

**Pensions & Compensation
Policy Instruction**

**The Armed
Forces Pension
Schemes**

PCPI 05/15

2015

Reference: CDP Remuneration – AFPS – AFPS75 Pensions - MODOs

**Medical Officer and Dental Officers
Restatement of Reserved Rights – Immediate Pensions – Pension
Supplements – Resettlement Grants**

Which schemes are affected:	AFPS 75
Who should read this:	Veterans UK MOD Authority
Date of Issue	24 February 2015
When it takes effect:	Immediately
Review date:	24 February 2017
Contact points:	9621 87573

INTRODUCTION / ISSUE

1. This PCPI replaces PCPI 02/14. A new section is included about MODO Higher Medical Management (HMM) Pension Supplements for officers above OF6.

POLICY INTENT

2. The purpose of this instruction is to provide policy guidance on:
- a Medical Officer and Dental Officers OF 3 to OF 5
 - b Reserved rights for RN Surgeon Captain
 - c Medical Officer and Dental Officers Pension Supplements
 - d Medical Cadetships - Resettlement Grants
 - e MODO Immediate Pensions
 - f MODO HMM Pension Supplements

**A. RESERVED RIGHTS for MERITORIOUS PROMOTION OF3 and OF 4
MEDICAL OFFICER and DENTAL OFFICERS to OF 5**

BACKGROUND

3. Since 2003, Medical Officers and Dental Officers (MODOs) have been employed on Common Terms of Service that provided automatic promotion to OF4 and then to OF5. In January 2010, the three Services agreed automatic promotion should cease and be replaced with meritorious promotion and pay based on length of service.

4. For officers who serve to Normal Retirement Age, the removal of the automatic promotion to OF5 presents a risk to the level of retirement benefits payable because AFPS 75 pensions are based on final rank not actual pay.

POLICY INTENT

5. To safeguard the retirement benefits of OF3 and OF4 MODOs in AFPS 75, DCDS(Pers) agreed to ring fence their pension benefits with effect from 10 Jun 2009 – see Annex A. Under the merit based promotion arrangements, these officers are allowed to retire on representative OF5 rates to match their current expectations and the expectations at the time of the Offer to Transfer to the AFPS 05.

6. MODOs may be granted retired pay at OF5 rates subject to the following conditions: provided they have attained the rank of OF3 or OF4, completed at least 25 years reckonable pension earning service from the date of their promotion to OF3 and are aged 58 or over.

7. MODO's who retire before age 58 and/or do not have the required reckonable service will be granted a pension based on their rank on retirement. This change in policy became effective from 10 Jun 2009. This rule also applies to those leaving under redundancy terms.

B. RESERVED RIGHTS FOR RN SURGEON CAPTAINS

BACKGROUND

8. In the Royal Navy, there were changes to the promotion of Surgeon Captain (OF5) to Surgeon Commodore (OF6). From 1 April 2004, only OF5s on the Higher Medical Management (HMM) pay spine (where higher rates of pay could only be achieved through promotion) would be eligible for promotion to OF6. However, the defined competences for HMM were found to be restrictive and since 1 Jul 2010 promotion to OF6 is no longer dependent on being in the HMM cadre. The final selection of candidates to the HMM cadre was completed on 30 Jun 2010 and HMM regulations therefore only apply to those selected and who took up post on or prior to 4 Jul 2011.

9. An OF5 would be eligible to enter the field for promotion to OF6 on achieving three years seniority as a substantive OF5. On promotion an individual would move to the lowest incremental level of the OF6 range on the HMM pay spine after which normal annual incremental progression would continue. However, Surgeon Captain OF5 (including non-substantive OF6s) promoted prior to 1 April 2003 retained reserved rights to OF6 levels of pay and pension.

POLICY INTENT

10. Reserved Rights for Surgeon Captain RN (OF5) - Medical Officers promoted or selected for promotion to substantive Surgeon Captain **on or before 31 March 2003** will retain their reserved rights to OF 6 pension benefits and pay at 6 and 8 years seniority respectively.

