory Board, the NPCC gave guidance on a recommended order of production of RSS'. Nevertheless, NPCC cannot enforce this, as it is for each scheme manager to consider.
40. HMT have asked schemes to report how many RSS' have been sent out. Delays in issuing IC-RSS' due to ongoing [policy issues about tax](#) have been escalated to policy officials at HMT.

#### Immediate Choice members

41. The guidance on the priority order of issuing RSS' recommended that production initially centred on those most vulnerable who retired with reform scheme benefits but who were most likely to make a choice for legacy benefits for remedy period service.
42. The [pensioner members in scope](#) section sets out that most members who retired between April 2015 and March 2022 left with legacy benefits, which will be the most favourable for them.
43. Since NPCC recommended the timeline, there have been two issues which have caused a delay: –
  - a) Finalising the IC-RSS template.
    - The RSS document must satisfy regulatory requirements and as a key document to explain remedy to members, it is important this was designed consistently to enable member choices.
    - Some delays due to procuring a communications consultant to work with saw this work start later than anticipated however, the template for age retirements was issued in December 2023 and for ill-health and beneficiaries on 8 February 2024.
  - b) Policy issues with interpretation of HMRC regulations.
    - Since January 2024, there have been further delays due to [unexpected policy issues](#) arising from interpretations of HMRC regulations.
    - While HMRC have since rescinded their advice<sup>3</sup>, this has flagged up an issue with the rectification of unauthorised payments made at the original retirement. These delays have been commonplace across all public sector schemes and have been escalated to HMT.
44. The timeline has been communicated to members in a member factsheet – [NPCC-Member-Remedy-Factsheet-Remedy-timeline.pdf](#) ([policepensioninfo.co.uk](#)).
45. Scheme managers have been advised to look at each case on a case-by case basis, and to escalate any specific cases to the NPCC pension team.

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<sup>3</sup> [HMRC newsletter 156](#)

46. There has been no recommendation to pause the development work required to issue IC-RSS.
47. Scheme managers have been advised to identify vulnerable members to their administrators, and escalate any support required to the NPCC team.

#### ABS-RSS

48. A 'rolled-back' Annual Benefit Statements (ABS) **must** be issued by 31 August 2024. As this is the first ABS to be issued after 1 October 2023, it **MUST** show the rollback position – that is, all legacy scheme benefits for the remedy period.
49. The RSS **must** be provided to members by 31 March 2025, and this **MUST** contain the information as specified in the Treasury Directions which includes among other things, the alternative scheme position as well as details of the contribution adjustment.
50. The legislation links the provision of contribution adjustment options to the date of the RSS.
51. NPCC has published the ABS-RSS template to be used by all Police Schemes, and given guidance that the combined ABS-RSS should be issued by August 2024. This will give members the opportunity to settle contribution adjustments as soon as possible, having considered whether this is right for them or not. More information for members can be found in the [NPCC-Member-Remedy-Factsheet-Contributions-adjustments.pdf \(policepensioninfo.co.uk\)](https://policepensioninfo.co.uk/NPCC-Member-Remedy-Factsheet-Contributions-adjustments.pdf)

#### Service delivery and delays

52. While individual forces remain responsible for the contract management of their individual suppliers, NPCC has provided support and taken a lead in commercial discussions and contract negotiation, supported by Bluelight Commercial (BLC) and the team representing the Northamptonshire Police, Fire and Crime Commissioner's (PFCC) Pensions Administration Framework to bring rigour to contract management.
53. NPCC has been disappointed with service delays to officers retiring after 30 years' service and are engaged in ongoing robust discussions with providers about operational issues, describing delays in providing retirement options and making late payments as "unacceptable" and the role of police officers as "difficult and arduous and they should be able to retire and be treated with respect and dignity."
54. Work is ongoing to investigate the operational delivery of providers, including how important and fundamental information is provided to members. The NPCC pension team have been ensuring that key messages are given to providers.

55. The nature of the ongoing contract management is subject to commercial sensitivity, but we can provide reassurance that NPCC are working with BLC and Northamptonshire to manage the performance in collaboration.
56. Data has been sought from scheme managers monthly to understand existing SLAs in place and the level of RSSs being issued.
57. Forces will deal with complaints via an Internal Dispute Resolution Procedure (IDRP) process. Information with regards to IDRPs received has been requested from forces to understand their complaints process and how these will be dealt with on a local basis.

### Challenges with implementation

58. The implementation of remedy and the processes arising from it are often referred to as complex, which we appreciate as a high-level word is frustrating for officers to hear as it does not convey what those challenges are.
59. Officers are rightfully perturbed that despite the court's decision in 2018 that the protections were discriminatory, the remedy has taken so long to be implemented given that this was known 5 years ago.
60. Under the auspices of CC Jeremy Vaughan's office, the concerns with regards to the robustness of the policy development and an understanding of the Police Pension Scheme by central government bodies have been raised with HMT.
61. While the retrospective nature of amending tax regulations is often referred to as complex, this is not surprising, and was referenced early in the remedy process when HMT first informally consulted the Scheme Advisory Boards (SABs) on an immediate or deferred choice approach to remedy. It was pointed out then that the tax consequence of either approach would be complicated and, would need time to be fully considered.

