



PERSONAL INJURY ALLOWANCE SCHEME FOR EMPLOYEES INJURED IN THE COURSE OF THEIR EMPLOYMENT

Introduction

1. The power to pay personal injury allowances is contained in the Local Government (Discretionary Payments) Regulations 1996. The Regulations give local authorities limited discretion to pay allowances to employees who suffer a personal injury in the course of their employment. The Regulations make no distinction between physical and mental injury and both types of injury are, therefore, potentially eligible for payment of allowances under the elements of this Scheme that derive from the 1996 Regulations.
2. The City of London Corporation's insurance policy includes a personal accident provision which covers all employees. The policy includes provision for set lump sum payments to the City of London in the event of permanent disablement of an employee as a result of bodily injury sustained whilst at work. This Scheme essentially makes provision for any such insurance pay-outs to be passed on to the injured employee. It should be noted that the insurance policy provides only for permanent physical disablement and not for mental injury or disablement.

Eligibility

3. The Scheme applies to employees of the City of London with the exception of teachers and police officers.
4. An "eligible employee" is defined as an employee who sustains an injury or contracts a disease solely, or predominantly, as a result of anything they were required to do in carrying out their work.
5. A "beneficiary" is a person receiving an allowance under the terms of this Scheme and this would include serving employees, former employees, spouses or dependants in receipt of a Scheme allowance.

Conditions of the Scheme

6. The City of London has the final decision over whether an injured employee or other potential beneficiary is eligible to benefit from this Scheme. Where an employee suffers an injury at work, an accident report form must be completed as soon as is practicable. If the injured employee is unable to do this, the employee's line manager should complete the form instead, including information that is within their direct knowledge only.
7. A management investigation should be undertaken in each case that potentially involves a claim under this Scheme. If a meeting with the employee and management forms part of the investigation, the employee has the right to be accompanied by a work colleague or trade union representative. The Occupational Health Service (OHS) and Health & Safety Section should each be consulted as



part of the investigation before a decision is made by management regarding the eligibility of the injured employee or other potential beneficiary to personal injury benefits.

8. Any special allowance paid under the Scheme is subject to review in the event of a change of circumstances. The City of London reserves the right to change, suspend, discontinue or recover any payment made under this Scheme.
9. Beneficiaries under the Scheme are required to inform the City of London immediately of any change in their circumstances that could affect their receipt of an allowance, e.g. a change in marital status, domestic circumstances, financial circumstances, health or employment status.
10. The City of London has absolute discretion to reduce or refuse any payment made under the Scheme where the injured employee's own carelessness, negligence or misconduct caused, or contributed to, the injury or disease.
11. The City of London may at, its absolute discretion, withhold the whole or part of any payment made under this Scheme if it is liable for, or makes any payment (whether or not expressed to be "ex gratia" or with the denial of liability) in respect of, negligence or alleged negligence.
12. The City of London will deduct from any payment under the Scheme the value of any damages or other compensation recovered by or on behalf of the injured employee or other beneficiary in respect of the injury, whether from the City of London or a third party.
13. The City of London reserves the right to make any payment by way of loan or subject to conditions.
14. In the absence of a contrary intention, references in this Scheme to "pay" in the event of loss of employment mean an employee's annual rate of remuneration in respect of employment at the time the injury is sustained or the disease contracted (the "relevant date"). The annual rate of remuneration will be calculated in accordance with Sub-section 34(3) of the Regulations as amended from time to time.
15. All references to "notional entitlement to pension" under this Scheme apply to non-members of the Pension Scheme and mean the pension benefits to which a non-member would have been entitled had they joined the Pension Scheme at the commencement of their employment.

Reviews into the Circumstances of Beneficiaries

16. The City of London will undertake regular reviews into the circumstances of beneficiaries to establish continued eligibility for benefits or otherwise. The City of London will enquire into the medical status, domestic circumstances, marital status, financial circumstances and employment status of the beneficiary as



appropriate in the view of the City of London. The review may require the beneficiary to:

- i. attend the OHS for medical review
 - ii. attend interviews with management to provide information on their personal, domestic and financial circumstances including medical, marital and employment status
 - iii. give consent to obtain medical, employment or financial information on themselves or any combination of these
 - iv. provide documentary evidence concerning their personal, domestic and financial circumstances as set out in (ii) above
- 17.** Any failure on the part of a beneficiary to either co-operate in the review or to provide full, honest and accurate information within a reasonable period to the satisfaction of the City of London will result in an immediate suspension, reduction or forfeiture of allowance(s) under this Scheme. This is at the absolute discretion of the City of London.
- 18.** Reviews will take place automatically after one year from the date of injury and every two years thereafter, however, the City of London, at its absolute discretion, reserves the right to undertake reviews at any other time.

