

**EXPLANATORY MEMORANDUM TO
THE ARMED FORCES AND RESERVE FORCES
(COMPENSATION SCHEME) (AMENDMENT) ORDER 2014**

2014 No. 412

1. This explanatory memorandum has been prepared by the Ministry of Defence (MOD) and is laid before Parliament by Command of Her Majesty.

2. **Purpose of the Instrument**

The Instrument makes several amendments to the Armed Forces and Reserve Forces (Compensation Scheme) Order 2011(S.I.2011/517) (“Principal Order”) to come into effect from 7 April 2014.

3. **Matters of special interest to the Joint Committee on Statutory Instruments**

This Order will amend the Armed Forces Compensation Scheme (AFCS) provided for under the Armed Forces and Reserve Forces (Compensation Scheme) Order 2011(S.I.2011/517) (“Principal Order”) to: increase the value of the Armed Forces Independence Payment (AFIP) and some awards for facial injuries; to add or amend some descriptors in the Tariff; and to introduce a paragraph under Article 12 to exclude payment of awards for disorders that are already compensated under the Naval, Military and Air Forces etc (Disablement and Death) Service Pensions Order 2006.

4. **Legislative Context**

This Instrument, which is made under section 1(2) of the Armed Forces (Pensions and Compensation) Act 2004 (c.32), amends the Principal Order.

5. **Territorial Extent and Application**

This instrument extends to the United Kingdom.

6. **European Convention on Human Rights**

The Minister of State for Defence has made the following statement regarding Human Rights: In my view the provisions of The Armed Forces and Reserve Forces (Compensation Scheme) (Amendment) Order 2014 are compatible with the Convention rights.

7. **Policy background**

7.1 The AFCS was introduced in 2005 to compensate Regular and Reserve Service personnel for injury, illness or death predominantly caused (or made worse by) service after 6 April 2005. The War Pensions Scheme still provides compensation for disorders attributable to service before that date.

7.2 MOD is increasing the value of AFIP in line with the Government's general approach of increasing disability-related benefits in line with inflation (calculated using the Consumer Price Index).

7.3 MOD is increasing the value of awards for some facial injuries and changing some medical terminology as recommended by the Independent Medical Expert Group, a permanent Advisory Non-Departmental Public Body that advises Defence Ministers on medical and scientific aspects of AFCS.

7.4 In line with Art. 26 of the Principal Order, MOD is amending and adding descriptors in the Tariff (Schedule 3 of the Principal Order) to make permanent Temporary Awards that have been paid to claimants whose injury or illness is accepted as predominantly caused by service but whose condition does not fit an existing descriptor.

7.5 In line with the Government's general approach that individuals should not be compensated twice for the same disorder, MOD is adding a paragraph under Article 12 to exclude payment of awards for disorders that are already compensated under the War Pensions Scheme.

8. Consultation Outcome

The Central Advisory Committee (CAC) on Pensions and Compensation was consulted on the introduction of the paragraph described at 7.5. The consultation exercise began on 20 August 2013 and closed on 25 October 2013. This external advisory body advises the Parliamentary Under Secretary of State for Defence Personnel, Welfare and Veterans on matters of pensions and compensation relevant to the Armed Forces. Membership consists of representatives of key ex-Service organisations, including The Royal British Legion, the War Widows Association, the British Limbless Ex-Service Men's Association (BLESMA) and Combat Stress as well as Service members and MOD officials. The Royal British Legion responded to the consultation, indicating that it would take a neutral position on the amendment.

9. Guidance

Information about the new provisions will be made available by means of placing a copy of the Instrument on the Gov.UK website.

10. Impact

10.1 The impact on business, charities and voluntary bodies is not significant.

10.2 The impact on the public sector is not significant.

10.3 An Impact Assessment has not been prepared for this instrument.

11. Regulating small business

The legislation does not apply to small business.

12. Monitoring and Review

The MOD will continue to review the Armed Forces Compensation Scheme as part of its day-to-day management and to liaise with members of the CAC. This will include monitoring the impact of the changes made in this Instrument.

13. Contact

Tracy Sexton at the Ministry of Defence Tel: 0207 218 0564 can answer any queries regarding this Instrument.