C. MODO PENSION SUPPLEMENTS

BACKGROUND

11. MODOs who were in service on or after 1 April 2003, became eligible for a daily pension supplement for their service as a Military MODO.

POLICY INTENT

12. The policy intent in the AFPS 75, 2010 amendment regulations, which came into force in January 2011 section "D.15 Professional Supplement" (copied at Annex B), provides that –

- a Only service as a MODO counts for the supplement (D15 – Condition A),
- b Service before 1 April 1992 is not reckonable (D15 -7a(i)), and
- c Any day prior to being a qualified MODO (D15 - 7a(ii)) is not reckonable

13. In order to prevent service transferred in to the AFPS75 counting towards professional supplements, these rules will be amended with effect from 1 April 2015 to confirm that service before date of commission or GMC/GDC registration if that is later will not reckon for this purpose.

14. The amendment to rule D15(7)(a) is shown in Annex B.

D. MEDICAL CADETSHIPS – RESETTLEMENT GRANTS

BACKGROUND

15. MODO Cadets are granted a probationary commission in the Defence Medical Services with the rank of OF1 up to 3 years prior to graduating. As an OF1 they are paid a full salary as they are considered to be serving full time. Medical cadets do not start their commission until they are awarded full GMC/GDC registration (which is at the end of foundation year one) and then they commence a Short Commission for 6 years. JSP 950 Volume 10, Part 1, Leaflet 10-1-9, paragraph 2.2 (extracts in Annex C), confirms that medical officers will commence their commission from the date of full registration with the GMC. Paragraph 2.15 states that service as a medical cadet will count towards AFPS 75 reckonable service from date of full commissioning or age 21 whichever is the latter. Also, paragraph 5.1 states that a short commission will begin from the date of full registration.

16. A 'full' commission is earned on completion of the probationary period. The period served as a medical cadet and foundation year one (probationary commission) counts as qualifying service but not reckonable service; for an officer it is only full commissioned service that counts towards their reckonable service.

POLICY INTENT

17. A Resettlement Grant is based on an individual's reckonable service. Within the Terms and Conditions of Service for Medical Officers (JSP 950), it states that reckonable service as a MODO will not start until the individual obtains their GMC/GDC registration and full commissioned service begins.

E. MODO - IMMEDIATE PENSION (IP)

BACKGROUND

18. MODO cadets are paid an OF1 salary while on a probationary commission. This service is qualifying service since it is full pay (not a bursary or attendance pay). Therefore, cadet service from age 21 (see Annex C paragraph 2.15) will qualify towards an IP, but since it is not reckonable service it does not earn pension and does not earn the MODO pension supplement (see section C and D in this PCPI).

POLICY INTENT

19. The AFPS 75 Pension Rule state –

Rule D2 Immediate pension point: officers

- (1) This rule applies to a member whose rank is that of OF1 or above.
- (2) The member has reached the immediate pension point if any of the conditions A to C is met.
- (3) Condition A is that the member has at least 16 years' qualifying service that were served after the member reached the age of 21, and of which at least five years were served as an officer.

20. A MODO's Cadet Service from probationary commission counts as qualifying (but not reckonable) service towards AFPS 75, if the cadet is over 21 (see JSP 950 paragraph 2.15 in Annex C). Reckonable service is from full GMC registration (which is at the end of the first foundation year).

21. Once a MODO reaches 16 years or more qualifying service their IP will be paid pro rata based on the years reckonable service served, which begins from date of registration with the GMC/GDC, e.g. 13/16ths of a possible full IP.

F. MODO HMM PENSION SUPPLEMENTS

BACKGROUND

22. The final selection of candidates to the HMM cadre was completed on 30 Jun 2010. HMM terms and conditions for pay and pension therefore only apply to those selected and who took up post on or before 4 Jul 2011.

