

## WYPCC – Briefing / Decision template

**From:** ACC John Robins

**Date:** 21 May 2013

**Circulation list:** PCC, CC, Chief Executive,

<b>Timing:</b>	Next PCC meeting
<b>Purpose:</b>	The Police and Crime Commissioner (PCC) is asked to agree the recommendations approved by the Command Team in respect of the Police Officer Voluntary Exit Scheme
<b>Cleared by:</b>	ACC Robins

### **SUBJECT OF ADVICE – Police Officer Voluntary Exit Scheme**

#### **Summary:**

Police Regulations and Determinations were amended in January 2013 to allow police Forces to introduce a voluntary exit scheme for police officers.

This allows officers to receive a 'compensation lump sum' in the event that they successfully apply to leave the organisation voluntarily under the scheme. The scheme is not available to officers subject to misconduct or unsatisfactory performance procedures.

It is the Chief Constable and Commissioner's decision on whether to introduce such a scheme for West Yorkshire Police. It would allow for additional flexibility in managing people numbers in the face of the very significant budget savings required in the medium term.

#### **Recommendation:**

The Command Team discussed the scheme on 25 February 2013 and recommends that:

- The Force will develop policy on how such a scheme would operate, based closely upon the national guidance,
- The Voluntary Exit scheme will not be open to all officers, but only where the organisation has a business need to achieve a targeted reduction in officers in a defined period, and
- The Force therefore communicates the provisions of the scheme to all officers and the staff associations, to ensure that there is a clear understanding of both its voluntary nature and the way it would be implemented in a targeted way based upon policing needs.

The PCC is asked to agree the above recommendations.

**Consideration:**

1. Other than under certain provisions of the Police (Conduct) Regulations, when police officers leave the Force voluntarily for any reason they 'retire' under Regulation 14 of the Police Regulations 2003.
2. Under the Voluntary Exit Scheme rules an officer would receive a deferred pension from the age of 55 rather than at 60 (as at present). The deferred pension would be actuarially reduced to reflect the longer period over which it would be paid but officers would be able to use their 'compensation lump sum' to buy out their actuarial reduction.
3. An overview of the scheme is that:
  - It is a voluntary exit scheme that requires agreement between both the Force and the officers applying.
  - The final decision to release an officer would rest with the Chief Constable.
  - The Force has total control over who can exit the organisation under the terms of scheme.
  - The scheme cannot be used to avoid misconduct or performance processes
  - This is an additional tool to allow chief officers to manage workforce numbers.
  - The scheme could be used as a 'broad brush' approach, or targeted at specific groups of officers, as required.
4. The main provisions of the scheme are:

Eligibility to apply

Officers at any rank with 2 years pensionable service but less than full pensionable service, except those who:

- Are in any misconduct proceedings, or who have been found guilty of gross misconduct in the 12 months preceding the introduction of the scheme;
- Have reached Stage 3 UPP in the 12 months preceding the introduction of the scheme; or
- Could retire with a full pension, or could be required to leave under Regulation A19.

### Level of compensation

The level of compensation payable is:

- For officers below their pension age - 1 month's pay for each day of service up to a maximum of 21 months' pay.
  - For officers above their pension age but with less than 30 years' pensionable service -1 month's pay for each day of service up to a maximum of 6 months' pay.
  - There is a high pay threshold of approximately £148,000.
  - There are 'tapering' provisions for officers approaching pension age, which limits the payment that can be made.
5. Currently there are a number of ways through which the Force can manage police officer numbers down; through natural leavers (predominantly retirement), over which the Force has little control, Regulation A19, which is not used at present, tight control over the 30+ Schemes, limiting requests for extensions of service, and by using UPP or misconduct procedures, which in reality could account for only a small reduction in the number of officers leaving the organisation.
6. The introduction of a voluntary exit scheme would currently be the only route available for the Force to proactively manage police officer numbers down where necessary and it could be used with precision to ensure that future policing needs can be met.

### **Affordability**

7. There are no immediate cost implications to the scheme. However, should the PCC and the Force agree at some point the future to apply the policy to a specific group of police officers then the cost implications will be considered at that time as part of a business case. Appendix A provides some example cost samples should the scheme be used.

