

Updated Communications Policy

Regulation 61 of the Local Government Pension Scheme (2013) Regulations requires the ERPF to prepare a statement of policy regarding how the Fund communicates with Scheme employers and Scheme members.

The communications policy has now been reviewed and is available on our website here:

<http://www.erpf.org.uk/library-and-information/communications-policy/>

If you have any comments regarding the policy please contact Jenny Gregory on 01482 394153.

Ill Health Retirement (Regulation 20)

The ERPF thought it timely to reiterate a scheme employer's responsibility in relation to ill health retirement. This is when an employee becomes ill and can no longer discharge efficiently the duties of their employment. The role of the employer begins long before an employment is terminated by assessing periods of absences, referrals to Occupational Health and any medical evidence available which may lead to the question of entitlement to ill health retirement.

Employers should be in no doubt that the responsibility for deciding the grounds on which an employment is terminated rests solely with them. The employer is required to consider and make decisions on a number of questions before entitlement to an ill health retirement benefit under the regulations can be awarded. Employers can only answer some of these questions by obtaining an opinion/certificate from an Independent Registered Medical Practitioner (IRMP) qualified in occupational health medicine and approved by the ERPF. A list of the ERPF approved IRMP's is attached.

In many cases the IRMP will not ask the member to go for a medical although this will depend on their preferred method and the nature of an individual case. Under the LGPS, the IRMP is allowed to carry out a paper review rather than seeing the member in person. This is normal practice as they will be able to form their opinion and certify an ill health retirement by referring to all the evidence which has been submitted.

If the employer decides to retire a member on the grounds of ill health, they must also decide the severity of the illness by awarding the relevant tier.

- Tier one - The member benefits will be based on their pension built up to their date of retirement, plus an ill health enhancement. This is 100% of the annual pension that the member would have accrued should they have remained in the Local Government Pension Scheme until their State Pension Age. The pension is payable for life.
- Tier two - The member benefits will be based on their pension built up to their date of retirement, plus an ill health enhancement. This is 25% of the annual pension that the member would have accrued should they have remained in the Local Government Pension Scheme until their State Pension Age. The pension is payable for life.
- Tier three - The member benefits will be based on their pension built up to their date of retirement but there is no ill health enhancement. The pension is a temporary payment and should be reviewed by the employer after 18 months and potentially cease after 3 years.

The employer role should be an active one, not a passive or rubber-stamping exercise. If there is evidence available to the employer which contradicts that given by the IRMP there is nothing to stop you seeking further evidence. It should be clear that the IRMP is not called upon to make a “decision”; their role is to give an “opinion.”

This is only a very small snapshot of ill health retirement and more information can be found at http://www.lgpsregs.org/timelineregs/Statutory%20Guidance%20and%20circulars/CLG_IHGuide_June2011updated2014.pdf

Ill health retirement cases generate by far the most complaints via the ERPF so it is important that staff dealing with these applications understand employers responsibilities and follow correct procedures. Scheme members often appeal under the Internal Disputes Resolution Procedure (IDRP) against any decision, or lack of decision.

If you have any questions regarding Ill Health Retirement then please contact Suzanne Firth, Principal Pensions Officer by email Suzanne.firth@eastriding.gov.uk or on 01482 394178 for an informal chat.

Assumed Pensionable Pay recorded at 31 March 2017

As part of the 2017 year end return exercise concern was raised with regards to the correct calculation and recording of ‘assumed pensionable pay’ (APP).

APP replaces the concept of notional or ‘as was’ pay in cases of reduced contractual pay or nil pay for:

- periods of sickness absence;
- ordinary or paid additional maternity, paternity or adoption leave or paid shared parental leave;
- reserved forces service leave

APP should be included in the total pensionable pay which is used to calculate the career average pension built up in the relevant scheme year. A full explanation of APP can be found in the ‘Payroll Guide to the 2014 Scheme’ which is available at <http://www.lgpsregs.org/index.php/guides>.

In some cases the year end return submitted was returned to the scheme employer where the initial checks completed by the ERPF identified that APP may not have been applied to the total main section pay and employers were asked to check that the correct amounts were provided on the year end return. However the ERPF is still concerned that not all of the cases where an APP should have been applied may have been identified and correctly recorded.

If the main section pay figure recorded at the year end is incorrect this will result in the career average pension (CARE) also being calculated incorrectly. The example below is an actual case which highlights the potential loss of earned CARE pension a member may receive. This case was identified through the year end exercise and has since been corrected:

Main Section Pay provided on year end file: **£7226.53**

Amount of CARE pension built up in 2016/17 = £7226.53 / 49 = **£147.48** annual pension

Revised Main Section pay provided:	Amount of pay actual paid during year	£7,226.53
	Amount of APP	£11,611.19
	Revised main section total pay	£18,837.72

Revised amount of CARE pension built up in 2016/17 = £18,837.72 / 49 = **£384.44** annual pension

The Annual Benefit Statements, which are due to be issued by the 31st August, advise scheme members that the benefits calculated within the statement are based on the information provided by their employer and explain how the main section pay should have been calculated, including APP where applicable. However in some cases scheme members may not realise if the figure provided is incorrect and the ERPF are therefore strongly advising all scheme employers to check the main section pay provided on the year end return and compare this to any cases where APP should have also been applied. The ERPF will accept written notification of any revised main section pay amounts and will update member records and recalculate the amount of CARE pension built up in 2016/17.

Distribution details

To make sure the information provided in the monthly employer bulletins is reaching the right people, could you please circulate this bulletin to colleagues within your organisation who have responsibilities for pensions including Business Managers, Finance Officers, HR and Payroll staff.

If you would like to add anyone to the mailing list please then their details (name, email address and organisation): liz.vollans@eastriding.gov.uk.

Earlier bulletins issued can all be found on the ERPF website <http://www.erpf.org.uk/employers>