*"Pension tax is an extremely complex area and in the absence of clear proposals to streamline the provision of information across the workforce it would be prudent to focus on developing proposals that allow this workload to be spread over a longer period.*

***Scheme Advisory Board to Amar Pannu, Home Office. Dated 9 April 2020"***

62. While this complexity was somewhat recognised in the short lived 'immediate detriment' guidance that was issued in August 2020 and withdrawn in November 2021. It is disappointing four years on, that this 'complexity' is still cited with some surprise, and that concerns were not heeded earlier on.

### A narrow window for rectification

63. The narrow window for rectification between the Bill going through the Houses of Parliament in July 2021 and implementation date for remedy being 1 October 2023 has significantly expanded the challenges with the implementation of remedy. The final legislation was not available until summer 2023 cutting short the discovery time for providers and scheme managers to build processes.
64. To mitigate this known narrow window, a robust knowledge programme for scheme managers built by the NPCC pension team was delivered by holding fortnightly webinar sessions<sup>4</sup> updating stakeholders on developing policy, and saw nearly 60 sessions delivered since November 2021.
65. However, even in February 2023 when the Home Office consulted on police pension regulations, the policy for contribution adjustments was still not known, and this has impacted the ability for remedy knowledge to become embedded in force culture.
66. Central policy took time to be established and the Treasury Directions were not published until December 2022, which also contributed to later legislation from other parties: –
  - a) The [police pension legislation](#) was not laid until July 2023.
  - b) The [tax \(no 2\)](#) regulations were not laid until August 2023.
67. The complexities of delivering the programme were not unforeseen and engagement with the suppliers was undertaken early to ensure they could prepare at risk, pending payment, for the requirements and timelines published nationally.
68. As a locally administered scheme, the practicalities of instructing 12 administrators with three software suppliers, with a lack of firm regulations, contributed to lengthy and complex commercial discussions.

### A new burden of resource for forces in their role of scheme managers

69. The rectification legislation has introduced a new reliance on scheme managers that has not been seen before. This has extended significant extra burdens for forces in their role of scheme manager, and they have had to put additional resource into this work. Because the Police Pension Scheme is unfunded, all administration costs must be met from police operational budgets. This impacts directly on resource for fighting crime and delivery of operational policing. Every additional pound spent on the delivery of remedy is a pound which does not go into delivery of policing services.

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<sup>4</sup> Known as 'Pensions Chat'

*Retrospective nature of remedy – Data*

70. As the remedy rectifies a retrospective period, it is necessary to re-build records over that period, which involves the collection of data between 1 April 2015 to 31 March 2022.
71. The data to be collected typically is described in 2 categories: -
- a) Financial data – Details of members’ service, pensionable pay history and service breaks.
  - b) Contributions data – The Police Scheme requires a contribution adjustment for the remedy period for every single member. This requires payroll to provide the data of contributions that were paid along with tax codes and other identifying information.
72. Data has been an established priority, and data guidance was provided to administrators and scheme managers as early as 2021, however the exercise to collect data is a manual one which requires resource and experience, this has led to challenges for scheme managers.

*Contributions adjustment*

73. It was an established fact of remedy that for police officers to return to the legacy scheme it would involve a contribution adjustment<sup>5</sup> because: -
- The 1987 pension contributions are higher than the 2015 pension contributions.
  - The 2006 pension contributions are lower than the 2015 pension contributions.
74. The lateness of policy confirming what those contributions adjustments would look like not only impacted the delivery of a central Government Actuary Department (GAD) calculator<sup>6</sup> to calculate them, but also prevented essential discovery time in understanding how force payrolls and administrators would work together to provide that information.
75. Scheme managers will need to put in place processes for Deferred Choice members to deal with member elections for settling their contribution adjustments after they receive their first ABS-RSS.

*Decision making*

76. Under the PSPJOA 2022, scheme managers are responsible for the decision making required for [contingent decisions](#) and [compensation](#) and deal with members making claims. This requires significant extra resource and processes to be built to make evidenced decisions.

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<sup>5</sup> Information about contribution adjustments and how they affect members is available in the [remedy factsheet](#).

<sup>6</sup> Delivered September 2023, with 7 new versions delivered since.

Ongoing policy discussion about the treatment of tax

77. A more recent, and technically complex issue came to light in January 2024 when HMT notified the public service pension schemes that HMRC had identified that the treasury directed interest payments on pension arrears and lump sums would be treated as unauthorised where the interest paid was over the commercial rate. This was a significant policy issue which had not been raised before.
78. HMRC have since taken legal advice to confirm they can treat these interest payments as being the commercial rate. HMRC confirmed this on 25 April 2024 when they published [newsletter 159](#) which set out the position for interest on authorised payments.
79. HMRC have now removed parts of [newsletter 156](#) and replaced with [newsletter 159](#).
80. While the position of authorised payments has been confirmed, the position of [unauthorised payments](#) is still unclear. This is significant for the Police Pension Scheme because unauthorised payments are common place for Police Schemes. We are still in discussion with HMRC about how the interest on these payments should be treated. The current advice is that interest on unauthorised amounts is also unauthorised.
81. This has flagged up a further issue, in that HMRC had not allowed for the rectification of previously paid unauthorised amounts in their legislation or considered how the payment of new ‘top-up’ lump sums should be treated when an unauthorised amount has already been paid. This is a routine tax paid by police officers, and the issue was identified to HMT by NPCC during policy discussions in 2022.
82. At the time of writing this briefing note, this issue has still not been rectified, however assurance has been received in writing from the Economic Secretary to the Treasury (EST) saying that: –  

