



Northern Ireland Audit Office

Injury on duty schemes for officers in the Police Service of Northern Ireland and the Northern Ireland Prison Service



REPORT BY THE COMPTROLLER AND AUDITOR GENERAL
10 March 2020



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Comptroller and Auditor General

Northern Ireland Audit Office
10 March 2020

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Contents

	Page
List of abbreviations	
Key Facts	1
Introduction	2
The schemes are challenging to administer and fund	2
The nature of injuries has changed	2
The payment of loD awards is not always equitable	2
The number of claims is substantial and rising	4
The costs of loD obligations are increasing	5
Backdated awards are having a significant impact on the spend	7
There are no time limits for applying for an award	7
Administrative processes are complicated and inefficient	7
Offset arrangements are not working effectively	8
Management information within the PSNI scheme is not fit for purpose	8
Changes to legislation are necessary	9
Action has been taken to reduce the level of injuries sustained by improving well-being	9
Recommendations	11
Appendices	
Appendix 1: Key features of the schemes	14
Appendix 2: Rates applied	16
Appendix 3: Ways of challenging loD award decisions	18
Appendix 4: Worked examples of the PSNI scheme	19
Appendix 5: Worked examples for the NICS scheme for NIPS Officers and/or other NICS employees	21

List of abbreviations

DoF	Department of Finance
DoJ	Department of Justice
IHR	Ill Health Retirement
IMR	Independent Medical Referee
IoD	Injury on Duty
NICS	Northern Ireland Civil Service
NIO	Northern Ireland Office
NIPB	Northern Ireland Policing Board
NIPS	Northern Ireland Prison Service
OHS	Occupational Health Service
OHW	Occupational Health and Well-being
PSNI	Police Service of Northern Ireland
PTSD	Post-Traumatic Stress Disorder
SMP	Selected Medical Practitioner

Key Facts

	Police Service of Northern Ireland	Northern Ireland Prison Service
Officer numbers at 31 March 2019	7,017	1,223
Number of retirement pensions in payment at 31 March 2019 ¹	12,957	2,937
Number of Injury on Duty (IoD) awards in payment at 31 March 2019	2,881	181
Net expenditure of the organisation in 2018-19 ²	£761.3 million	£110.6 million
Cash spend on IoD awards during 2018-19	£33.9 million	£2.3 million
Percentage of budget used on IoD awards in 2018-19	4.9%	2.4%
Liabilities for future payments of IoD awards for claims approved at 31 March 2019	£488.4 million	£52.8 million

1 This figure excludes the number of IoD awards in payment.

2 Expenditure includes employers' contributions towards retirement benefits being earned by current active employees. However the costs of retirement pensions in payment are reflected in separate financial statements.

Introduction

1. Injury awards are made to former police officers and prison officers for injuries sustained whilst on duty. These are often referred to as Injury on Duty (IoD) awards and are made under two separate schemes – a Police Service for Northern Ireland (PSNI) scheme and the Northern Ireland Civil Service (NICS) scheme for Prison Service officers. These schemes are amongst the largest injury schemes within central government in Northern Ireland.
2. The key features of both schemes and the rates payable are outlined in Appendix 1 and Appendix 2. Although there are some differences between the two schemes and different terminology is used, they are broadly similar. The main type of award in both schemes includes a one-off gratuity, together with a monthly IoD award which is usually payable for life.³ The liabilities of these schemes have increased rapidly over a number of years. This report considers the key issues faced by the schemes and explores what action is being taken to mitigate them.

The schemes are challenging to administer and fund

3. The current schemes are not fit for purpose. The PSNI and Prison Service have seen the costs of injury awards soar in recent years and substantial changes are necessary if the schemes are to be affordable in the future. The PSNI scheme is further complicated by the current structure - with the PSNI responsible for the budget, the Northern

Ireland Policing Board responsible for the overall administration of the scheme and the Department of Justice (the Department) responsible for the legislative framework and for co-ordinating medical appeals. More joined up working is needed between all partners to establish efficient, effective arrangements.

The nature of injuries has changed

4. Awards are made for a range of injuries, including musculoskeletal injuries and loss of limbs. In more recent years, Post-Traumatic Stress Disorder (PTSD) has been one of the most common injuries for which an award has been claimed. The PSNI also has a considerable number of hearing loss injury awards in payment and claims for this type of injury have recently been lodged with the NICS scheme by prison officers. The current legislation for both schemes dates back to the early 2000's and did not anticipate the change in the type of injuries being claimed for. In fact, the terms and eligibility criteria for the NICS scheme have remained the same at least as far back as 1972 and possibly even earlier.

The payment of IoD awards is not always equitable

5. Whilst usually any pension which is also paid to an individual is taken into account in the calculation of an IoD award, it is nonetheless possible that someone of pension age with an IoD award could earn more than another officer with a retirement pension.

3 The NICS scheme also allows for payments of temporary IoD awards, but these awards are not included within the remit of this report.

However, in other cases where an officer's service was cut short due to injury, their retirement pension may be reduced due to a lower number of years' service. In these cases, the IoD award effectively tops up the retirement pension to normal levels.