23. As a result, there are currently no pension supplements for HMM OF6 promoted to OF7 and OF8 – supplements for OF6 are available. MODO members not on the HMM scale promoted above OF6 are awarded supplements. This instruction addresses this difference and gives authority to award OF7/OF8 MODO HMM members a pension supplement.

POLICY INTENT

24. Subject to Part C of this policy instruction, MODO HMM who were in post before 4 July 2011 and subsequently promoted above OF6 are eligible to receive a supplement in addition to pension.

25. The MODO pension supplement table will be amended to reflect this entitlement.

26. This has been approved by the Surgeon General's Department.

Distribution:

CDP Remuneration - AF Pensions AHd

Pay Colonels

Navy Pers-PPA SO1

Army PersSvcs-PS10-AD

Air-COSPers-Pol PayAllces DACOS

Veterans UK - MOD Authority:

DBSVets-Pensions-C1

DBSVets-Pensions C1

DBSVets-Pensions C2-1

DBSVets-Pensions C2-2

DBSVets-Pensions C2-5

DBS-OPPT (MULTIUSER)

DBS Vets-OPPT-C2-8

SG ACDS-Pers Div AH Med Pers Plans

Government Actuary's Department

Annexes:

A. D/Pensions/5/9/5/1/9 dated 10 June 2009 - MODO – Proposals for Promotion on Merit

B. Extract from the Armed Forces Pension Scheme 1975 and Attributable Benefits Scheme (Amendment) Warrant 2010

C. Extract from JSP 950 Medical Policy

Pensions/5/9/5/1/9

10 June 2009

SGD-ACDS HEALTH

Copy to: DCDS PERS-SPOO-ACDS DS SEC
SPVA – DVS
SPVA – D Change
SPVA - DMS

MODO – PROPOSALS FOR PROMOTION ON MERIT

1. In my note of 15 January I undertook to look at your proposal to protect the expectation to the OF5 pension of those who remained in AFPS 75 who, under new promotion arrangements, will not be promoted to OF5. The issue is limited to AFPS 75 members because AFPS05 is a final salary scheme and MODOs have a single pay spine for OF3-OF5. I am sorry it has taken so long for me to come back to you with a substantive reply but we have had to establish the cost of the necessary changes to JPA/CAPS, satisfy ourselves that such an arrangement would not impact significantly on the Superannuation Charge Adjusted for Previous Experience (SCAPE) and undertake negotiations with the Treasury.

2. The Government Actuary Department (GAD) was satisfied that existence of a single pay spine for OF3-OF5s, which would result in a long serving OF4 earning as much as an OF5 with less service who has been promoted on merit, ensured that SCAPE contribution would be made at the appropriate level. In consultation with your staff, we were able to assure GAD that there was no suggestion that this single pay spine for OF3-OF5s would change.

3. Treasury agreement was obtained on the basis that this group is the only group which is not promoted on merit. They could see the logic of wanting promotion on merit but pushed us hard about where savings might come from as, of course, no savings will be forthcoming. We successfully argued the case on the basis of the risk of having to compensate for 'legitimate expectation' which not be realised due to the policy change and the need to hold the line that the Offer to Transfer would not be re-opened to groups affected by policy changes.

4. I am pleased to be able to agree the ringfencing that you request subject to your agreement to fund the necessary changes for SPVA. These changes will ensure that, when someone in the ringfenced group retires, SPVA are alerted to their special position. SPVA advise that the cost will be in the region of £13,000 in the first year for a manual work-around, and a similar sum the following year for a long-run computer generated approach (assuming it can be delivered that year). I should be grateful if you would confirm that you are prepared to fund the change.

Head of PCV – DCDS(Pers)
DII: DCDS PERS-PCV-Pen Comp Vets HD
MB7.I.06 85180MB

Extract from the Armed Forces Pension Scheme 1975 and Attributable Benefits Scheme (Amendment) Warrant 2010 (Text in red font is the AFPS 75 amendments effective from 1 April 2015)

D.15 Professional Supplement

(1) This rule applies if—

- (a) a member is entitled to a pension under rule D.1 or D.11;
- (b) in the case of a pension under rule D.1, rule D.4 (officers of or above OF-7 rank) does not apply; and
- (c) any of conditions A to D is met.**

(2) Condition A is that the member has served as a medical officer or a dental officer.