*“I would like to reassure you that HM Treasury and HMRC officials are aware of this issue and are exploring potential resolutions, HMT and HMRC are discussing options.”*
83. While this is fast changing situation, it is difficult to write communications with certainty, nevertheless stakeholders are kept as up to date as reasonably possible.



### Rectification of tax because of remedy

84. There are several tax issues that need rectification because of remedy, it is our view these have not been adequately thought through and provide additional complexity for members who will need to make a choice. They also place additional burdens on the administrators and scheme managers, who have not been given adequate tools and guidance.
85. NPCC has written to HMT to consider other solutions which avoid an escalating compensation bill to treasury.
86. Information on these issues is available in [Appendix Five](#).

### Police Pension Future

87. Recognising the challenges of managing a locally administered schemes with 43 individual owners, NPCC pension team commissioned an independent review of the management and administration of the Police Pension Scheme in early 2023, with a view to making recommendations for change.
88. Chiefs' council will consider a business case in September 2024 for a single scheme manager body.

## APPENDICES

### Appendix One – Information about Police Pension Scheme Stakeholders

1. The Police Pension Scheme is a locally administered unfunded scheme, which means that each of the 43 police forces in England and Wales are individually named as scheme managers.
2. Different funding and governance arrangements apply in the separate jurisdictions of Scotland and Northern Ireland.
3. The Chief Constable for the force is the scheme manager, as determined under [regulation 9](#) of the Police Pension Regulations 2015.
4. The Police pension scheme is an unfunded pension scheme. This means that there is no investment pot, the cost of providing the pension scheme benefits is met by pension contributions from employers, pension contributions from members and topped up by HMT (tax-payers). The operational cost of the scheme (the administration, management and governance) is met by the operating costs of each individual force.
5. The following stakeholders all have a role in the management, governance, and administration of the police pension scheme: –
  - a) [Home Office](#) – Responsible Authority.
  - b) [Scheme Manager](#) – Each of the 43 English and Welsh police Chief Constables is individually a scheme manager.
  - c) [National Police Chiefs’ Council](#) (NPCC) – Central body to represent national policing.
  - d) [Scheme Advisory Board](#) – The statutory body responsible to provide advice to scheme managers.
  - e) [Local pension boards](#) – Local pension boards have the role to assist the scheme manager comply with the regulations.
  - f) [Administrators](#) – Independently appointed bodies to provide administering services. There are 12 administrators who provide services to scheme managers. The administrator for each scheme manager can be found on [policepensioninfo.co.uk](http://policepensioninfo.co.uk).

More information on the roles and responsibilities of the stakeholders are shown in [Appendix Two](#).

## NPCC Pension Team

6. NPCC is the collaboration body which brings police forces in the UK together and supports operationally independent Chief Constables to help policing as a whole: –
  - a) coordinates the operational response across the service to the threats we face in the UK, such as terrorism, organised crime, and national emergencies.
  - b) constantly adapts and reforms to the changing nature of crime to keep people safe.
  - c) improves the way we work and learns when things go wrong to build people's confidence in the service, and
  - d) provides an efficient, effective and value for money service.
7. In respect of Police Pensions in England and Wales, NPCC brings together UK police leaders in their role as scheme manager and ensures that the scheme manager has appropriate advice and information.
8. They achieve this through: Co-ordination, Collaboration and Communication.
9. The pension team is a small team of three who work collaboratively with each of the 43 forces to provide advice to them on their role as scheme manager. The pension team does not act as the scheme manager.
10. The pension team have been established formally since September 2021; however, scheme managers have been supported informally since 2015 to manage the age discrimination litigation.
11. The NPCC pension team does not have a direct route to communicate to members because they a) are not the scheme manager and b) do not hold any member information. However, through the support provided by the core pillars, they create communication tools and products for scheme managers and administrators.

### *Pension Team – Core pillars*

12. The pension team provide support to the police pension stakeholders through seven core pillars: –
  1. **Communications:** the pension team provides core communication products for use by scheme managers and administrators, these include: –
    - a) Building a national police website – [policepensioninfo.co.uk](http://policepensioninfo.co.uk). Launched on 12 September 2023.
    - b) Create core template remediable service statements.
    - c) Create a [remedy animation](#) of core information for Immediate Choice members which showcases the RSS design.