6. This issue needs to be considered in the context of the aim of each scheme. The purpose of the PSNI's scheme is not clearly articulated in legislation. The Department told me that it was intended to provide against loss of earnings as a result of the injury, rather than as lifelong compensation for the injury sustained. That being the case, it is difficult to understand why an IoD award is payable for life, when generally earnings capacity reduces in retirement, nor why a one-off gratuity is paid.
7. In August 2004, the Home Office attempted to limit the payment of police IoD awards in England and Wales to retirement age. It issued guidance that:
 - a review of the award payable should be undertaken once an officer reached compulsory retirement age; and
 - there was discretion to move claimants aged 65 to the lowest band of disablement, since they would not normally be expected to earn a salary in the employment market past State Pension Age.
8. This guidance was largely replicated by the Northern Ireland Office (NIO) in 2007, but was withdrawn in March 2012 following a legal challenge⁴ which held that the Home Office

guidance was inconsistent with the regulations and was unlawful. An independent report by David Scoffield QC in November 2014⁵, commissioned by the Northern Ireland Policing Board (NIPB), recommended that automatic reviews at age 65 should be abandoned and that anyone who had their banding reduced in such a review should have their previous banding level restored. This resulted in a number of backdated awards.

9. Whilst the NICS IoD scheme is clear that it provides for loss of earnings, rather than compensation for pain and suffering, it can nevertheless result in claimants receiving more than a former colleague on a retirement pension. Again, it is difficult to understand how a one-off gratuity can be justified, given the aim of the NICS scheme. The Department of Finance (DoF) told me that there is no specified age by which members of the NICS pension schemes must retire and take their pension, due to age discrimination legislation; however, specific occupations may still establish a stipulated retirement age in law where it can be objectively justified. Consequently, claimants are treated as if they could have decided to continue their employment beyond the scheme retirement age if they had not been injured and IoD benefits are therefore paid for life. It is important to note that, although no compulsory age has been stipulated for prison officers, police officers have a compulsory retirement age of 60 for ranks up to Chief

4 R(on the application of Simpson) v Police Medical Appeal Board and Others – [2012] EWHC 808 (Admin)

5 <https://www.nipolicingboard.org.uk/sites/nipb/files/media-files/redacted-version-of-scoffield-report.pdf>

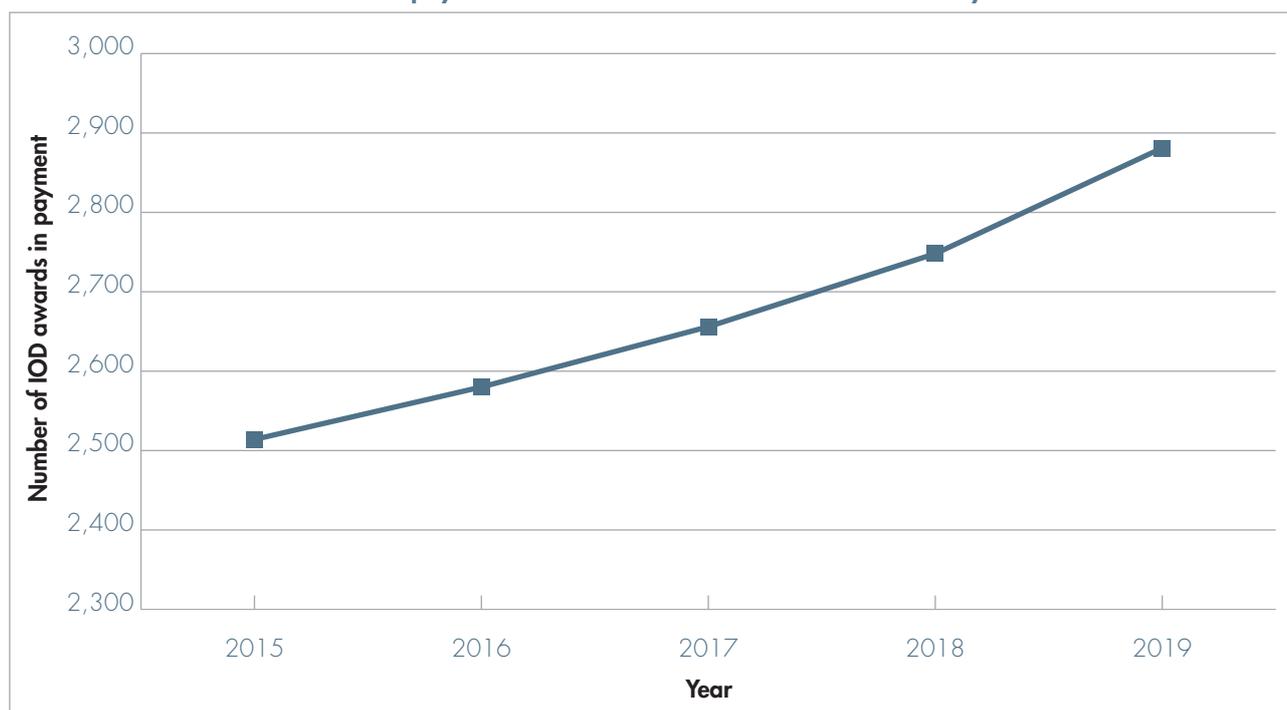
Inspector and 65 for Superintendent and above. Applications may be made to extend PSNI officers' service, subject to appropriate checks and risk assessments. Nonetheless, it does not appear equitable that someone in receipt of an IoD award receives more than another retiree of the same age on a pension.

10. In both schemes the opinions of medical professionals can fetter the Policing Board and Civil Service Pensions in their role as key decision makers. The number of cases deemed as "permanent – no further review" by medical professionals has been rising. In these cases, the schemes' reassessment provisions are not activated to review the prognosis, even where new treatments become available, and the award will be paid for life.

