



NARPO HOUSE
38 Bond St,
Wakefield,
West Yorkshire,
WF1 2QP
Tel: 01924 362166
Email: hq@narpo.org

NARPO RESPONSE TO PUBLIC SERVICE PENSION SCHEMES CONSULTATION

Introduction

The National Association of Retired Police Officers [NARPO] is a member organisation that represents over 93,000 retired police officers of all ranks and their survivors, from all forces across England and Wales. Formed in 1919, NARPO is a branch-led organisation with its headquarters in Wakefield. One of our main objectives is to: *Safeguard the rights of our members particularly in relation to their pension.*

With that in mind we make this submission with emphasis on issues that are important to our members and those who have already left the Police Service. We fully support our serving colleagues and their respective Staff Associations and are fully supportive of their responses to this consultation process. We also have a place on the Scheme Advisory Board [SAB] and this response is made in addition to the formal response of the SAB, which we were fully involved in and are supportive of.

Preferred option

It is our view that the Deferred Choice Underpin [DCU] is the best option to adopt in this remedy. Whilst for most of our members this will effectively be an 'immediate choice' as their pensions are already in payment, we are of the opinion that the DCU offers more protection to those members who have left the service and particularly those who are entitled to a 'deferred pension' at some future point.

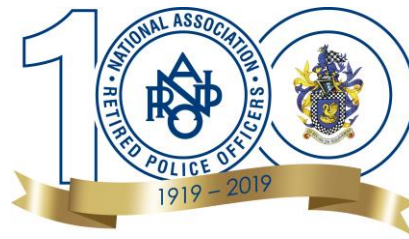
To highlight that we point out Paragraph 2.38:

Members would be given a reasonable amount of time to make the relevant choice – probably 12 months from the date they are first contacted.

*Throughout that period, schemes would make multiple efforts to contact members who had not yet responded, for example at 3, 6, 9 and 12 months. **Any member who did not respond in this timeframe would be deemed to have chosen to accrue benefits in their existing scheme.***

For members who were originally transitionally protected this would be the legacy scheme. For those who did not receive transitional protection, this would be the reformed scheme. This "default" position would avoid the possibility of changing the benefits that members are currently entitled to without their express consent.

In circumstances where a retired or deferred scheme member cannot be contacted then by default, they



NARPO HOUSE
38 Bond St,
Wakefield,
West Yorkshire,
WF1 2QP
Tel: 01924 362166
Email: hq@narpo.org

are effectively being given 'no choice'. This could particularly adversely affect those deferred scheme members who have left the service with no immediate pension and who may be more difficult to contact.

Communication

This is key to ensuring that scheme members are informed of their options, whether that be immediate choice or DCU, and we see ourselves as an important conduit in that communication process and are keen to work with Government and stakeholders in the formulation of any communication plan in an effort to get the message across to all retired and deferred scheme members.

Information

In order to make an informed choice, scheme members must be in possession of, or be able to access relevant information in relation to the consequences of their choice. This will be crucial in either option, and the risk of expensive and possibly inaccurate advice being offered is a real risk.

An information exercise to support a member's choice would require a significant amount of information particularly in relation to taxation, tax adjustments, annual allowances, and pension contributions. Indeed, it would be helpful if HMRC had a co-ordinated approach to deal with and respond to any tax issues. This could be an unmanageable burden on the workload of Pension Administrators should immediate choice be the preferred option, but could be mitigated if the DCU option was to be preferred.

NARPO would be pleased to assist in making any such information available to our members.

Our responses to the questions posed by the Consultation are set out below:

Question 1: Do you have any views about the implications of the proposals set out in this consultation for people with protected characteristics as defined in section 149 of the Equality Act 2010? What evidence do you have on these matters? Is there anything that could be done to mitigate any impacts identified?

There is the potential for the IC option to disproportionately affect women in relation to deferred pension scheme members. If these particular scheme members cannot be contacted then the proposal indicates that the choice will be made for them, meaning they have no choice at all. It is possible that statistically there will be more women in this cohort than men and as such there is the potential to treat them unfairly on the grounds of sex. The DCU option removes this risk as the choice is made at the point the pension becomes payable.

Under IC there is also the possibility that those who do not respond to an immediate choice through



NARPO HOUSE
38 Bond St,
Wakefield,
West Yorkshire,
WF1 2QP
Tel: 01924 362166
Email: hq@narpo.org

illness or disability are treated unfavourably.