## Police Pensions – Age Discrimination Project

- d) Establish and maintain a set of [FAQs](#)<sup>7</sup>.
  - e) Create a suite of [remedy factsheets](#) for members.
  - f) Establish base [remedy information](#) through a set of flyers and examples, including early sighting of the 18-month remedy period, following the launch of the Bill through parliament in July 2021.
  - g) Commissioned a [calculator](#) to provide an estimate of benefits under both legacy and reformed schemes.
  - h) Establish a monthly bulletin of information for Police pension stakeholders responsible for managing, governing, and administering the scheme.
  - i) A timeline of communications, along with a log of website updates is available in [Appendix Three](#).
  - j) Further products in production are: –
    - i. A library of tax information.
    - ii. Extend the website to cover the Police Pension Scheme outside of remedy, publish guidance for scheme managers, publish guidance from the Police SAB.
    - iii. Contribution adjustments, including an animation of what to expect about making a choice and examples of contribution adjustments including the effect of interest.
    - iv. Podcasts to explain complex technical elements.
2. Collaboration and Uniformity: Encourages collaboration and uniformity amongst the 43 scheme managers, 12 administrators and three software suppliers by providing good practice guidance and by partnering with Bluelight Commercial and the representatives of the Northamptonshire PFCC framework to establish contract management rigour amongst suppliers. This has been achieved through: –
- a) Establishing commercial agreements with main suppliers
  - b) Stakeholder management.
  - c) Monthly and weekly service delivery meetings.

The team are also submitting a business case for change to Chief's Council in September 2024 to make recommendations for a single scheme manager body.

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<sup>7</sup> Updates to the FAQs are communicated through the monthly bulletin issued to stakeholders.

## Police Pensions – Age Discrimination Project

3. **Effective technical scrutiny:** Provides a route of escalation for technical queries and engages with HMRC, HMT and the Home Office on pensions policy and its impact on police pensions. This has been achieved through: –
  - a) Establishing a Police and Fire stakeholder group, a core group of administrators and software providers. This group was given access to Cross Whitehall Public Sector Pension Scheme (XWH) groups which enabled participants to have privileged access to central policy discussions and decisions. It was intended that this engagement would give providers the foresight they needed to consider the complexities and to put the right support into their preparations at the right time.
  - b) Responding to HMT engagement through the XWH groups to comment and respond on the Policy Definition Documents (PDD) to ensure HMT and other government departments understood specific Police Pension Scheme needs.
4. **Support and guidance:** Creates mechanisms and frameworks to support and build knowledge for the 43 scheme managers, 12 administrators and three software suppliers. This takes the form of: –
  - a) Pensions Chat – A fortnightly verbal bulletin style webinar, established since November 2021 (circa 60 sessions already delivered) and covers all pension related information.
  - b) Remedy Implementation working group, A six weekly meeting attended by each of the 43 remedy leads within the forces.
  - c) Bulletins, A monthly written bulletin with pension updates and actions.
  - d) Khub, an online resource library of all remedy material provided to stakeholders.
  - e) Scheme Manager Guidance, created specifically for remedy, scheme managers have been provided with guidance for contingent decisions, and compensation decisions.
5. **Funding:** Working with the NPCC finance committee to ensure that the costs of local administration are adequately narrated to government and securing additional funding when necessary.
6. **Legal compliance:** Ensures that adequate legal advice is taken on behalf of scheme managers, and co-ordinating any litigation activity.
7. **Effective governance:** Provides support to the Scheme Advisory Board, guidance to local pension boards, and form adequate governance through the Scheme Managers Steering Group.

### Scheme Manager Steering Group

13. This is an informal governance group formed through the oversight of CC Jeremy Vaughan. NPCC has nine regional areas and a nominated representative from each of the regions sits on this group.
14. This group meets six weekly and receives updates on remedy implementation.
15. The purpose of the Scheme Manager Steering Group (SMSG) is to support the NPCC Pay & Conditions lead to provide a consistent view on pension issues, which reflects the importance of pension provision in workforce matters and, seeks to ensure that the management of Police Pension Schemes and related functions is carried out efficiently and effectively across England and Wales.
16. The SMSG sits under the Pay and Conditions of Service (PCS) Portfolio of the NPCC Workforce committee, which reports to Chiefs' Council. Verbal updates will be made to the PCS Board and the NPCC Finance committee on a quarterly basis.
17. Through the auspices of this group CC Jeremy Vaughan has issued correspondence to fellow chiefs, both to provide an update of national work and to provide advice on local implementation of remedy. A list of this correspondence is in [Appendix Three](#).

### Police Pension Scheme administration

18. Each of the individual police forces appoint an administrator, they have a choice how they do this, they can appoint directly, through a framework or administer the scheme in-house.
19. The choice of administrator lies with each scheme manager, while a large portion of forces have chosen to appoint XPS through the Northamptonshire PFCC Pensions Administration framework, not all forces choose to do so.
20. There are 12 administrators working with the 43 police forces, who each contract with one of three software suppliers that build Police Pension software.