The number of claims is substantial and rising

11. The numbers of claims, appeals and in the case of the PSNI scheme, requested reassessments and reconsiderations, have risen steadily in recent years (see **Table 1** and **Table 2**). This in turn has increased the costs of the schemes.
12. The 2006 Regulations for the PSNI scheme are in "materially identical terms" (Scofield) to the Regulations used by English police services; however, the scale of claims in Northern Ireland is significantly greater than in Great Britain. In 2014 the NIPB received an average of 10-15 claims per week⁶. In comparison, the Metropolitan Police Service with over 30,000 officers received around 22 applications per annum at the time. In 2013-14, the

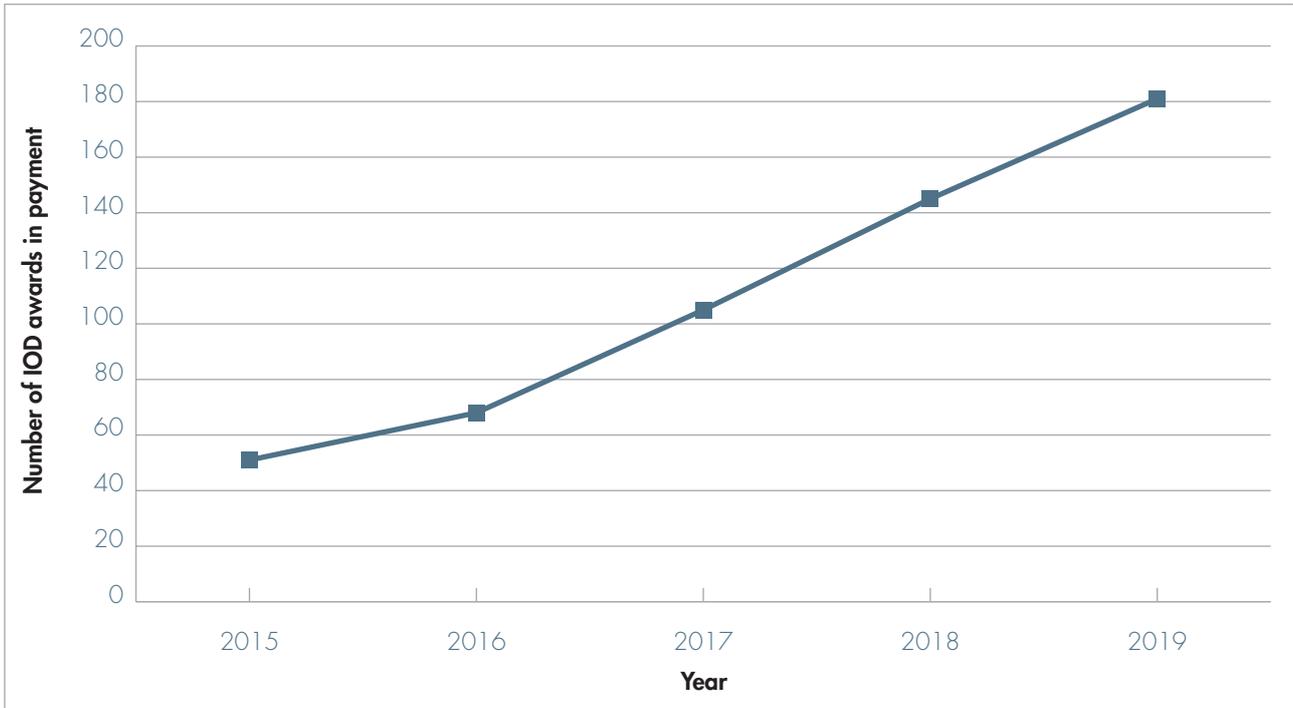
Table 1: Number of IoD awards in payment for the PSNI scheme at 31 March each year



Source: PSNI

6 Well over 90 per cent of those processed related to hearing loss.

Table 2: Number of IoD awards in payment for Prison Service staff under the NICS scheme at 31 March each year



Source: Civil Service Pensions Branch

NIPB processed 325 cases, with a further 500 applications, 500 reviews and 160 appeals awaiting processing. Scofield noted that no police service in England had more than 650 IoD awards in payment. In 2014, there were over 2,300 in payment in Northern Ireland. Any weaknesses in the legislation or associated policies therefore had a much greater impact in Northern Ireland.