### **Supporting and dissenting Views:**

8. This proposal is supported by all members of the Command Team.

### **APPENDICES:**

Appendix A – Examples of costs

**Examples of benefits payable and pension implications under the proposed Voluntary Exit Scheme for Officers (as at 20<sup>th</sup> November 2012)**

1. Officer with 5 years' full time (FT) service who is 30 years old.  
*Voluntary departure maximum (VDP) = 5 months pay; **deferred** pension at age **65** of 5/70ths (7.1%) of final salary, plus 5/1470 of final salary as automatic lump sum.*
2. Officer with 15 years' FT service who is 40 years old.  
*VDP = 15 months pay; **deferred** pension at age **60** of 20/60ths = 33% of final salary.*
3. Officer with 24 years' service who is 51 years old.  
*VDP = 21 months pay; **deferred** pension at age **60** of 24/28 x 36/60ths = 51% of final salary.*
4. Officer with 24 years FT service who is 49 years old.  
*VDP = 6 months pay; **deferred** pension at age **60** of 24/30 x 40/60ths = 53% of final salary.*
5. Officer with 26 years FT service who is 49 years old.  
*VDP = 21 months pay; **deferred** pension at age **55** of 32/60ths = 53% of final salary.*
6. Officer with 26 years FT service who is 51 years old.  
*VDP = 6 months pay; **immediate** pension of 32/60ths = 53% of final salary.*

**Notes**

- a) The above examples assume that any part-time service has been aggregated into full-time years.
- b) The above examples assume that the officer leaves by Voluntary Exit before new Pension Scheme starts (1<sup>st</sup> April 2015).
- c) Example 1 would have pension deferred to State Pension Age, which is currently 65 but is due to rise to 66, then 67.
- d) If the officers at examples 5 and 6 completed 30 years service and were then granted voluntary severance, they would both receive VDP of 6 months pay and immediate pension of 66.6% of final salary.

**Examples of what the financial compensation actually looks like:**

- *Constable with 11 years' service, aged 37; earning £36,000.  
Compensation payment of 11 months' salary = £33,000. (£3,000 a month)*
- *Constable with 23 years' service, aged 45, earning £36,000.  
Compensation payment of 21 months' salary = £63,000. (£3,000 a month)*

- Constable with 20 years' service, aged 54; earning £36,000.*  
 Compensation payment of 20 months' salary = £60,000. (£3,000 a month)
- Constable with 19 years' service, aged 59 and 6 months; earning £36,000.*  
 Compensation payment of 12 months' salary = £36,000. (£3,000 a month)  
 Limited by tapering as near pension age (60).
- Constable with 26 years' service, aged 47; earning £36,000.*  
 Compensation payment of 21 months' salary = £63,000. (£3,000 a month)  
 Limited by the maximum of 21 years.
- Constable with 26 years' service, aged 49; earning £36,000.*  
 Compensation payment of 18 months' salary = £54,000. (£3,000 a month)  
 Limited by tapering as near pension age (50).
- Constable with 28 years' and 5 months service, aged 47; earning £36,000.*  
 Compensation payment of 19 months' salary = £57,000. (£3,000 a month)  
 Limited by tapering as near maximum pensionable service (30 years).
- Constable with 28 years' and 5 months service, aged 49; earning £36,000.*  
 Compensation payment of 18 months' salary = £54,000. (£3,000 a month)  
 Limited by tapering as near pension age (50).
- Chief Constable with 20 years' service, aged 45, earning £160,000.*  
 Compensation payment of 20 months' salary = £246,950. (£12,347.50 a month)  
 Limited by the high pay threshold of £148,170.
- Constable with 10 years of full-time service and 10 years of part-time service (0.5 full-time equivalent), aged 45, FTE salary £36,000.*  
 Compensation payment of 15 months' salary = £45,000. (£3,000 a month)
- Constable with 24 years' service of which some was full-time and some part-time (including some part-time in the last three years), totalling 21 years' reckonable service, aged 45, FTE salary £36,000.*  
 Compensation payment of 21 months' salary = £55,125 (£63,000 x 21/24).  
 (£2,625 a month)  
 Scaled to reflect part-time working.
- Constable with 25 years' service, aged 50; earning £36,000.*  
 Compensation payment of 6 months' salary = £18,000. (£3,000 a month)  
 Limited by the maximum of 6 months' salary as able to receive immediate pension.
- Constable with 20 years' service, aged 55; earning £36,000.*  
 Compensation payment of 6 months' salary = £18,000. (£3,000 a month)  
 Limited by the maximum of 6 months' salary as able to receive immediate pension.
- Constable with 5 years' service, aged 55; earning £36,000.*

Compensation payment of 5 months' salary = £15,000. (£3,000 a month)  
Limited by the number of years' service (rather than the ability to receive immediate pension).

- *Chief Inspector (non MPS) with 20 years' service, aged 60; earning £54,000.*  
Compensation payment of 6 months' salary = £27,000. (£4,500 a month)  
Limited by the maximum of 6 months' salary as able to receive immediate pension.
- *Commander (MPS) with 20 years' service, aged 57; earning £96,000.*  
Compensation payment of 6 months' salary = £48,000. (£8,000 a month)  
Limited by the maximum of 6 months' salary as able to receive immediate pension.
- *Constable with 30 years' service, aged 48; earning £36,000.*  
Compensation payment of 0 months' salary = £0.  
Limited to zero as able to receive full immediate pension.