*Administrator list*

Administrator	Appointed	Software
City of London	Direct – third party	Heywood
Durham Police	In-House	Heywood
Dyfed pension fund	Direct – third party	Heywood
Equiniti & SSCL	Direct – third party	Compendia
Essex Pension Fund	Direct – third party	Civica
Hampshire Pension Services	Direct – third party	Civica
LPPA	Direct – third party	Civica
Northumbria Police	In-House	Heywood
Peninsula Pensions	Direct – third party	Heywood
South Yorkshire Police	In-House	Heywood
West Midlands Police	In-House	Heywood
XPS <sup>8</sup>	Northamptonshire PFCC Pensions Administration Framework	Heywood

21. Each administrator is responsible for managing the services supplied by their software provider.
22. The Pension Regulator (TPR)<sup>9</sup> expect the local pension board responsible for assisting the scheme manager to monitor the administrator’s performance.
23. Each force is responsible for contract managing their administrator and the service they supply, including agreeing Service Level Agreements (SLAs).
24. Four administrators<sup>10</sup> do not provide online member self-service, however two<sup>11</sup> have plans to implement.

<sup>8</sup> XPS provide police pension administration to 32 Forces in England and Wales.

<sup>9</sup> TPR has regulatory oversight of public service pension schemes [[Public Service Pensions Act 2013 – Schedule 4](#)]

<sup>10</sup> Durham, Northumbria, City of London and Essex

<sup>11</sup> City of London and Essex

## Appendix Two – Stakeholder Roles and Responsibilities

This section sets out and defines the current roles and responsibilities of all parties involved in the management, administration, and governance of the Police Schemes.

The roles and responsibilities provided are for: –

- [The Home Office](#)
- [The Police Scheme Advisory Board](#)
- [The NPCC Pensions Team](#)
- [The Scheme Manager / Employer](#)
- [The Pension Administrator](#)
- [The Local Pension Board](#)

*Home Office – The Responsible Authority*

**Responsibility: Regulations, Policy.**

### **Specific areas of responsibility:**

- Set out scheme rules through regulations and ensure changes are communicated to NPCC.
- Identify the requirements to amend existing or introduce new Regulations.
- Undertake consultation on changes, including via the Scheme Advisory Board.
- Manage the relationship with the Government Actuary Department (GAD) to provide the routine valuation process and provide the necessary methodologies and factors, so they can fully fulfil their responsibilities as scheme actuary.
- Engage with Home Office (HO) Finance and HM Treasury (HMT) regarding financial implications of remedy and service wide funding pressures, primarily through the Spending Review process.
- Manage the accounting and finance process of the AME top-up grant.
- Keep Police Scheme Advisory Board (SAB) fully informed on policy and legislative developments.
- Arrange and chair HO led McCloud policy, legislation, and project management meetings.
- Develop policy plans and timetables for specific policy development.
- Provide ad hoc support to NPCC with scheme administrators on delivery as appropriate, including attending NPCC facilitated discussions with technical suppliers, supporting engagement with HMT, The Pension Regulator (TPR) and HM Revenue and Customs (HMRC), and developing certain standard products where appropriate e.g. GAD calculator.



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- Appoint and manage the relationship with the provider for the Board of Medical Referees; currently Health Partners (formerly known as Duradiamond).

### *Scheme Advisory Board*

#### **Responsibility: Scheme governance – National.**

- Provide advice on request, to the Secretary of State for the Home Office Department on the desirability of changes.
- Provide advice, on request or otherwise, to Scheme Managers and pension boards in relation to the effective and efficient administration and management of the pension scheme and any statutory pension scheme that relates to it.

#### **Specific areas of responsibility:**

- Monitor performance against the cost cap.
- Benchmark performance information as appropriate.
- Identify and share good practice within the scheme.
- Limit the risk of divergence between local administration of the pension schemes in the UK.
- Maintain dialogue with The Pensions Regulator (TPR) and work to ensure scheme compliance with TPR requirements.
- Maintain an understanding of policy developments in relation to public sector pension schemes.
- Maintaining dialogue with Local Pension Board (LPB) and provide direction to LPB chairs and members.

### *NPCC Pensions Team*

#### **Responsibility:**

- Provide support to the Scheme Advisory Board (SAB).
- Support co-ordination on behalf of Scheme Managers and provide them with the tools needed for them to make own decisions.

#### **Specific areas of responsibility:**

- To coordinate a central process approach with software suppliers, Pensions Administrators, and Scheme Managers / Employers.
- Collaborate with workforce teams on the impacts of pension policy development and interface between reward, pay and pensions.
- Identify and share good practice with all stakeholders.
- Ensure consistency of approach on policy interpretation and application by Scheme Managers / Employers, Pension Administrators, and suppliers.
- Provide training to Scheme Managers / Employers.
- Facilitate regional and national groups e.g. technical and communications.
- Co-ordinate the handling of multiple legal claims on common issues for McCloud remedy.

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- Provide specialist pension input to existing consultation and communication forums.
- Lead on Scheme Managers / Employer collaboration including remedy implementation plan and scheme level project boards.
- Prioritise McCloud remedy and identify technical issues including those for The Pension Regulator (TPR) and HM Revenue and Customs (HMRC) so that they can be actioned appropriately.
- Facilitate a collaborative approach to enable development of standard products and approaches including on-line tools where this supports Scheme Managers / Employers and Pension Administrators; agreements with suppliers to develop efficient remedy compliant systems and member tools including unblocking financial constraints and technical / legal risks.
- Co-ordinate guidance so that the Scheme Managers / Employers have the consistent information necessary to make decisions.
- Communicate with Scheme Managers / Employers on remedy delivery strategy.
- Deliver and maintain communication platforms compliance, with a view to understanding what can and should be communicated to the workforce by Scheme Managers / Employers.
- Engage with Scheme Managers / Employers to manage the financial implications of remedy and service wide funding pressures, primarily through existing finance processes.
- Coordinate and help Scheme Managers understand commercial agreements.