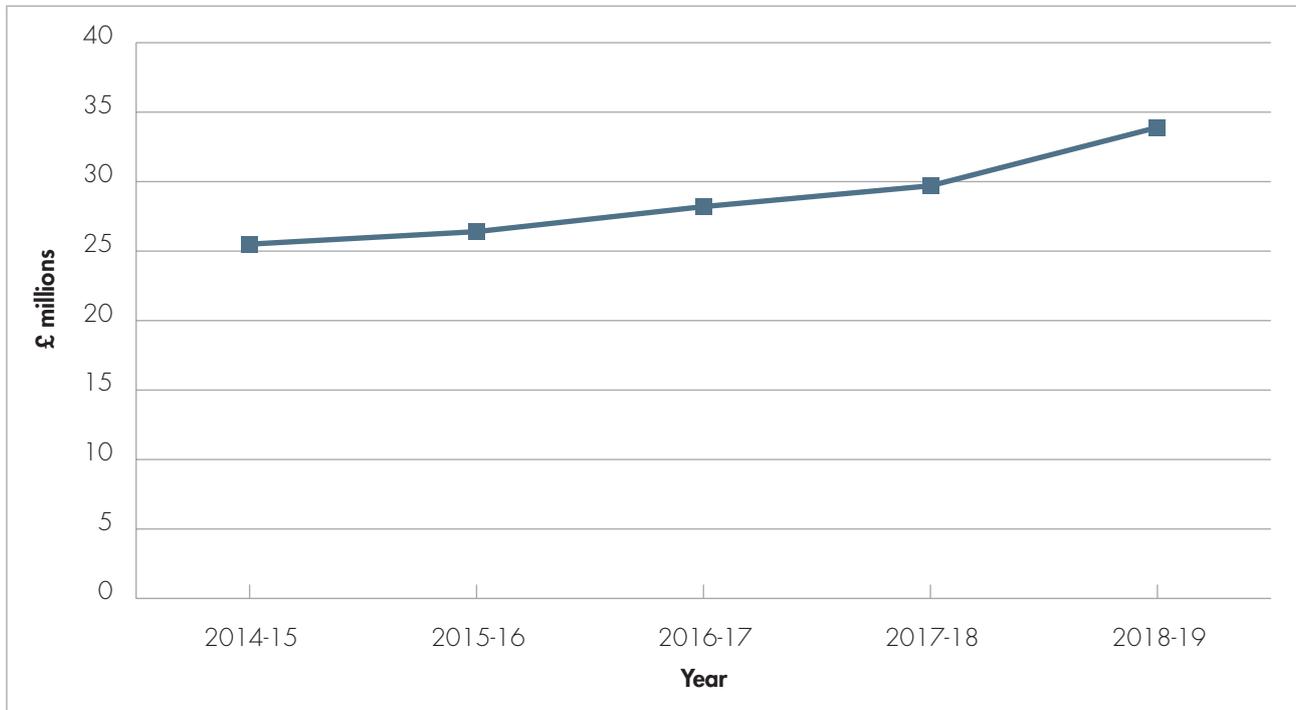
The costs of IoD obligations are increasing

13. The scale of the future obligations under the schemes are recognised as provisions in the respective bodies' financial statements. At times there can be substantial fluctuations in the value of these provisions year on year. This is largely due to changes in actuarial assumptions used to estimate the

obligation. However, the Prison Service has also seen increases in the provision due to the growth in claims received. At 31 March 2019 provisions for IoD awards were valued at £488.4 million for the PSNI and £52.8 million for the Prison Service.

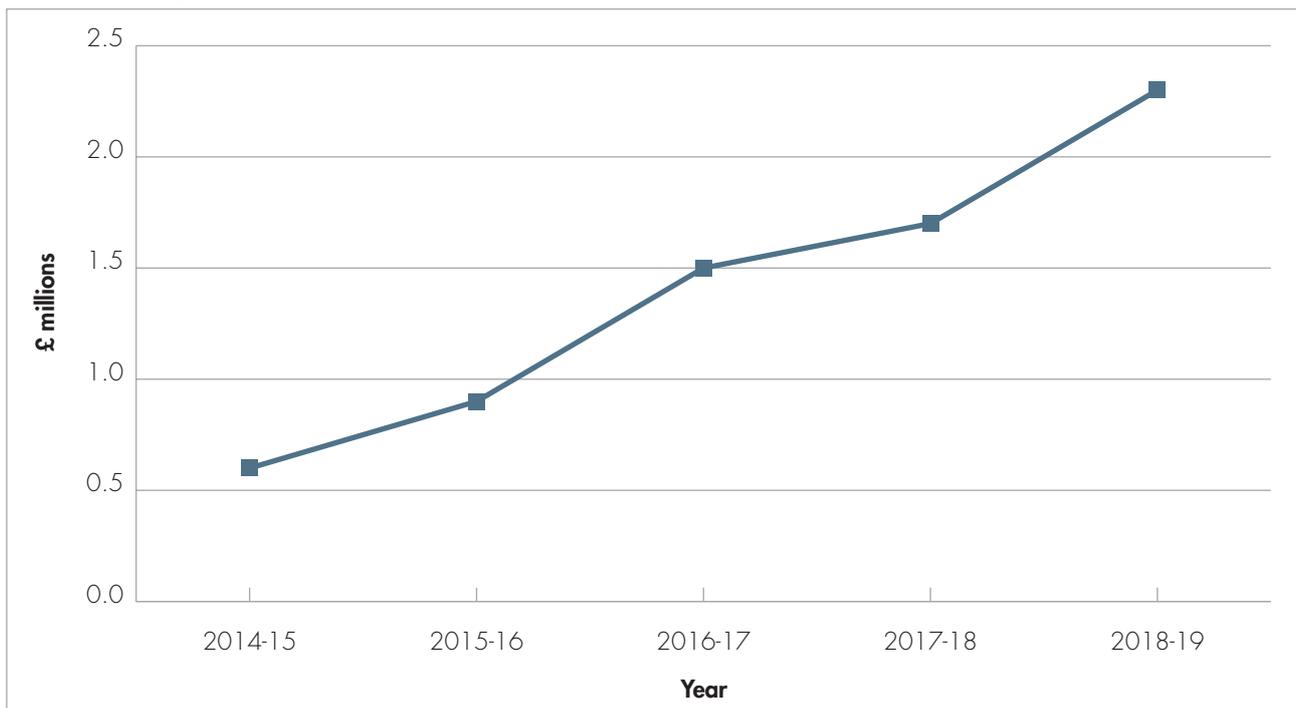
14. Payments of IoD awards are increasing for both schemes. This restricts spending elsewhere in the budget. It is difficult for the PSNI and Prison Service to forecast their cash spend on IoD awards each year, given that other bodies are responsible for the administration of the schemes and for the appeals process. In 2018-19 the PSNI made payments of £33.9 million (see **Table 3**) and the Prison Service £2.3 million (see **Table 4**), reflecting cost increases of 32 per cent over the last 5 years for the PSNI and 283 per cent for the Prison Service.

