

Devon and Cornwall Police Authority Human Resources Committee
20th November 2008
Open for the purposes of FOI
Report of Director of Finance & Resources

III Health Capital Charges and Injury Awards

Recommendation(s):

That the Committee note the background information provided on ill health capital charges and injury awards.

1 Introduction / Summary

1.1 The budget monitoring information presented to this committee in September indicated a forecast overspend of £500,000 on the ill health retirement budget. The forecast has been updated and the latest information suggests an overspend of £670,000. This paper provides background information on ill health retirements and injury awards and further information on the reasons for the overspend.

2 III Health Capital Charges

2.1 The Police Pension Fund Regulations require that where an officer retires with an entitlement to an ill-health pension before the age of 55 (New Police Pensions Scheme) or before they have 30 years pensionable service (Police Pension Scheme) the Police Authority shall make a contribution to the police pension fund of twice the pensionable pay of the officer concerned.

2.2 Historically the Force has had a relatively low level of cases (3-4 per annum) and in 2007/8 there were 3 ill health retirements in Devon and Cornwall at a cost of £206,000. For 2008/9 the number of cases is forecast to rise significantly, 13 cases have already been agreed and the Human Resources Department is aware of a further 10 cases. The final number of cases and the costs to the Authority in 2008/9 will depend on the ultimate resolution of each case and the timing of any payments. At present budget monitoring information is based on 18 ill health retirements. The monitoring position will be updated as necessary as better information becomes available.

2.3 South West and Wales forces have been surveyed to obtain information on the number and cost of ill health retirements and six forces responded, the results are shown in table 1. In reviewing the information received factors to note are:

- variability in the annual number of cases
- impact of workforce transformation on ill health retirements

2.4 For Devon and Cornwall the significant increase in the number of cases is thought to arise for the following reasons:

- a more robust approach to sickness management has led to a larger number of cases reaching resolution and resulting in ill health retirement
- improved resources to manage this process has led to a backlog of cases being cleared
- given the low number of cases there is bound to be some year on year variability.

For each case the decision to retire an officer lies with the Human Resources Sub-Committee with delegated powers to determine Regulation A20 decisions. In making their decision the sub committee is cognisant of the recommendation of the selected medical practitioner.

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2.5 The initial indication of the number of cases for 2009/10 is 15 cases. This forecast needs to be reviewed in detail and this will take place as part of the budget build process. If this level of provision is required the budget would need to be increased by approximately £460,000.

3.0 Injury Awards

3.1 The budget for ongoing injury awards is £728,000. Pensions regulations oblige the Police Authority to review ongoing awards. To date there has not been a robust process in place for managing and reviewing existing injury awards. New procedures have recently been considered by the Human Resources Committee and in the longer term there is the potential to reduce the cost of existing awards. In addition the Home Office has consulted on changes to the regulations on injury awards that would apply to new cases only. If the new process to be considered by the Human Resources Committee is approved forecast costs and savings will be calculated so that they can be included in the budget build for 2009/10.

Sandy Goscomb
Interim Director of Finance and Resources

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TABLE 1 - SURVEY OF ILL HEALTH CAPITAL CHARGES

Force	Total Number of Officers	Actual Cost of Ill Health Capital Charges 2007/8 £000	Number of Cases	No of Cases per 1000 Officers	Budget for Ill Health Capital Charges 2008/9 £000	Budgeted Number of Cases	Forecast Ill Health Capital Charges £000	Forecast Number of Cases	Forecast No of Cases per 1000 Officers
Wiltshire	1219	69	1	0.82	210	3	210	3	2.46
Dorset	1800	413.8	7 (one has no charge)	3.89	567.8	8	420	6	3.33
South Wales	3320	237	3	0.90	811	12	Not available	Not available	
Devon & Cornwall	3500	206	3	0.86	497	7	1294	18	5.10
Gloucestershire	1317	449.8	7	5.30	354.4	5	567.0	8 (4 to date)	6.07
West Mercia	2520	683	10	3.96	829				

Comments on trends in Ill Health Capital Charges or Management Processes:	
Wiltshire	We budget for 3 cases each year @ £70K per case. No discernible trends or specific management process.
Dorset	A couple of years ago we had a large number of ill health retirements in one year – 14, which was very unusual. The expected number is around eight, although this year we have only had 2 to date.
South Wales	The actual for 2006/7 was £591,000 (Number of cases = 9) so a reduction noted in 2007/8 The Force is currently undergoing a major workforce transformation project, which amongst transforming officer posts is also reviewing a number of officers who may potentially be Ill Health Retired. At this point it is difficult to estimate numbers and cost. The Police Authority established a specific reserve at the end of 2007/08 £555k to facilitate these Ill Health Retirements. It is likely that any underspend on 2008/9 budget will be transferred to the reserve to enable future necessary Ill Health Retirements.