(3) Condition B is that the member has served as a nurse.

(4) Condition C is that—

- (a) the member has served as a professional aviator, or as non-commissioned aircrew; and
- (b) the member's pay was calculated using the professional aviators' pay spine.

(5) Condition D is that—

- (a) the member has served as a clearance diver; and
- (b) the member's pay was calculated using the clearance divers' pay spine.

(6) The additional amount mentioned in rule D.5(2)(b), D.6(2)(b) or D.12(1)(b)(ii) (as the case may be) is the product of—

- (a) the daily supplement specified for a person of the member's pension rank, holding the professional qualification or appointment held by the member, in the appropriate table of professional supplements in the pension code in force on the member's last day of pensionable service; and**
- (b) the number of days' reckonable service that the member has.**

(7) For the purposes of paragraph (6)(b), a member's reckonable service does not include—

(a) where condition A is met—

- (i) any day before 1st April 1992; or**
- (ii) any day on which the member was not fully qualified as a medical officer or a dental officer (as the case may be); or**
- (iii) any rights that have accrued to or in respect of the member under any other scheme or arrangement.**

(b) where condition B is met—

- (i) any day before 1st August 2009;**

- (ii) any day on which the member was not fully qualified as a nurse;
or
- (iii) any day in respect of which the member is entitled to a supplement because condition A is also met;
- (c) where condition C is met, any day not falling within a continuous period of at least five years throughout which the member's pay was calculated using the professional aviators' pay spine;
- (d) where condition D is met, any day not falling within a continuous period of at least five years throughout which the member's pay was calculated using the clearance divers' pay spine.

JSP 950 – MEDICAL POLICY

Volume 4: Training Policy, Leaflet 4-1-1 Minimum Training Standards for Primary Care Doctors Working In the DMS

Note – the following extracts apply to Medical Officers similar rules exist for Dental Officers.

4b. Except in an emergency⁵, DMS primary care doctors (including General Duties Medical Officer (GDMO)) must not treat dependants or NHS patients, unless:

- (1) The doctor is a vocationally trained GP or possesses a certificate of equivalent experience,
- (2) The doctor is undergoing recognised GP vocational training, and is working under supervision⁶.
- (3) The doctor is a GDMO and working within a group practice where the GDMO is under appropriate supervision⁷

JSP 950 Volume 10. Part 1 Leaflet 10-1-9

Commitment

2.2 To serve a 6-year Short Commission (SC) as a medical officer, in the applicant's Service of choice, from the date of full registration with the General Medical Council (GMC) as a medical practitioner.

2.6 Successful candidates are granted a probationary commission in the DMS with the rank of OF1 (Undergraduate Cadetship) up to three years prior to graduating. No antedated seniority will be applicable.

2.9 Before medical students are commissioned, they are required to sign a legal undertaking with the Ministry of Defence under which they will be required to refund all education grants, medical school tuition fees, examination fees, uniform and other allowances paid by the MOD should their commission be terminated on account of lack of diligence or other reasons not beyond their control.

2.10 Medical training can take 5 or 6 years (or 4 years for a graduate) but the maximum Cadetship available is 3 academic years. Applicants may do an intercalated BSc (a one-year course) but if it occurs during the 3 year Cadetship, they would normally be required to take 12 months special unpaid leave. In this instance their probationary commission would be suspended for 12 months.

2.13 Cadets do have military obligations but will not be deployed operationally until they start their 6 years Return of Service (RoS) following Full GMC Registration (see paragraph 2.16 for military options). Cadets should become members of the University Royal Navy Units (URNU)/University Officer Training Corps (UOTC)/University Air Squadrons (UAS) during their cadetship.