For those on ill health pensions there is the potential to treat them unfairly on the grounds of disability and/or age. If this cohort cannot be contacted and the default option is imposed to revert to their legacy scheme, then they may be financially disadvantaged particularly in relation to those on an upper tier ill health pension and/or disadvantaged in relation to the different survivor pensions available in the reformed scheme.

Question 2: Is there anything else you would like to add regarding the equalities impacts of the proposals set out in this consultation?

In our view there should be a scheme specific EIA for the Police Scheme because of the complicated nature of the complexities of the scheme.

Paragraph 2.45 of the EIA states:

In order to ensure that all members moving back to legacy schemes are able to afford the back-payment of contributions, schemes will agree repayment plans with affected members where necessary, with the aim of ensuring that members can choose their preferred pension benefits, regardless of their financial circumstances. This should avoid or at least mitigate potential disproportionate and unfair impacts on lower paid members, who, in some workforces, are more likely to be women, ethnic minority groups or those with disabilities.

We note this comment and would add that this option is particularly important for retired members who are already in receipt of their pension and we trust that this option will be offered equally and on the same basis to those who are retired. If the same 'terms' in relation to 'repayment' are not offered this could lead to further discrimination on the grounds of age.

The section on contingent decisions seems a little light on content. While it talks about issues being dealt with by pension administrators on a case by case basis, there is insufficient information on which to judge how fairly this will operate, which may have the potential to give rise to further unfairness and possibly unintentional discrimination, where different scheme administrators make different decisions in the same or similar circumstances.

Question 3: Please set out any comments on our proposed treatment of members who originally received tapered protection. In particular, please comment on any potential adverse impacts. Is there anything that could be done to mitigate any such impacts identified?

Paragraph 2.2 suggests some tapered protection members will be worse off through the implementation



NARPO HOUSE
38 Bond St,
Wakefield,
West Yorkshire,
WF1 2QP
Tel: 01924 362166
Email: hq@narpo.org

of the remedy. There is insufficient justification in the consultation paper given for this. In our view there should be no members who suffer detriment as a consequence of applying the remedy, which may lead to further unfairness or discrimination.

Question 4: Please set out any comments on our proposed treatment of anyone who did not respond to an immediate choice exercise, including those who originally had tapered protection.

One obvious question that arises here is: What approach would be taken should a member not be immediately contactable, but are eventually contacted or make contact outside the 12-month period e.g. After 13 months.

Would the default choice be binding on them? or could that member then exercise their own informed choice at the point contact is made? This could be seen as effectively a public body making an important financial decision on behalf of someone else. The consultation response should set out clearly the legal basis under which it is proposed to change an individual's pension arrangements without their consent including the legality of obtaining additional contributions from such members.

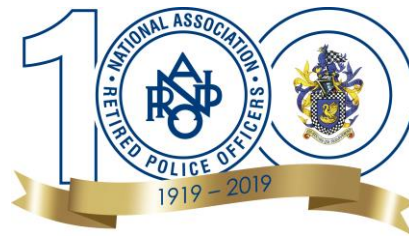
In the event of no response by deferred members, we are of the opinion that their choice should be deferred along with their deferred benefit.

We also refer you to our response to Question 1.

There is the potential for the IC option to disproportionately affect females and those with a disability or illness in relation to deferred pension scheme members. If these particular scheme members cannot be contacted then the proposal indicates that the choice will be made for them, meaning they have no choice at all. It is possible that statistically there will be more females in this cohort than males and as such there is the potential to treat them unfairly on the grounds of sex and there will be those who do not respond due to illness or disability.

As already stated, it is essential that there is good communication, and it is important to have accurate contact information for individuals. Pension administrators should be advised now to keep contact information up to date for individuals who have left the service or who will do so during the next two years. This would ensure the best chance of obtaining a response from them once a decision on the remedy is made. See further comments above in relation to information and communication.

Paragraph 2.39 of the consultation documents reads *"Under either option, it is possible that some members who do not respond may be placed in the scheme that is not the most beneficial for them for the remedy period."* It is therefore important to have a clear procedure in place and an understanding



NARPO HOUSE
38 Bond St,
Wakefield,
West Yorkshire,
WF1 2QP
Tel: 01924 362166
Email: hq@narpo.org

of how much effort would be put into contacting people, and a clear communication plan should be developed, together with a clear statement on the position of someone who responds outside the defined timescale e.g. After 12 months and a day etc. There should be some deeming provision in place in the event of a failure to make a choice, which must be subject to a provision which permits the decision to be revisited (despite the deeming have occurred) in the event that the failure is the result of some reasonable excuse.