Table 3: Cash spend on IoD awards – PSNI



Source: PSNI Annual Report and Accounts 2014-15 to 2018-19

Table 4: Cash spend on IoD awards – Prison Service



Source: NIPS Annual Report and Accounts 2014-15 to 2018-19

Backdated awards are having a significant impact on the spend

15. Where claims are made a number of years after the injury, or where an appeal is made by an applicant against an award decision, the injury award will be backdated to the date of injury or the day they left the service. This means that not only is the organisation paying lump sums and injury award out of its budget in the year that the award is approved, but it may also have to pay out arrears of injury awards. During 2018-19 the PSNI processed payments for 156 retrospective IoD awards with a total cost of £7.5 million. Of these awards, 24 individual cases accounted for 50 per cent of the total. Examples of backdated payments include one case dating back 30 years with a cost over £161,000 in arrears, while another dating back 25 years cost £429,000 in arrears alone.

There are no time limits for applying for an award

16. Currently neither scheme has any time limits for applying for an award, meaning that cases can be brought for injuries occurring years or even decades ago. This type of case can be more difficult to assess, given that so much time may have passed since the injury occurred.

Administrative processes are complicated and inefficient

17. The PSNI's scheme was criticised in the Scoffield report. Medical practitioners

were required to address legal issues, factual disputes and accountancy assessments in carrying out their role. Conversely, establishing the date of disablement, which requires a medical judgement, was a decision made by the Policing Board. Whilst many of the issues raised have since been addressed, a number remain.

18. Claimants may appeal against decisions made, but may also make an unlimited number of requests for reassessments and reconsiderations (see Appendix 3). An individual claim may go through three to four of these processes during any one year. This is both stressful for the claimants and a trial to administer.
19. The cost and number of appeals and medicals is placing a burden on the system. The Policing Board has found that dealing with a high volume of claims and backlogs can be overwhelming. On two occasions it had to suspend consideration of applications for IoD covering a period of approximately two years⁷, resulting in a significant backlog. The backlog was processed in 2016-17, however this subsequently increased the number of appeal cases to be considered. The appeals backlog was largely cleared by March 2019. Reassessment reviews triggered by the Policing Board had been suspended following Scoffield, but it now plans to recommence these, with hundreds of historical cases to be processed. This means that the number of appeals lodged may once again increase, creating a new backlog. Backlogs can have a considerable impact on the PSNI budget and also on claimants as

⁷ Firstly in 2010-11 due to the court proceedings relating to the Home Office guidance on age 65 reviews, and again in 2014 pending receipt of the Scoffield report.

they wait for resolution. The number of different stakeholders involved with the administration of both schemes can also lead to delays.

20. Scofield described the arrangements for the PSNI scheme as “buckling under their own weight”. Further resources were provided within the Policing Board at that time to administer the scheme and backlogs have been cleared, however the process remains complex, time-consuming and unwieldy.

Offset arrangements are not working effectively

21. Whilst the NICS scheme fully offsets other retirement pensions against the loD award, this is not always the case under the PSNI scheme. None of the pensions paid under the 2015 regulations can currently be offset against the loD award⁸.
22. The NICS scheme is unable to offset the loD award against any social security benefits received for the injury. The benefits of the time were identified individually within the 2003 legislation and as the benefits system changed, there is no longer a legislative power to offset the new benefits effectively against the award. The DoF told me that it plans to rectify this with an amendment to legislation specifically stating state benefits recovery.
23. The PSNI scheme provides for compensation received for the injury

from a civil case to be offset against the higher level gratuity which may be paid. However, this is not the case where the standard gratuity is paid. In effect, some claimants can effectively receive a “double payment” for the same injury.

24. Whilst the NICS scheme provides for civil compensation to be offset against the gratuity, there is nonetheless a potential issue if the civil case is settled out of court and a breakdown of the agreed settlement is not provided. In this case, it is not possible to offset any of the settlement against the loD gratuity. The DoF told me that this will also be rectified by an amendment to legislation and that in the interim the Prison Service is aware of the issue and has agreed to take this into account on a case by case basis.

Management information within the PSNI scheme is not fit for purpose

25. Whilst some improvements have been made in recent years to the information system for processing applications for the PSNI scheme, it is largely spreadsheet based, with manual input and updating. This makes analysis and the extraction of management information extremely difficult, meaning that trends are more difficult to track and it is not possible to easily obtain information to properly control and monitor the scheme, without significant manual analysis. This is exacerbated by the sheer scale of loD claims in Northern Ireland.

8 There are a number of retirement schemes operating for former PSNI officers in Northern Ireland. Depending on the scheme, it operates under either 1988 regulations, 2007 regulations or 2015 regulations.

