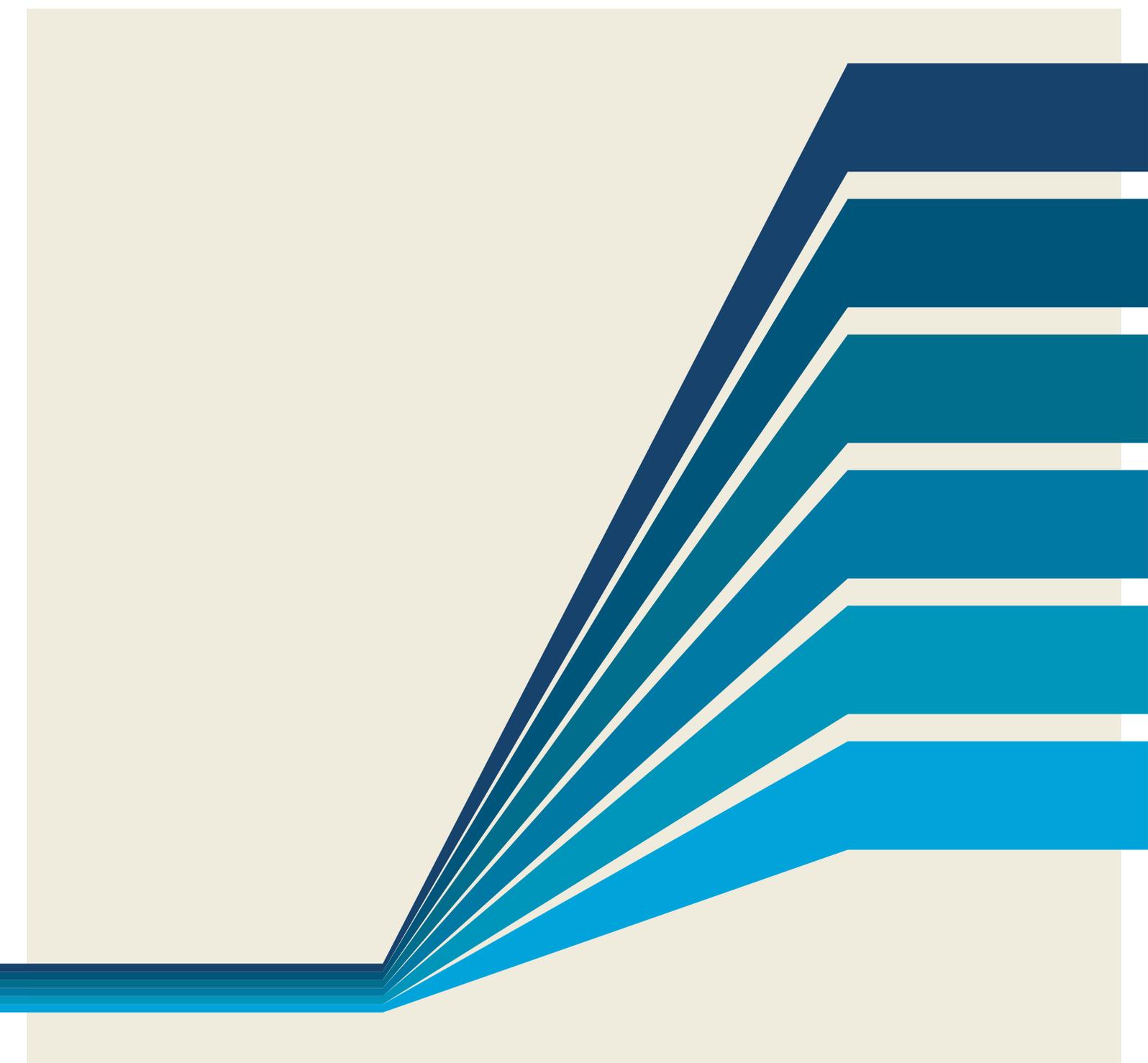


Defence Police Federation Normal Pension Age

Ministry of Defence Police



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Section 1:

Comparability of Ministry of Defence Police with other Non-Home Office Police Forces

The former Departmental Constabularies were regarded by the Treasury as something less than fully-fledged police forces. The Treasury were the paymasters and paid a member of a Departmental Constabulary 85% of the basic pay of a corresponding rank in the Home Office Police.

Before the MDP was formed, the old Federal Council had tabled a demand that the new force should have a rate of pay and allowance not inferior to any other Non-Home Office Force. The Civil Service Department (who had replaced the Treasury as the "official side") insisted that any review of pay must include the Home Office Forces as well.