Sickness Allowance

- 19.** Where an injury or disease results in absence from work, full pay under the [Attendance Management Policy](#) will be paid for up to 12 months from the start of the absence, after which the employee will be on nil pay. No further payments of sick pay will be made where absence is attributable to that disease or injury. Payment of sick pay is subject to submission of medical certificates and compliance with the other terms and conditions in the normal way. Payment of sick pay is without prejudice to the right of the City of London to terminate employment at any time with contractual notice (and to terminate your entitlement to sick pay).

Salary protection on redeployment to an alternative post within the City of London

- 20.** Where an eligible employee suffers a permanent incapacity due to their injury or disease and is unable to continue in post, a suitable alternative post will be sought. Salary protection will apply where redeployment results in a reduction in salary. This means that the employee will be entitled to an allowance which will reflect the difference between their reduced rate of pay and the rate of pay they would have received if they had not sustained the injury or contracted the disease. Salary protection will apply on a mark-time basis, for three years (although this may be extended if a justifiable business case is presented and authorised by the Director of HR) in the following way:



- The employee will continue to receive the level of pay applicable to them before the redeployment took effect (made up of their new salary and the allowance)
 - The employee will receive no increases in salary, London Weighting, other salary linked allowances or any further increments until the gross pay in the post to which they have been redeployed exceeds the protected rate of pay.
 - After three years the rate of pay received by the individual will be reduced to an appropriate level to fall within the grade of the suitable alternative post.
- 21.** The allowance which will make up the difference between the previous higher rate of pay and that applying to the redeployed post will, therefore reduce each year in line with annual increments and salary increases.
- 22.** The allowance will be payable while the reduction continues. The allowance will be reduced to offset the employee's right to any statutory benefits and the income value (known as the "life annuity equivalent") of any damages recoverable.

Loss of employment through permanent incapacity

- 23.** This section applies where an eligible employee becomes totally and permanently incapacitated and can no longer work for the City of London or any other Local Government Pension Scheme employer. On ceasing employment the employee will become a beneficiary under this Scheme and the following allowances will be payable:
- i. Any retirement pension and/or retiring allowance to which they are entitled under the terms of the Pension Scheme.
 - ii. An annual injury allowance not exceeding 85% of pay, taking into account salary increments and annual pay rises to which they would be entitled. The allowance is calculated as follows:

$$\mathbf{A} - \mathbf{B} = \text{injury allowance}$$

A = the 'applicable amount', in this case being a maximum of 85% of pay.

B = The beneficiary's total entitlement to retirement pension or notional entitlement to pension, entitlement to statutory benefits, other benefits and allowances and the income value of lump sum payments.

- 24.** It can be seen that the injury allowance effectively makes up the deficit between the beneficiary's total entitlement to benefits and up to 85% of pay or such lower percentage of pay as the City of London may determine.
- 25.** The applicable amount to be used in calculating the annual injury allowance is at the absolute discretion of the City of London but, in general, will be guided by the length of continuous local government service of the beneficiary, the degree of disability caused by the injury/disease and any exceptional circumstances that apply in individual cases.



26. The injury allowance will be suspended or discontinued, at the absolute discretion of the City of London, where the beneficiary becomes capable of working again.
27. The City of London may, at its absolute discretion, withhold the injury allowance or make an interim payment (which may be conditional) where a claim for damages is pending.
28. Upon reaching normal retirement age, the applicable amount for calculation of the injury allowance will change from the relevant percentage up to 85% of pay to 100% of the pension benefit (if any) the beneficiary would have received had they continued in employment, receiving the same rate of pay (increased in line with the Retail Price Index) until normal retirement age.

Death Benefits

29. Death benefits may be payable where an eligible employee is killed at work or dies as a direct result of an injury or disease contracted at work.
30. Where the deceased leaves a surviving spouse, a special allowance may be payable in addition to any spouse's pension. The method for calculating the special allowance is the same as for the injury allowance as set out in subparagraph 24 above. However, the maximum applicable amount used in the calculation differs as follows:

	% of superannuable pay
Surviving spouse with dependant(s)	up to 80%
Surviving spouse without dependants	up to 66.67%

The City of London has absolute discretion to determine that a lower percentage of pay should apply in any case. In no case will the percentage of pay to be applied exceed the percentage which would have been used to calculate the annual injury allowance (under paragraphs 24 -28 above) had the injured employee survived.