Question 5: Please set out any comments on the proposals set out above for an immediate choice exercise.

As above should a scheme member respond outside the 12-month period through no fault of their own what approach would be taken in relation to their actual preferred choice.

At the point of making their immediate choice scheme members would have to make their choice based on the information provided to them, their assessment of their future career in policing and some variable unknowns, including factors such as CPI growth, mortality rates, pay growth, future CARE Scheme accrual, contribution rates, automatic lump sum, choice of commutation lump sum, tax free limit on lump sums, pension age, actuarial reduction factors, when they are likely to retire and their chances of promotion in order to form a view on the most beneficial scheme. No matter how good the information and how qualified all the assumptions presented were, this is too complex a question to present.

There is also an argument that immediate choice favours the older member, who will have a much shorter and clearer line of sight to his or her retirement compared to those younger in service. So, it will be very difficult to provide a realistic forecast of benefits in the future on which the individual member might make their choice under this option.

Question 6: Please set out any comments on the proposals set out above for a deferred choice underpin.
Paragraph 2.47 includes:

Delaying the decision until the point benefits are payable or awarded in other ways does mean that some members would not have certainty over which scheme benefits they would receive in relation to service during the remedy period, potentially for a considerable period of time. This could be mitigated to some extent by the fact that their annual benefit statements would reflect both legacy and reformed scheme benefits.

In our view the proposal to produce annual benefit statements that reflect both legacy and reformed



NARPO HOUSE
38 Bond St,
Wakefield,
West Yorkshire,
WF1 2QP
Tel: 01924 362166
Email: hq@narpo.org

scheme benefits would be extremely beneficial to the individual member who will be able to assess their final DCU choice as they go along in their career and should be part of the remedy if DCU is the choice made.

We also note Paragraph 2.50 which includes: *So, if scheme members are moved back into their legacy schemes on 1 April 2022, they must pay tax owed on accrual increases arising since 6 April 2017.*

Whilst we acknowledge that tax returns and taxation issues are a matter for the individual, it would be beneficial if Government/HMRC could assist in calculating the tax implications for individuals which in some cases may be very complex and difficult to grasp without expert advice and it must be borne in mind that this situation has arisen through no fault of the individual but as a result of unlawful discrimination applied by HM Government.

Question 7: Please set out any comments on the administrative impacts of both options.

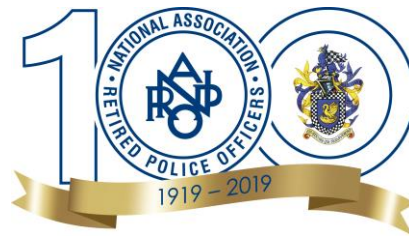
Notwithstanding our general observations in our introductory comments, NARPO considers this is a question best answered by the administrators themselves.

The costs of this, which we consider are likely to be considerable, should be supported from central government. It is simply unfair to expect already stretched public services to have to direct personnel and budget for what will undoubtedly be a long and complex process of unpicking the issues identified. Administratively immediate choice is perhaps the easier option but would be far more challenging and labour intensive for Administrators to deliver within the set timescales. This could result in extra resources being employed or 'bought in' to deliver the outcome making it potentially a more costly option. The DCU option also presents challenges, but does not require the same front-loaded difficulties of the work required for immediate choice option. Administrators would need to have processes in place to produce annual benefit statements showing benefits in both legacy and reformed schemes.

Question 8: Which option, immediate choice or DCU, is preferable for removing the discrimination identified by the Courts, and why?

DCU gives those affected by the discrimination a more informed choice at the point of making it, rather than making a choice on 'possible outcomes' based on variable factors.

Whilst for our members there would be no real difference as both choices are effectively immediate choice, our view however is that deferred scheme members will be better off with the DCU as the choice would only come into effect at the point of taking pension benefits and any 'unfairness' in a



NARPO HOUSE
38 Bond St,
Wakefield,
West Yorkshire,
WF1 2QP
Tel: 01924 362166
Email: hq@narpo.org

'default' choice would not occur thus reducing the possibility for further claims of discrimination.