### *Scheme Manager / Employer*

#### **Responsibility:**

- Runs the scheme.
- Data Controller for General Data Protection Regulation (GDPR) purposes.

#### **Specific areas of responsibility:**

- Implementation of remedy, including contracting elements to Pension Administrators as per decision of Scheme Manager.
- Decision-making related to individual members and application of discretions – in accordance with scheme regulations, including contingent decisions, compensation, and immediate detriment.
- Determine Local Pension Board arrangements and ensure relevant policies in place.
- Appoint Pension Scheme Administrator and set Service Level Agreements (SLA), expectations and data processing agreements.
- Apply regulations in accordance with interpretation.
- Responsible for both Employer and Pension Administrator functions.
- Responsible for financial requirements.
- Maintain appropriate internal controls.
- Manage Internal Dispute Resolution Procedures (IDRPs).

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- Comply with disclosure of information.
- Comply with The Pension Regulator (TPR) requirements including breach recording / reporting, risk management and data scoring.
- HM Revenue and Customs (HMRC) reporting (often delegated to Pension Administrator).
- Manage delegations generally.
- Auto enrolment / re-enrolment.
- Member communications (Employers should be the signee and link with NPCC).
- Developing the options exercises and instructing Pension Administrators, including on communications.
- Payroll.
- Human Resources (HR) processes.
- Workforce planning.
- Deducting contributions.
- Providing accurate and timely data to Pension Administrator.
- Assessing eligibility to the scheme.
- Determination of ill-Health / injury awards in line with the Selected Medical Practitioner (SMP) opinion.
- Provides members with referrals and final decisions following the recommendation from medical advisors.
- Responsible for managing commercial agreements.
- Ensure specifications are provided to Pension Administrators in a timely manner for the use of software suppliers.

### *Pension Administrators*

#### **Responsibility:**

- Administer the scheme in accordance with SLAs set by Scheme Manager / Employer.
- Data Processor for General Data Protection Regulation (GDPR) purposes.

#### **Specific areas of responsibility:**

- To communicate immediate or deferred choice options exercise to members once instructions are received from Scheme Managers.
- Calculate and pay benefits.
- Issue Annual Benefit Statements (ABS) / Remediable Service Statements (RSS) / Pension Savings Statements (PSS).
- Pensioner payroll (where applicable).
- Request data from Employer.
- Answer queries from member in accordance with Service Level Agreements (SLAs).
- Appoint software supplier.
- May handle tax and HM Revenue and Customs (HMRC) reporting.

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- Responsible for all administration processes.
- Collaborate with NPCC on communications including guidance and flagging and /or identifying technical issues.
- Record / report breaches to The Pension Regulator (TPR) and notify Scheme Manager.
- Ensure specification received from Scheme Managers / Employers are provided to software suppliers in a timely manner.
- Comply with disclosure information.
- Comply with data processing agreement.
- Provide Scheme Managers/Employers with financial data for decision making processes.
- Provide individual reports to Scheme Managers / Employers / Home Office (HO) on request.
- Provide statutory reports to Scheme Managers / Employers / HO.

### *Local Pension Board*

- **Responsibility: Scheme governance – local.**
- Assist the Scheme Manager / Employer to:  
Secure compliance with regulations / legislation and The Pension Regulator (TPR) requirements.
- Ensure effective / efficient governance and administration.

### **Specific areas of responsibility:**

- Gain knowledge and understanding of the schemes and maintain acquired knowledge.
- Provide constructive challenge and feedback.
- Review processes and identify improvements.
- Monitor and assess risks to the scheme.
- Record / report breaches to TPR.
- Act without conflict.
- Maintain engagement with the Scheme Advisory Board.



## Appendix Three – Correspondence

### Letters from CC Jeremy Vaughan

Date	Content
Jan 2022	Letter to CST and Home Secretary.
Jan 2023	Funding letter to policing minister.
17/02/2023	Letter to policing minister and CST, with regards to immediate detriment and seeking assurance of the removal of tax risk.
17/02/2023	Letter to policing minister on timing of consultation.
21/06/2023	Email to all chiefs on data readiness and remedy readiness assessment tool.
27/09/2023	Letter to all chiefs.
06/12/2023	Letter to all chiefs.
23/01/2024	Letter to all chiefs, remedy update and action.
15/04/2024	Letter to HMRC and HMT.
May 2024	Letters to suppliers. [Confidential]



## Communication timeline

This lists the communication resources for members that were delivered before September 2023 and the establishment of a national website by NPCC. The circulation of these communications was the responsibility of scheme managers to distribute through their networks.

