

17th February 2011.



Dear Mr Collett,

Thank you for your recent correspondence regarding police pensions, and specifically the level of contributions that police officers make to their pension scheme.

I understand your concerns about the disparity between the levels of contributions made by different types of public sector employees. I also know that when Lord Hutton of Furness, Chair of the Independent Public Service Pensions, published his interim report in October, he stated that he was aware of the significant variation in the contribution levels of various schemes.

I do, however, feel that it is necessary to look at more than just the level of contributions made by police officers. The value of any given pension scheme will be affected by a number of additional factors, such as the age at which benefits can be taken, the accrual rate, and any extra benefits the scheme might offer.

The independent *Pensions Policy Institute* has come up with an 'effective employee benefit rate', to measure the overall value that a pension scheme gives its members, after taking account of all of its benefits and terms. According to this model, NHS staff and most teachers and civil servants have an average benefit rate of 17 per cent of salary. The police benefit rate is almost 23 per cent of salary. By this measure, police pensions are significantly more valuable to employees than many other public sector pensions, as well as the average private sector pension, even if police officers make a higher contribution than other public sector employees.

It is important to remember that no final decisions have been taken to date. I look forward to studying the recommendations of Lord Hutton's final report, which is expected by late March 2011. Please rest assured that the terms of reference for his review include the need to ensure that future provision is fair across the workforce.

Yours sincerely,

David Lidington
Member of Parliament for Aylesbury