Question 9: Does the proposal to close legacy schemes and move all active members who are not already in the reformed schemes into their respective reformed scheme from 1 April 2022 ensure equal treatment from that date onwards?

We acknowledge the Equality Impact Assessment carried out in relation to the proposals, but would note that individual scenarios can be extremely complex and multi-faceted and owing to the nature and complexity of the PPS we could not categorically agree that this approach would ensure equal treatment and would make particular reference to Paragraph 3.12 which states:

By 1 April 2022, all members who were offered transitional protection from 2015 will in fact have reached their NPA in their legacy scheme. However, if such members decided to work beyond their legacy scheme NPA, they would then accrue benefits in their respective reformed scheme from 1 April 2022. To the extent that this change has an impact on such a member's pension it may be beneficial, for example due to higher accrual rates in the reformed schemes.

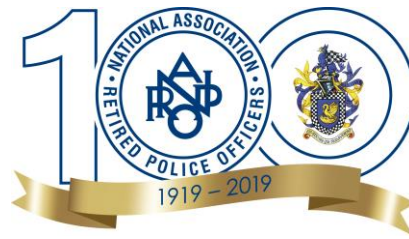
It is important to note here that the 1987 PPS has no defined NPA and members can retire at certain stages of their service and/or age, which could complicate the matter even further.

Question 10: Please set out any comments on our proposed method of revisiting past cases.

Our response to this question is limited as there is a lack of detail around how additional tax liabilities will be treated in certain cases e.g. where a second lump sum becomes payable.

Commutation and the impact it would have on retired members is a concern if they were being given a choice over remedy benefits which ultimately exposes them to the risk of incurring tax charges by breaching HMRC rules. Paragraph A.3 of the consultation document shows that the commutation lump sum would have a significant impact on how the remedy affects those who have already retired. The proposal to reduce future pension payments as a preference to seeking repayment of lump sums (which have been overpaid due to the remedy choice) is a realistic and sensible solution for members who have already retired and then select the reformed scheme for their benefits during the remedy period.

We also are of the view that individuals whose position was changed because of government action to address discrimination should not be worse off in relation to taxation. Tax that would have fallen due, had there not been any discrimination, should be paid but individuals should not be paying more tax or



NARPO HOUSE
38 Bond St,
Wakefield,
West Yorkshire,
WF1 2QP
Tel: 01924 362166
Email: hq@narpo.org

suffering a detriment because of the discrimination and as a consequence of the remedy (the Milne payments are a precedent here in relation to this issue).

Paragraph A.5 indicates that interest will be applied to both scenarios where a member is owed monies and a member owes monies. In our view interest should only apply to any monies owed to the member as the discrimination and the remedy are not the fault of the individual concerned, and to effectively punish them again by applying interest to monies owed by the member appears very unfair.

Question 11: Please provide any comments on the proposals set out above to ensure that correct member contributions are paid, in schemes where they differ between legacy and reformed schemes.

There is a need for clarity on potential methods of payment, issues on interest, and details of 'scheme pays'; It is understood that tax relief on contributions can be applied only to active members and not to retired or deferred members. It is important that those members are not disadvantaged through the retrospective choice of scheme under Remedy. Hence, we suggest that dispensation should be obtained from HMRC to provide tax relief to deferred and retired members, or to allow such members to make net pay contributions and for the scheme to receive any tax relief via HMRC. Some flexibility is provided in paragraph A.12:

At both stages, where a member owed contributions, they would be given the opportunity to pay these upfront, or over time through a repayment plan agreed with the scheme. If the member was due a refund this would be provided as cash. Interest could be applied in both scenarios where a repayment plan could be agreed with the scheme.

This would appear to give each scheme Administrator i.e. each Force, some flexibility in the details and scope of any 'repayment plan' and we have concerns that some may offer different plans than others which would create a further level of 'unfairness', with some receiving better terms than others. It would be far more equitable if the general terms of any 'repayment plans' were consistent across all schemes.

Should a 'scheme pays' option be available we would request that the option is extended to those already retired to prevent further potential discrimination on the grounds of age.

Question 12: Please provide any comments on the proposed treatment of voluntary member contributions that individuals have already made.