Date	Content
Dec 2021	<a href="#">Remedy booklet for members</a> <sup>12</sup> . This confirms the date for providing an RSS is 31 March 2025.
Jan 2022	Template remedy letters provided to scheme managers to inform members of the changes to the pension scheme on 1 April 2022.
Feb 2022	February 2022 – <a href="#">Remedy illustrations</a> produced by GAD.
Mar 2022	McCloud remedy <a href="#">calculator</a> launched.
July 2022	Member remedy flyers: <ul style="list-style-type: none"> <li>• Eligible active member flyers – issued 1 July 2022.</li> <li>• Eligible retired member flyers – issued 1 July 2022.</li> </ul>
22/11/2022	Remedy timetable guidance issued to scheme managers.
Feb 2023	Retiring before 1 October 2023 member flyers.
Aug 2023	Remedy warm up flyers (in new house style).
Sept 2023	Website launched.

<sup>12</sup> Original version available on request



## Police Pensions – Age Discrimination Project

### Website communications

The following tables list the content that has been added to the website since its launch on 12 September 2023.

#### *Homepages and additional information*

This information can be found on the home page or the 'Useful Information' tab

[Police Pension Info – policepensioninfo.co.uk](https://policepensioninfo.co.uk)

[Useful information – policepensioninfo.co.uk](https://policepensioninfo.co.uk)

Date	Content
12/09/2023	Home page <a href="#">Your police pension</a> <a href="#">Are you affected</a> <a href="#">What is remedy</a> <a href="#">When will I hear more about remedy</a>
Sept 2023	Useful information Active member flyers in <a href="#">English</a> and <a href="#">Welsh</a> Retired member flyers in <a href="#">English</a> and <a href="#">Welsh</a> ' <a href="#">About remedy</a> ' a booklet about remedy for members, first published December 2021 <a href="#">Member illustrations</a>
14/12/2023	<a href="#">Immediate Choice – RSS animation</a>
Jan 2024	<a href="#">Welsh translation</a>

## Police Pensions – Age Discrimination Project

### FAQs

FAQs can be found on the [pensioninfo](https://pensioninfo.co.uk/faqs-remedy/) web pages –  
<https://pensioninfo.co.uk/faqs-remedy/>

Date	New FAQ or amended FAQ
10/10/2023	Retirement ages (known as pension trap).
02/11/2023	New FAQ for Timing of payment.
06/11/2023	Why does a protected member need to make a choice.
06/12/2023	Error corrected, change date from July 2024 to November 2024 for IC-RSS.
30/01/2024	How do I calculate a tax charge. How can I pay my pensions tax charge. How do I find HMRC guidance added to website.
11/01/2024	Amend timetable in 'Why do I have to wait until March 2025 to receive my choice'.
25/01/2024	Add 8% interest may be subject to tax to 'How is interest applied'.
14/02/2024	Tax on Lump sums. Unauthorised payments. Tax on interest payment. What is the commercial rate of interest. FAQ on what is the Scheme Administration Member Payment. FAQ on interest on arrears of annual pension. When a member will need to make a contingent decision. Why am I receiving an added pension refund. Am I eligible to buy added years.
25/03/2024	How transfers are dealt with for remedy.
22/04/2024	Amend tax on interest (commercial rate does not apply).



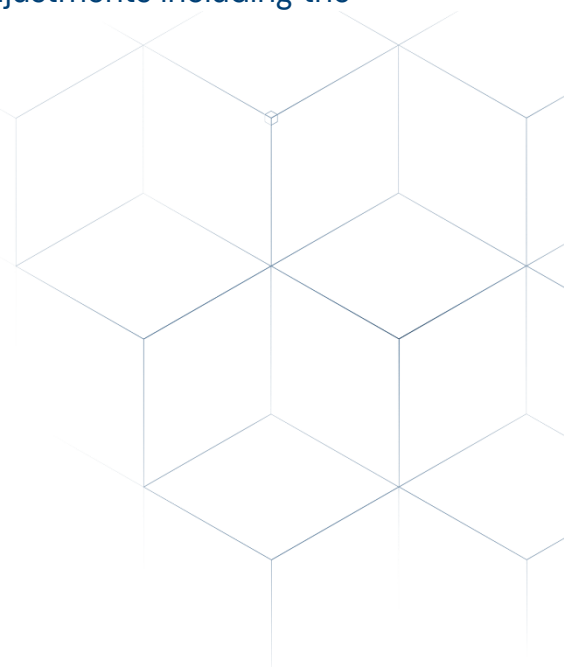
*Member remedy documentation*

Member remedy documentation can be found on the policepensioninfo web pages – <https://policepensioninfo.co.uk/member-remedy-documentation/>

Date	Remedy factsheet
17/01/2024	Ill-Health.
30/01/2024	Contribution adjustments.
30/01/2024	Divorce.
12/02/2024	Added pension.
14/02/2024	Beneficiary member factsheet.
14/02/2024	Contingent decisions (and claim forms).
28/02/2024	Remedy timeline.
09/05/2024	Compensation (and claim forms).