Changes to legislation are necessary

26. In both schemes, whilst some improvements have been made to guidance and processes over the last few years, more significant changes are required. It is vital that the schemes are efficient, affordable and have adequate controls in place. Both departments are aware that changes to legislation are also needed, requiring consultation with stakeholders before new legislation is drafted.
27. The Department proposes that new regulations for the PSNI scheme will:
- introduce a time limit for receipt of applications;
 - seek to prevent “double payment” for the same injury; and
 - modernise survivor and dependent benefits.
28. In line with legal advice, the new regulations will only apply to police officers who retired after they come into force. Awards for injuries incurred prior to that will be paid under the existing regulations, meaning that loD awards currently in payment could continue to be paid for life. As a result, it will take a long time before costs can be brought under control.
29. The DoF told me that work has recently commenced to consider the provisions of the NICS Injury Benefit Scheme more widely. The review will provide scope to align the terms of the scheme with other pension arrangements, address how the scheme will handle injury claims for

mental health conditions, and introduce time limits and reviews. Other changes may also be considered, given the high cost of the scheme to employers. A comprehensive consultation with stakeholders will be undertaken before any legislative changes are made.

Action has been taken to reduce the level of injuries sustained by improving well-being

30. I asked the PSNI and the Prison Service what they were doing to improve well-being amongst their officers to help reduce injuries arising that might lead to future loD awards. The PSNI told me that actions included:
- the appointment of a well-being Co-ordinator and Chief Medical Officer with responsibility for Occupational Health and Well-being (OHW). A number of new specialist roles within OHW are due to commence in 2020;
 - the establishment of an Employee Engagement & Well-being Working Group for initiating and driving a number of projects, and creating ‘champions’ of well-being;
 - the roll-out of a whole health programme including a campaign with the message ‘It’s OK not to be Ok’ and cancer prevention awareness;
 - signing up to the Blue Light Well-being Framework which was created by Oscar Kilo⁹. The PSNI assesses itself against this Framework;

9 An initiative which allows the sharing of best practice for well-being across the UK emergency services.

- signing up to the Mental Health Charter. An early intervention approach is intended, with preventative measures as well. Day one referrals are available through OHW for those absent with psychological conditions. Well established arrangements are in place for critical incident debriefing and peer support arrangements;
- commencing an early roll-out for resilience training. Mental health awareness training is also planned. Other organisational training now has well-being built in as a key theme;
- establishing an online well-being hub which provides access to information on health and nutrition and advises on upcoming well-being events; and
- referring all Ill Health Retirement (IHR) cases to a consultant psychiatrist, even when the IHR application has not been made for mental health reasons.

31. The Prison Service told me that it had taken steps to improve staff well-being by:

- showing its commitment to employees well-being in Prisons 2020¹⁰, and to ensuring suitable provisions are in place to build staff resilience in dealing with its challenging environment;
- appointing Well Champions in each business area, who are available to provide support at a local level, with links to the Prisons Well Hub in Headquarters. They are advocates

of the Prisons Well initiative and offer support and encouragement to local staff about upcoming health and well-being events. They also feed back the unique needs of staff in their area and have an in-depth knowledge of current issues that affect their local workforce and colleagues;

- providing sports facilities for staff use to promote positive physical and mental well-being;
- utilising the services of the Police Rehabilitation and Retraining Trust which delivers psychology, physiotherapy, and personal development and coaching sessions to staff on referral;
- offering a range of courses to staff through the Prison Service College, including Applied Suicide Intervention Skills Training (for managers), Safetalk (for all staff), Stress Management (delivered on request), Mental Health First Aid, and Practical First Aid. Staff can also request to attend courses run by the Centre for Applied Learning including Creating a Resilient Team, Managing Personal Stress, and Mental Health Awareness for Line Managers; and
- seeking to minimise assaults on staff by a number of different measures and introducing Body Worn Video Cameras. Drugs can also be a significant factor contributing to violence in prisons and the NIPS has worked closely with the PSNI to prevent trafficking.

Recommendations

Recommendation 1

A fundamental review of the PSNI scheme should be undertaken, similar to the ongoing review of the NICS loD scheme by DoF. These reviews should provide greater clarity on the aims of the schemes, how they will be achieved and what checks and balances are required to ensure the appropriate use of public money. The reviews should seek greater consistency between the schemes and research the approaches taken by other similar schemes.

Recommendation 2

The review of the PSNI scheme should simplify and streamline the end-to-end process. This should include reconsideration of the respective roles of the PSNI, the Policing Board and the Department.

Recommendation 3

A new case management system for the PSNI scheme would provide better reporting and analysis of management information. This should be taken forward once the fundamental review identifies any changes needed to the scheme, to ensure that the new system can effectively support the processing of loD claims under any revised scheme.

Recommendation 4

The Department of Justice, Department of Finance and the Northern Ireland Policing Board should take action in the short term to mitigate the issues arising within the current schemes. This should include:

- timely amendments to legislation to resolve offset issues;
- ensuring any further legislation to facilitate payments to individuals who also receive loD awards includes offset provisions (for example, the impending Victims Payment Scheme);
- providing clearer guidance to medical practitioners until the reviews of the schemes are complete; and
- in their role as final decision makers, considering whether further reviews of cases are appropriate.