The proposal suggested seems reasonable, however there are some concerns in relation to the



NARPO HOUSE
38 Bond St,
Wakefield,
West Yorkshire,
WF1 2QP
Tel: 01924 362166
Email: hq@narpo.org

complexities that would arise from Annual Allowance charges under the DCU option. Any members who had made additional voluntary member contributions would need to be made fully aware of the impact of their decisions and it is critical that the right support and resource be made available to communicate adequately with members and deliver the remedy.

Question 13: Please set out any comments on our proposed treatment of annual benefit statements.

Annual benefit statements should include benefit information on both the legacy and reformed schemes. Ideally this should also include the Annual Allowance statement so that members receive one document setting out their pension position and tax due.

Question 14: Please set out any comments on our proposed treatment of cases involving ill-health retirement.

These cases should be dealt with at the earliest opportunity to give some clarity to those who have already been IHR. Those who have already been IHR on a reformed Police scheme should be informed as soon as practicable that any review of their IHR will be put on hold until the remedy period is completed. We also note that Paragraph A.25 states that cases may need to be reconsidered under the terms of their legacy scheme rules. We would comment here that those who have been IHR in the reformed Police scheme have still met the criteria for IHR in their legacy scheme as the appropriate SMP has already made the medical decision that the member is permanently medically unfit for performing the ordinary duties of a member of the police force. So, we do not agree that these cases need to be medically reconsidered. In our view these cases just need their ill health pension recalculating under the terms of their legacy scheme, and the member will need to be informed of the differences between the Regulations and conditions of their IHR as well as the financial differences under both schemes in order to make an informed choice. This will avoid any unnecessary distress to those who have already gone through what can be a difficult and traumatic process.

If these members cannot be contacted and the default choice is made for them there could be an argument that these individuals have been treated unfairly on the grounds of disability and or age. [see further detail in our response to Question 1]

Apart from that there is in our view insufficient detail on this section to provide more conclusive comments as the IHR process in the Police schemes can be very complex.

The consultation identifies several specific challenges related to ill-health provisions, but no proposed



NARPO HOUSE
38 Bond St,
Wakefield,
West Yorkshire,
WF1 2QP
Tel: 01924 362166
Email: hq@narpo.org

answer or solution on which to provide comment.

Question 15: Please set out any comments on our proposed treatment of cases where members have died since 1 April 2015.

This is an extremely sensitive and potentially a very problematic area for the remedy, in particular when approaching those whose loved one has died recently. It is therefore imperative that any approach to a survivor is handled in a sympathetic and sensitive manner. With that in mind we agree with the approach for those cases mentioned in Paragraph A.39:

In such cases, it is therefore proposed that where no higher pension payment would be due to the survivor or to the deceased's estate, no contact should be made with the relevant parties.

We welcome the intention in Paragraph A.36 not to reduce a dependants' pension in those circumstances.

Paragraph 33 includes:

This would be similar to the choice that the member would have been given had they still been alive; setting out the consequences of such a choice on payments already made to the member and/or their estate/survivors. The rationale behind offering such a choice stems from the fact that the reformed scheme may offer benefits not available in the legacy scheme, such as survivor pensions for unmarried partners.

Paragraph 33 appears to add a further complication to the process and has the potential to contradict a previous conscious choice made by the scheme member to either remain in their legacy scheme or move to a newer scheme. That conscious choice made by the scheme member should be honoured and not be subject to change [as the option set out in Paragraph 38].

In the PPS scheme members who were in service in 2006 [probably most, if not all those in scope of this particular part of the remedy] were given a choice to remain in the 1987 scheme or join the new 2006 scheme which offered survivor entitlements to unmarried partners. However, it also offered lower contributions over a longer period for a less generous pension than the 1987 Scheme. Surely it cannot be right that the remedy picks the best elements of the 1987 Scheme and that of the 2006 Scheme. Whilst an unmarried partner would benefit under the 2006 Scheme, and the Member paying less pension contributions, the Member themselves made a conscious decision to trade these off against working longer and receiving a less generous Police Pension compared to what they have received under the 1987 PPS. The scheme member therefore made a conscious choice about survivor pension provision at that point in time, and it feels wrong to give the survivor a chance to reverse that decision. If there are



NARPO HOUSE
38 Bond St,
Wakefield,
West Yorkshire,
WF1 2QP
Tel: 01924 362166
Email: hq@narpo.org

some members who joined after 2006 that died after 1st April 2015, then we agree that their survivor or estate should be given the option of which scheme to take benefits from for the relevant period.