Further communication products in production are: –

- A library of police specific pension and income tax information.
- Extension of the website to cover the pension scheme outside of remedy, publish guidance for scheme managers, publish guidance from the Police SAB.
- Contribution adjustments, including an animation of what to expect about making a choice and examples of contribution adjustments including the effect of interest.
- Podcasts to explain complex technical elements.



## Police Pensions – Age Discrimination Project

### *Resources for scheme managers*

These documents are available on a password secure website; however it is intended that the future development of the website will provide a 'home' to publish scheme manager resource and guidance

Commencement	Content
04/11/2021	Pension chat – A library of information and instruction delivered in over 60 webinars on a fortnightly basis since November 2021.
Sept 2021	Khub – An online resource library of all remedy material.
11/11/2023	Stakeholder bulletin – A monthly written bulletin with pension updates and actions for administrators, scheme managers and local pension boards. 7 bulletins have been published to date.
Nov 2023	Scheme manager contingent decision guidance.
Feb 2023	Scheme manager added pension guidance.
May 2024	Scheme manager compensation mechanism guidance.
14/12/2023	Age retirement Immediate Choice (IC)-RSS template published.
08/02/2024	Beneficiary (B)-IC-RSS template published. Ill-Health (IH)-IC-RSS template published.
01/05/2024	Annual Benefit Statement (ABS)-RSS template published.

## Appendix Four – Additional documentation

To avoid making this note too lengthy, the following additional documents are available on request.

Document
SAB response to HMT consultation.
NPCC response to Policy Definition Documents (PDD) drafted by HMT setting out proposed policy.
NPCC response to Home Office prospective and retrospective remedy consultations, including open legal advice obtained.
NPCC response to HMRCs tax consultations [No 1 and No 2].
Core template remediable service statements.
Request for tax support briefing note to HMT.
Operational review of the pensions programme – Independent report published by consultants Isio commissioned by NPCC.
Chiefs Council briefing paper on police pension future.
Index of guidance and topics provided under: – <ul style="list-style-type: none"><li>• Pension Chat Index (This is detailed index of all the content that has been covered in a fortnightly informative webinar for police pension stakeholders since November 2021).</li><li>• Scheme Manager Index (This index details the topics covered at each of the SMSG meetings since August 2022).</li><li>• Bulletin Index (This index covers the content from all the bulletins issued since November 2023).</li></ul>

## Appendix Five – Additional Tax rectification complexity

Additional tax issues that need rectification because of remedy, these have been split into three main areas.: –

### *Submitting, managing and paying additional pension tax due to the remedy*

1. The current [digital service](#) built by HMRC to manage submissions to pay additional pension tax charges due to accruing more pension does not provide an adequate service, and in accordance with [A4.14.11 of the managing public money guidance](#) was not well designed, leading to escalating compensation costs to support members using the service.
2. This service is currently 'shuttered' with no known date to be re-launched.
3. Without any adequate support provided through a digital solution there is a significant risk to reputational damage, increased costs to forces. and increased claims for compensation from members who see no option other than to engage an accountant or independent financial adviser to assist them.

### *Historical tax relief compensation*

4. 1987 unprotected and taper members will need to repay 1987 contributions due to being 'rolled-back' to the legacy scheme, and they will be entitled to tax relief on those contributions, however the tax relief is given based on current circumstances.
5. There is provision within the compensation regulations for active members to make a claim for compensation where they would have been better off had they made the contribution at the original time due, (for example they are a 20% tax-payer now, but were a 40% tax-payer at the time).
6. However, there is currently no mechanism provided to members to calculate a comparison of their tax relief position. The position relayed by HMRC relies on a manual calculation to be performed by the member.

### *Changes to marginal rate and allowances*

7. For some members the additional tax relief they will receive on paying for the contribution arrears could put them back in the threshold for child tax credit, by reducing their taxable income.
8. The additional tax relief could in some instances reduce the taxable pay and move the member into a different marginal rate,
9. There is currently no published mechanism in which they can retrospectively apply for either child tax credit or to claim a different marginal rate.

10. Where an Immediate Choice (IC) member is remedied, and they choose a higher pension payment, they will receive a pension arrears payment. It is possible this arrears payment could move someone into a different marginal rate. While there is mechanism to apply to HMRC to have these arrears spread and reallocated to the tax years to which they relate, the onus is on the member to identify the issue and make an application to HMRC.

## Appendix Six – Legislation

The legislation that applies the age discrimination is: –

1. [The Public Service Pensions and Judicial Offices Act \(PSPJOA 2022\)](#)
2. [HM Treasury – The Public Service Pensions \(Exercise of Powers, Compensation and Information\) Directions 2022](#)
3. [The Public Service Pension Schemes \(Rectification of Unlawful Discrimination\) \(Tax\) Regulations 2023 \[Tax No.1 regs\]](#)
4. [The Public Service Pension Schemes \(Rectification of Unlawful Discrimination\) \(Tax\) \(No.2\) Regulations 2023 \[Tax No.2 regs\]](#)
5. [The Police Pensions \(Remediable Service\) Regulations 2023 \(Police Scheme Remediable Regulations\)](#)

## Version Control

Date of publication	Author	Revisions
20 May 2024	Clair Alcock	None