31. In each case, a surviving spouse will not be entitled to an allowance if, at the date of death, they were cohabiting with another person.
32. On the date that the deceased would have reached normal retirement age, the applicable amount for calculation of the special allowance for a surviving spouse will change from the relevant percentage of pay to 50% of the pension benefit the deceased would have received had they continued in employment, receiving the same rate of pay (increased in line with the Retail Price Index), until normal retirement age. The National Insurance spouse's pension will be excluded from the calculation of total entitlement in determining the special allowance to be paid.



33. If the deceased leaves no surviving spouse but does leave one or more dependants, a special allowance will be payable. The amount and duration of such an allowance will be determined at the absolute discretion of the City of London.
34. It is at the absolute discretion of the City of London who will be treated as a dependant for the purpose of death benefits. Generally, a person who is resident and financially dependent upon an employee is capable of being considered a dependant, subject to the application of relevant case law, Statutes and Regulations from time to time in force.
35. In terms of guidance, the following are examples of those who may be treated as dependants:
 - a person who (a) was living with the deceased employee in the same household immediately before the date of death and (b) had been living with the deceased employee for at least two years before the date and (c) was living during the whole of that period as the husband, wife or partner of the deceased and (d) was wholly or substantially supported financially by them.
 - a legitimate or adoptive child of the deceased employee who has not attained the age of 18 years at the time of his or her parents death.
 - a child who has not attained the age of 18 years at the time of the employee's death who was wholly or substantially supported financially by the deceased employee.
 - a parent, sibling or child (over the age of 18) of the deceased employee who was wholly or substantially supported financially by the employee and who is incapacitated either by age, ill-health or disability from supporting themselves financially.

The above list of examples is not exhaustive.

36. Where an eligible employee dies within 12 months of the date of suffering a bodily injury or disease as a direct result of it, an additional lump sum payment may be payable, at the discretion of the City of London, where the employee has left a spouse or dependants. Payment can be made only if the City of London receives from its insurer a lump sum payment by virtue of its insurance policy provision (as varied from time to time) in relation to that employee. The payment will be equivalent to up to five years' gross remuneration at the rate applying at the date of death.

Lump sum payments for permanent disability resulting from injury

37. Where an eligible employee suffers permanent physical disability (whether total or partial), due solely and directly to the bodily injury sustained, a lump sum may be payable at the discretion of the City of London. As per paragraph 35, payment can be made only if the City of London receives from its insurer a lump sum payment by virtue of its insurance policy provision in relation to that employee. The payment will be based on a percentage of the gross superannuable pay applying at the date of certification of the disability, multiplied by five. The percentage of pay



varies according to the nature of the injury as set out in the scale at [Appendix 1](#) to this Scheme.

Discretionary payment

38. The City of London has absolute discretion to make a payment to an eligible employee who suffers impairment or partial loss of limbs or partial loss of faculties as a result of the injury. Each case will be considered on its merits, including the degree of impairment, and payment will be assessed in the light of the scale at [Appendix 1](#).



SCALE OF COMPENSATION FOR THE APPLICATION OF PARAGRAPH 38

Payment to employees in the event of death or permanent disablement arising from:

1.	- Death - Total and irrecoverable loss of all sight in one or both eyes - Total loss by physical severance or complete loss of use of one or both hands or feet at or above wrist or ankle, occurring within 12 months from the date of the injury	100%
2.	Permanent total and absolute disablement (other than as stated at Item 1) from engaging in, or giving attention to, any profession or occupation of any kind	100%
3.	Permanent partial disablement (not otherwise provided for above) the percentage of the capital sum set against the degree of disablement in the following table: a) Total loss of hearing in both ears b) Total loss of hearing in one ear c) Complete loss of use of hip or knee or ankle d) Removal of the lower jaw by surgical operation e) Fractured leg or foot with established non-union f) Fractured knee cap with established non-union g) Shortening of a leg by at least 3 centimetres h) Loss by amputation or complete loss of: i) one thumb* ii) one index finger* iii) any other finger* iv) one big toe v) any other toe	40% 15% 20% 30% 25% 20% 15% Right Left 20%* 17½%* 15%* 12½%* 10%* 7½%* 10% 10% 3% 3%

* To be reversed if the insured person is left-handed