We would welcome the proposal under A.41 (that the government would cover tax charges and costs incurred by survivors due to the remedy) but consider that this should also apply when putting the remedy in place in other circumstances, such as divorce.

Question 16: Please set out any comments on our proposed treatment of individuals who would have acted differently had it not been for the discrimination identified by the Court.

Paragraph A.44 indicates that individuals who would fall into this category would need to set out their claim and '*then schemes would consider representations on a case-by-case basis*'. We are not clear what is being proposed here as the Police schemes have 43 different Pension Authorities responsible for the scheme and unless there is 'centralised' decision making this could, and in our view would lead to different decisions being made in the same or very similar circumstances by scheme administrators. Most other public service pension schemes do not have the same difficulty as they have one scheme manager making more consistency in decision making.

We would suggest that consideration should be given to forming some form of Independent panel to consider these types of cases.

Question 17: If the DCU is taken forward, should the deferred choice be brought forward to the date of transfer for Club transfers?

If DCU is the preferred choice, then there is no reason why this section of scheme members are effectively having an 'immediate choice' imposed on them, therefore we conclude that the choice should not be brought forward for these members.

If the solution adopted is DCU, we would question why the remedy then treats one group of members differently? And what justification could there be for such differentiation?

The primary advantage of the DCU over the Immediate Choice is that it allows members to decide based on fact, rather than projections which may subsequently prove to be inaccurate. If the final DCU remedy effectively implemented immediate choice for members with Club transfers, then the key advantage of DCU is removed for the member. Whilst accepting that the making of a transfer or otherwise is an individual choice, the purpose of Club Transfers is to provide for a smooth transition of members and their accrued pension benefits into other areas of the public sector whilst ensuring the



NARPO HOUSE
38 Bond St,
Wakefield,
West Yorkshire,
WF1 2QP
Tel: 01924 362166
Email: hq@narpo.org

transferred benefits are comparable, and our view is that imposing immediate choice for this cohort of members undermines the purpose of DCU. We believe it to be unnecessary and do not see why such transfers can't be addressed on the same basis as non-Club transfers where, as we understand it, the proposal is that a calculation of the transfer value is done for both sets of benefits and the greater amount paid. It strikes us that the only people who are likely to benefit from this proposed treatment of Club transfers are scheme administrators in as much as the administration would be simpler if an immediate choice could be made. We are firmly of the view that administration considerations, whilst of course relevant, should never be the prime reason for a course of action especially in circumstances like this where the intention is to remedy an unlawful situation.

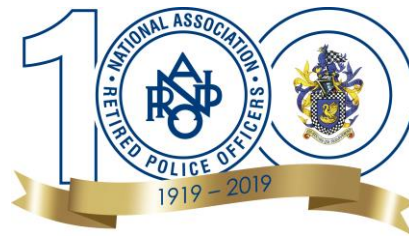
The provision of deferred choice should be maintained until the member takes his or her benefits in the receiving scheme, ensuring equal treatment of all members (those with Club transfers, and those without).

This is an extremely difficult and complicated area of the remedy and the above is our opinion based on the limited facts and information within the consultation document.

It would be extremely helpful if further information is provided on the application of club transfer into and out of the police remedy context so that key issues can be identified and resolved.

Question 18: Where the receiving Club scheme is one of those schemes in scope, should members then receive a choice in each scheme or a single choice that covers both schemes?

To be consistent with the DCU option, the choice should be able to be made at the point the member takes their benefits, not at some earlier point which would not be a true deferred choice. The member's choice in the receiving Club scheme should be exercised when the member takes their benefits under that (the receiving) scheme, in accordance with the principle of deferred choice. On the basis that that the member will no longer have any benefits within their previous, ceding scheme but will instead have chosen to transfer them into their new (receiving) scheme, it seems logical for the member to exercise one choice in respect of all of their benefits accrued during the remedy period under the receiving scheme, including those added by the Club transfer in. The choice should be able to be made at the point the member takes their benefits not at some earlier point which would not be a true deferred choice.



NARPO HOUSE
38 Bond St,
Wakefield,
West Yorkshire,
WF1 2QP
Tel: 01924 362166
Email: hq@narpo.org

Question 19: Please set out any comments on our proposed treatment of divorce cases.