2.14 Cadets receive a taxable military salary, which is reviewed annually and includes an education grant along with other allowances including a book allowance. Medical school tuition fees are paid by the MOD.

2.15 Service as a medical cadet will count towards Armed Forces Pension Scheme (AFPS) 75, from date of commissioning or age 21 years whichever is the later. Personnel who join the Armed Forces after 6 Apr 05 will automatically join AFPS 05. For these personnel, and personnel who elected to transfer to AFPS 05, service will count towards AFPS 05 from the first day of paid service.

2.17 Once graduated and provisionally registered with the GMC, Medical Cadets commence Foundation Programmes of two years, which are a statutory requirement for all newly qualified doctors in the UK. There will be no operational commitments during this time, although cadets are encouraged to complete their Foundation Programme in a Ministry of Defence Hospital Unit (MDHU), placements in which will be coordinated by the Defence Postgraduate Medical Deanery (DPMD). Individuals will qualify for Full Registration with the GMC upon successful completion of the First Foundation Year.

2.18 Once cadets are fully registered with the GMC, they have the option to extend their SC or convert to a MC, subject to single Service manpower requirements and application procedures.

Types of Commission

5.1 Medical and Dental Officers may serve on 3 types of Commission:

a. *Short Commission (SC).*

(1) Medical Officers. Officers joining on Medical Cadet Entry will complete a minimum of 6 years reckonable service from full GMC registration, which takes place on completion of Foundation Year One.

(2) Medical Officers joining after graduation but before completing Foundation Year One will complete at single Service discretion, between 3 and 6 years reckonable service from the date of full GMC registration.

(3) Dental Officers. Officers joining on Dental Cadet Entry will complete a minimum of 7 years reckonable service from full GDC registration, which takes place on graduation from university.

(4) Dental Officers who have graduated but not completed the Vocational Training Year will be offered at single Service discretion a SC of between 3 and 6 years from the date of completion of Vocational Training Year.

(5) Direct Entrants. Direct Entrants (DE) medical officers joining after full registration and DE dental officers joining after completion of Vocational Dental Practitioner Training (VDPT) will be offered at single Service discretion an SC of between 3 and 6 years.

(6) The SC can be extended to a maximum of 14 years.

b. *Medium Commission (MC).* This will be for a maximum total period of 18 years reckonable service from the date of commissioning or age 21 which ever is the later.

c. *Full Commission (FC)*. The FC enables completion of a full career in the Services and will normally take an officer up to Normal Retirement Age (NRA) at age 58 (although subject to Service manning requirements and continuing medical fitness of the individual, this may be extended by mutual Service/individual consent to a maximum of 60 years of age).

Rank on Entry

5.3 *Medical and Dental Officer -Direct Entrants*. The maximum rank on entry for Direct Entrants (DE) is Lieutenant Commander/Major/Squadron Leader (OF3), although clinical experience may determine that seniority for pay purposes be higher (see Section 4 paragraphs 4.1 and 4.2).

5.4 *Cadets*. Medical and Dental Cadets who are at university when they enter the service will enter in the probationary rank of Surgeon2 Sub Lieutenant, Second Lieutenant or Pilot Officer according to service.

5.5 *Medical Officers*. Medical Officers entering after graduation but before completing Foundation Year One prior to full GMC registration will enter in the probationary rank of Acting Surgeon Lieutenant, Lieutenant or Flying Officer according to Service.

5.6 Medical Officers entering post full GMC registration will normally enter in the rank of Surgeon Lieutenant/Captain/Flight Lieutenant (OF2) according to Service upon completion of single Service Basic Military Training.

5.7 *Dental Officers*. Dental Officers entering after graduation with full GDC registration but before completing the one-year Vocational Dental Practitioner (VDP) training period will enter in the rank of Acting Surgeon Lieutenant (D), Acting Captain or Acting Flight Lieutenant according to Service upon completion of single Service Basic Military Training.