It was accepted between DPF and the Pay Board that in order to determine final pay scales it would be necessary to take account of the difference in Conditions of Service of the MDP compared with other Non-Home Office Forces. With regards to Superannuation, it was necessary to take account of the non-contributory basis of the PCSPS (except for the Widows and Children's benefits -1.5%) and the actuarial value in the differences in the

benefits of the Civil Service scheme compared with the scheme for the other Non-Home Office Forces.

However, since the conditions of service of the Home Office Police and the other Non-Home Office Forces were the same, the Memorandum on Pay referred to the Home Office Police rather than the various other Non-Home Office Forces collectively. Nevertheless, it was clear that the undertaking was given on the understanding that the MDP would not receive any element of an increase in pay of the Home Office Police which had not been applied to the Non-Home Office Police.

The MDP is not eligible to receive the compensatory grant awarded to other police forces, or receive any indemnity for the liability to pay income tax on the notional value of free accommodation as this offset the adjustment that was required to take account of the superannuation differences to ensure the retirement pension for MDP was based on a salary comparable to that of other police forces.

Section 2:

1978 Edmund Davies Report on Police Pay

The problem of police pay dominated internal morale as well as employee relations with the Home Office throughout the mid and late 1970s. Elements of the Federated ranks began to argue for the right to strike and the Police Federation called for new negotiating machinery.

Following very severe problems with the recruitment and retention of police officers because of the chronically low pay, Edmund Davies was appointed by the then Home Secretary, Merlyn Rees, to chair a commission of inquiry into the negotiating machinery for police pay and conditions including the actual levels of pay.

The Report looked at, among other things, the restrictions upon the right of association and upon the inability of police officers to withhold their services - what Edmund Davies called "the denial of the right to strike".

It is important for this to be recognised in any pay arrangements, regardless of the prevailing state of industrial relations, and should be equally

recognised in respect of determining suitable and appropriate conditions of service and pensions for police officers.

The report concluded that it was essential that the police should not suffer in pay because they were deprived of this right to strike and that it should be put beyond all doubt that they were being paid fairly. It recommended a new system of dealing with police pay, including an immediate 45% pay rise and a formula under which officers would receive rises in line with the average pay awards of other non-manual workers.

The Police Negotiating Board was formed and empowered to conduct any negotiations; and there was facility to go to independent arbitration on any matters of disagreement but with the final decision to implement being left to the Home Secretary.

The recommendations were implemented in full in 1979 by the incoming Conservative Government and the Edmund Davies review became the cornerstone for police pay.

Section 3:

1979 Wright Report into Non-Home Department Police Forces

In November 1978, the Wright Committee were appointed to examine the relevance of the recommendations of the Edmund Davies Committee to the pay and conditions of service of certain Non-Home Office Police Forces and asked to recommend an appropriate pay relativity with the Home Office Forces.

The Ministry of Defence Police was the largest Force the Wright Committee reviewed and they concluded that the duties for the MDP were largely routine. Wright considered that MDP carried out their duties in a largely regulated, ordered and predictable environment as they worked within the confines of the MOD establishments. It concluded that the daily pressures experienced by Home Office police officers were not prevalent within the MDP and consequently determined that MDP should be awarded, in general, 95% pay relativity with Home Office Forces.

However, they agreed with Edmund-Davies the necessity of some allowances (London Weighting for example) and recommended accordingly. Wright also considered the fact that the MDP did not receive the Compensatory Grant received by

the Home Office Forces but declared this was counter balanced by the non-contributory nature of the Principle Civil Service Pension Scheme. Apart from this, Wright did not consider pensions.

Upon receipt of the Wright recommendations, the DPF met with the Treasury to determine how to implement the new pay relativity and reached agreement via the 'Rough Bargain'. This agreement not only considered the 95% pay relativity but also looked at Pensions to ensure the 95% relativity was maintained. This Agreement is extremely complex and is articulated separately in Section 4.

Section 4:

Rough Bargain

The Pay Agreement between HM Treasury and the DPF (signed 11 June 1980) following the publication of the Wright Report, had built into it an element known as the "Rough Bargain" which gave the MDP a comparability with the Home Office Police Forces Pay based on an adjustment for the pension contributions made by HO Forces towards pension entitlements.

The 'Rough Bargain' can be explained as:

HO Police Officer had deducted from his basic pay 7.5% as contributions towards pension (they paid income tax on their complete earnings less the 7.5% of basic pay).

The MDP officer had the benefit of the PCSPS which is non-contributory, but the evaluation of the Pension Scheme, according to the Treasury Actuary, would be equivalent to a Pension Plan having a contribution factor of 7.9% of basic pay. The only contribution made by MDP officers was the 1.5% towards the widows and orphans scheme.