This is another very complex and difficult area and there are concerns that costs would be involved where members were pursued for additional money from estranged partners and in those cases the cost should not be placed on scheme members. When there are existing Pension Sharing Orders and/or attachment orders, it may well be that the parties concerned would want them amended or reviewed in light of the remedy. Any legal costs and/or other fees payable because of rectifying the position should not fall payable to the individual.

Question 20: Should interest be charged on amounts owed to schemes (such as member contributions) by members? If so, what rate would be appropriate?

Our answer on this is quite clearly NO, interest should not be charged. Not only is this consistent with previous and current practice when an error or mistake has not been the members fault but that of the Pension Authorities/Administrators, and alongside that it will seem like a 'punishment' to the member when the problem has been caused by discriminatory practice by the Government and through no fault of their own. It is vitally important not to lose sight of the fact that it is the Government that needs to rectify the discrimination and that it is the relevant membership of the police scheme who were disadvantaged by the implementation of the discriminatory transitional provisions by the Government. To now impose on these members what amounts to a penalty in the form of interest charges is patently unjust.

Question 21: Should interest be paid on amounts owed to members by schemes? If so, what rate would be appropriate?

Our answer here is quite clearly YES, interest should be paid on amounts owed to members, they have suffered a detriment through no fault of their own and should be reimbursed accordingly to reflect any inflationary increases relevant for the period. There is precedent for this with the Milne payments. As noted in our response to the previous question, the remedy has been necessitated due to the discrimination caused by the Government. The principle is that in correcting that mistake, affected members should be placed back into the position they would have been in had that mistake not been made, and the addition of an appropriate rate of interest forms an integral part of that process. A fair, rational, and consistent basis should be applied based on economic experience in the intervening period. Failure to at least meet inflationary increases during the period would represent a worsening of the



NARPO HOUSE
38 Bond St,
Wakefield,
West Yorkshire,
WF1 2QP
Tel: 01924 362166
Email: hq@narpo.org

member's position and does not satisfy the principle of ensuring members are put back in the same position they would have been in had the mistake not been made.

Question 22: If interest is applied, should existing scheme interest rates be used (where they exist), or would a single, consistent rate across schemes be more appropriate?

Our view here is that a single consistent rate across schemes is more appropriate to mitigate any potential for further difference of treatment and detriment between schemes and members.

Question 23: Please set out any comments on our proposed treatment of abatement.

What is proposed in the remedy consultation seems fair, reasonable, and pragmatic.

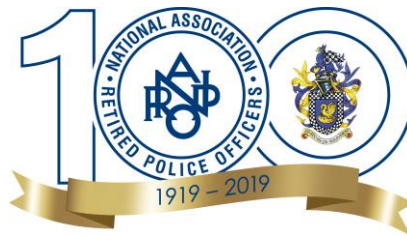
Question 24: Please set out any comments on the interaction of the proposals in this consultation with the tax system.

It is recognised that the tax implications of the remedy [whichever is chosen] will be complex for individuals. Whilst we accept that personal taxation is a matter for individuals, the changes are being introduced by Government to remedy discrimination and yet the cost of taking advice seems to be left with the individual. We would suggest that some form of free advice should be provided, across public sector schemes, to assist individuals in taxation matters, perhaps in conjunction with HMRC.

A well-structured calculator that allowed different tax situations to be modelled would be a significant step in the right direction as well.

A flexible approach to the seven-year remedy period by HM Treasury would also be helpful. We note that the Government recognises this link and has given reassurance under paragraph B.38 that they would not fine people because of the change to the rules. If under deferred choice a member should end up with a bill, the difference would be refunded. It is also noted that once HM Treasury determined whether the remedy was to be by immediate or deferred choice this would be set out in primary legislation while the details would be left for discussion and implementation through secondary legislation (Police Pension Regulation changes).

We would suggest that there should be maximum flexibility of choice for members who owe contributions including deduction from pension, similar to a pension debit, but on a reducing balance basis over 5 years, for those who are retired.



NARPO HOUSE
38 Bond St,
Wakefield,
West Yorkshire,
WF1 2QP
Tel: 01924 362166
Email: hq@narpo.org

Deferred and pensioner members should also have an option to pay contributions owed in a similar way to contributions made to money purchase schemes, where tax relief is applied by the government and added to the member contribution i.e. members would pay only 75% of the gross amount due.

Chief Executive Officer for and on behalf of The National Association of Retired Police Officers [NARPO]