Appendices

Appendix 1

Key features of the schemes

Feature	PSNI scheme	NICS scheme
Stakeholders involved in the scheme	<p>Northern Ireland Policing Board (NIPB) – responsible for the administration of the scheme and the NIPB’s Internal Disputes Procedure.</p> <p>PSNI – responsible for budget for the scheme and appropriate input from line managers and witnesses in respect of applications made.</p> <p>Department of Justice – responsible for appeals and for the policy and maintaining the statutory framework for the scheme.</p> <p>Selected Medical Practitioners (appointed by NIPB) – responsible for the assessment of the level of disability.</p> <p>Independent Medical Referees – (appointed by DoJ) – responsible for assessing appeals using the same criteria as an SMP. Reports are then submitted to the NIPB for its decision.</p> <p>Minister of Justice – who will appoint a tribunal to consider an appeal.</p> <p>Pensions Ombudsman – a complaint may be made to the Pensions Ombudsman under the Pension Schemes (Northern Ireland) Act 1993. The Ombudsman has legal power to settle complaints and disputes arising out of the scheme.</p>	<p>Civil Service Pensions Branch of the Department of Finance – responsible for the administration of the scheme, policy and the legislation, and Stage 1 and 2 of the Internal Disputes Procedure.</p> <p>NICS employers (in this case NIPS) – responsible for the budget for the scheme and appropriate input from line managers and witnesses in respect of applications made.</p> <p>Occupational Health Service (OHS) – responsible for the assessment of the level of impairment and for dealing with medical assessments for any appeals.</p> <p>Pensions Ombudsman – a complaint may be made to the Pensions Ombudsman under the Pension Schemes (Northern Ireland) Act 1993. The Ombudsman has legal power to settle complaints and disputes arising out of the scheme.</p>
Key decision maker for IoD awards	NIPB, however the decision of the SMP is final, in accordance with the regulations.	Civil Service Pensions Branch
Legislative basis for the current schemes	Police Service of Northern Ireland and Police Service of Northern Ireland Reserve (Injury Benefit) Regulations 2006 (the 2006 Regulations)	Civil Service Benefits Scheme (Northern Ireland) 2003
Purpose of the scheme	Whilst not specified in the legislation, the DoJ sees the purpose of the scheme as providing for loss of earnings.	The scheme rules note specifically that its purpose is to compensate for loss of earnings due to the injury.
Main type of payments made under the schemes	A one off gratuity and a monthly award (see Appendix 2 for rates paid)	A one-off gratuity and a monthly award (see Appendix 2 for rates paid)
Duration of the award	For life	For life
Higher level gratuity for total disablement	Yes (see Appendix 2 for rates)	No

Appendix 1 (continued)

Feature	PSNI scheme	NICS scheme
Basis of the award made	The degree to which the injury can be attributed to the exercise of the officer's duties and the degree of disablement	The degree to which the injury can be attributed to the exercise of the officer's duties and the degree of disablement
Provision made for surviving spouses and dependents if an officer dies due to the injury	Yes	Yes
Provision for the award to be backdated	Yes – backdated to the later of the end of the former officer's service or the date of their disablement	Yes - backdated to the later of the end of the former officer's service or the date of their disablement
Offset made against IoD payments for social security benefits, other pensions payable and civil compensation awarded	To some extent	To some extent
Reviews undertaken over the course of the award's payment	Yes, but have been suspended for some time.	Yes, but have been suspended since not currently able to offset any social security benefits received for the injury.
Appeals process available	Yes, as well as reassessments and reconsiderations (see Appendix 3)	Yes (see Appendix 3)

Appendices

Appendix 2

Rates applied

PSNI injury awards

Degree of disablement	Gratuity expressed as a % of average pensionable pay	Minimum income guaranteed expressed as % average pensionable pay			
		Less than 5 years' service	5 or more but less than 15 years' service	15 or more but less than 25 years' service	25 or more years' service
25% or less (slight disablement)	12.5%	15%	30%	45%	60%
More than 25% but not more than 50% (minor disablement)	25%	40%	50%	60%	70%
More than 50% but not more than 75% (major disablement)	37.5%	65%	70%	75%	80%
More than 75% (very severe disablement)	50%	85%	85%	85%	85%

Source: Schedule 3 of the 2006 Regulations

Former PSNI officers who become totally and permanently disabled within 12 months of the injury may claim a higher disablement gratuity under Section 11 of the 2006 Regulations. This is calculated as the lesser of five times the annual value of their pensionable pay or four times their total remuneration during the final 12 months of service and their aggregate pension contributions.

Appendix 2 (continued)

NICS injury awards

Impairment of earning capacity	Gratuity expressed as a proportion of pensionable earnings	Guaranteed minimum income (proportion of pensionable earnings)			
		Length of service or reckonable service if longer			
		Less than 5 years	5 years and over but less than 15 years	15 years and over but less than 25 years	25 years and over
Slight impairment (more than 10% but less than 25%)	12.5%	15%	30%	45%	60%
Impairment (more than 25% but not more than 50%)	25%	40%	50%	60%	70%
Material impairment (more than 50% but not more than 75%)	37.5%	65%	70%	75%	80%
Total disablement (more than 75% impaired)	50%	85%	85%	85%	85%

Source: Civil Services Injury Benefits Scheme (Northern Ireland) 2003

Appendices

Appendix 3

Ways of challenging IoD award decisions

PSNI Scheme

1. An appeal heard by an Independent Medical Referee (IMR).
2. A reassessment, where an applicant applies to the Selected Medical Practitioners (SMP) or IMR if they feel their condition has materially altered.
3. A reconsideration, where an applicant supplies new information, not previously considered by the SMP or IMR, which if material could cause an amendment to their earlier decision.
4. NIPB's Internal Dispute Resolution Procedure.
5. An appeal to the Minister for Justice, who will appoint a tribunal to consider the appeal.
6. A complaint to the Pensions Ombudsman under the Pensions Schemes (Northern Ireland) Act 1993.