The different pension arrangements, if undisturbed, gave MDP officers an advantage of 1.25% over HO officers full basic pay. Yet the agreement was for the MDP to be paid at 95% of basic pay. To redress this imbalance in the agreement the "Rough Bargain" formula was adopted and agreed by both the DPF and Treasury.

At the time, Rent Allowance and Free

Accommodation were, according to HMRC, taxable emoluments and all police officers paid the tax. The HO police officer, however, received from his Police Authority a cash grant equivalent of the tax paid on the Rent Allowance or Free Accommodation. In accordance with Para 8 of the annex to DCI 253/81 (MDP Pay and Conditions of Service) the MDP would not be paid this compensatory grant thereby roughly balancing MDP/HO Pay in accordance with the 95% agreement.

At this point if the two elements were brought together it would appear that the MDP officer is at least 2.9% better off in round terms but the Treasury and DPF calculations estimated that the entire emolument was absorbed to within 2 pence a month difference.

This worked well until the 1982 Pay agreement when HO pension contributions rose from 7.5% to 11% of basic pay. This 'unwelcome' increase moved the goalposts too far apart and wrecked the 'rough bargain'. That is, the rough bargain could incorporate the difference between 7.5% and 7.9% but could not account for the additional 3.5%.

The Treasury called upon the services of the Inland Revenue Taxation Department and Superannuation Division and a complex formula determined. It was agreed that this was the only option left to all parties and led to the reluctant introduction of the Net Pay Deduction.

Section 5:

Pension Changes

2002 Pension Changes

In 2002 the Principle Civil Service Pension Scheme seen the introduction of Classic Plus and Premium Schemes. Members of the Classic Scheme were given the opportunity to change over to either of the new schemes both of which attracted additional benefits and pension contributions of 3.5% and although some took up the invite the majority remained within the Classic scheme. New Entrants into the Force however had no alternative but to join the new Premium scheme.

Either way, DPF argued that the Net Pay Deduction for officers within the new schemes should have been revisited as their circumstances had changed and the pay relativity no longer remained but the Department ignored DPF's pleas.

2006 Pension Changes

The Home Office Police Forces introduced a new police pension scheme (NPPS) for New Entrants in April 2006. This scheme attracted lesser benefits but contributions were reduced to 9.5 % of pay rather than 11% as there was genuine concern regards the impact on take home pay of new additions to the service.

DPF again argues that the NPD of New Entrants into the MDP should have their deductions adjusted to take this change into consideration but again our protests were ignored.

2007 Pension Changes

Following consultation with the Trade Unions, the Nuvos scheme was introduced for New Entrants into the wider civil service. However, DPF (as a Police Staff Association) are not affiliated to any TU or other body thus the consultation appeared to bypass DPF yet the recommendations were imposed on New Entrants into MDP.

DPF again challenged the validity of NPD but, needless to say, their assertions were again ignored. The outcome of this resulted in DPF seeking a full Terms and Conditions of Service Review in 2008/2009 and this is still ongoing with nothing yet resolved.

Section 6:

Net Pay Deduction

Following implementation of the Wright recommendations, the basic pensionable pay of MDP officers was set at 95% of Home Office Police; prior to that it was 100%.

However, in 1982 things changed. HOP were awarded a pay rise of 10.3% in line with the Edmund Davies formula, which at the time was much higher than pay rises for other public sector employees. The Home Secretary of the day decided to defuse criticism by increasing pension contributions by nearly 4% to 11% in total. This had the effect of making the net value of their pay award about 5.6%.

In the negotiations which ensued between DPF and Treasury the NPD was arrived at as a means of maintaining 95% basic pensionable pay and overtime calculations. It was a complicated formula, however it ensured that basic pensionable pay increased by 10.3%, thus maintaining 95% relativity and at the same time allowed for the same net pay increase of 5.6%. Again, the 'Rough Bargain' calculations were

used and agreed between DPF and Treasury.

The NPD was computed at 4.26% which represented the average difference between the 10.3% increase in pensionable pay and a 5.6% increase in net pay. Negotiations were conducted on the basis that NPD was taxable and it was reduced to take account of the tax liability (30% for ranks up to Chief Inspector and 40% for Superintendents). Therefore, the effective NPD was 2.982% and 2.556% respectively.

Following introduction of NPD there was a great deal of confusion over the tax issue which resulted in a small increase in actual pay being agreed to compensate for the tax thereon.

This subject remains as controversial today as it was at the time it was introduced all those years ago.

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