NICS Scheme

1. Internal Disputes Procedure – a two stage appeals process internal to Civil Service Pensions.
 2. A complaint to the Pensions Ombudsman under the Pensions Schemes (Northern Ireland) Act 1993 if the member is unsuccessful.
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Appendix 4

Worked examples for the PSNI scheme

Example	Scenario	Calculation	Payable
1	Officer with 30 years' service retires on final salary of £40,000 with no loD award	Pension $40/60 * £40,000$ $= \underline{£26,667}$ loD award $£0$ loD gratuity $£0$	Pension + loD award = £26,667 loD gratuity = £0
2	Officer with 30 years' service retires on final salary of £40,000 and claims loD with severe disablement under 2015 pension rules	Pension $40/60 * £40,000$ $= \underline{£26,667}$ loD min income $85% * £40,000$ $= £34,000$ Offset pension (nil) loD award $\underline{£34,000}$ loD gratuity (higher rate) $4 * £40,000$ $= \underline{£160,000}$	Pension + loD award = £60,667 loD gratuity = £160,000
3	Officer with 30 years' service retires on final salary of £40,000 and claims loD with slight disablement under the 2006 pension rules	Pension $40/60 * £40,000$ $= \underline{£26,667}$ loD min income $60% * £40,000$ $= £24,000$ Offset pension $(26,667)$ loD award $= \underline{£ nil}$ loD gratuity $12.5% * £40,000$ $= \underline{£5,000}$	Pension + loD award = £26,667 loD gratuity = £5,000
4	As example 3 the Officer also lodges a civil claim and receives £10,000 compensation, of which £5,000 is for loss of earnings.	Pension $40/60 * £40,000$ $= \underline{£26,667}$ loD min income $60% * £40,000$ $= £24,000$ Offset pension $(26,667)$ loD award $= \underline{£ nil}$ loD gratuity $12.5% * £40,000$ $= \underline{£5,000}$ Compensation (including for loss of earnings) $£5,000$ not offset against s10 gratuity $\underline{£10,000}$	Pension + loD award = £26,667 loD gratuity = £5,000 Compensation = £10,000

Appendices

Appendix 4 (continued)

Example	Scenario	Calculation	Payable
5	Officer with 5 years' service with final salary of £40,000 has ill health retirement with severe IoD disablement, under 2006 pension regulations.	Pension $5/60 * £40,000$ $= \underline{£3,333}$ Short service IoD gratuity $5/12 * £40,000$ $= \underline{£16,667}$ IoD gratuity £160,000 IoD min income $85% * £40,000$ $= £34,000$ Offset pension $(\underline{3,333})$ IoD award $= \underline{£30,667}$	Pension + IoD award = £34,000 Short service gratuity = £16,667 IoD gratuity = £160,000

Appendix 5

Worked examples for the NICS scheme for NIPS Officers and/or other NICS employees

Example	Scenario	Calculation	Payable
1	Officer with 30 years' service retires on final salary of £40,000 under the classic scheme, with no loD award	Pension $30/80 * £40,000$ $= \underline{£15,000}$ loD award $£0$ loD gratuity $£0$	Pension + loD award = £15,000 loD gratuity = £0
2	Officer with 30 years' service retires on final salary of £40,000 under the classic pension scheme and claims loD with severe disablement	Pension $30/80 * £40,000$ $= \underline{£15,000}$ loD min income $85% * £40,000$ $= £34,000$ Offset pension $(15,000)$ loD award $\underline{£19,000}$ loD gratuity $50% * £40,000$ $= \underline{£20,000}$	Pension + loD award = £34,000 loD gratuity = £20,000
3	Officer with 30 years' service retires on final salary of £40,000 under the classic pension scheme and claims loD with slight disablement	Pension $30/80 * £40,000$ $= \underline{£15,000}$ loD min income $60% * £40,000$ $= £24,000$ Offset pension $(15,000)$ loD award $\underline{£9,000}$ loD gratuity $12.5% * £40,000$ $= \underline{£5,000}$	Pension + loD award = £24,000 loD gratuity = £5,000
4	As example 3 the Officer also lodges a civil claim and receives £10,000 compensation, of which £5,000 is for loss of earnings. Note: If all of the £10,000 compensation related to loss of earnings, the remaining balance of £5,000 not covered by the loD gratuity would be offset against the loD award instead.	Pension $30/80 * £40,000$ $= \underline{£15,000}$ loD min income $60% * £40,000$ $= £24,000$ Offset pension $(15,000)$ loD award $\underline{£9,000}$ loD gratuity $12.5% * £40,000$ $= £5,000$ Claim offset $(5,000)$ loD gratuity payable $= \underline{£0}$ Compensation received $= \underline{£10,000}$	Pension + loD award = £24,000 loD gratuity = £0 Compensation = £10,000

Appendices

Appendix 5 (continued)

Example	Scenario	Calculation	Payable
5	Officer with 5 years' service has ill health retirement (upper tier – alpha) with severe loD disablement and a final salary of £40,000.	Pension $30 \times 2.32\% \times £40,000$ = £27,840 loD min income $85\% \times £40,000$ = £34,000 Offset award <u>(27,840)</u> loD award <u>£6,160</u> loD gratuity $\frac{1}{2} \times £40,000$ = £20,000	Pension + loD award = £34,000 loD gratuity = £20,000



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