

**HR Procedure**

**Ill Health Retirement**

**LGPS**

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| Version Control | Changes Made | Author |
| Version 2  Aug 2018 | Updated due to change in Absence and Wellbeing procedure. Changes to process map | People Management |
| November 2020 | Sign off added onto form | People Management |
| August 2021 | Replaced YPS with LPPA | People Management |

Introduction

This document sets out the procedure to be followed in cases where ill health retirement has been identified as a possible outcome following Absence and Wellbeing meetings. This procedure refers to the Local Government Pension Scheme (LGPS) only for other pension schemes refer to the relevant scheme information for guidance on ill health retirement.

Ill health retirement is usually recommended when due to ill health or infirmity of mind or body the employee is:-

* Permanently incapable of discharging efficiently the duties of their employment: and
* They also have reduced likelihood of being capable of undertaking any ‘gainful employment’ before normal retirement age

The employee becomes entitled to immediate payment of pension benefits regardless of age, provided they have at least 2 years membership or have transferred pension rights from a previous scheme.

The Service must have carried out all processes necessary to redesign and reasonably adjust the role or identify suitable alternative jobs within a reasonable timescale prior to referring a case for ill health retirement consideration.

Occupational Health

Before an employer can make a decision regarding ill health benefits a medical report and certificate must be obtained from an independent registered medical practitioner (IRMP) qualified in occupational health medicine and registered with the General Medical Council. To be able to provide a certificate for ill health retirement the medical practitioner must confirm they have neither:

* Previously advised, given an opinion or been otherwise involved with the case; or
* Be acting or have previously acted as the representative of the member, the employer or any other party.

The manager will refer the employee to Occupational health for an assessment and provide the relevant certificate for completion LPPA Employer – Active Member – Ill Health Certificate attached. The IRMP is asked to provide an opinion on the employee’s capability of undertaking gainful employment based solely on the effect the medical condition has on the person’s ability to undertake gainful employment.

If the employee is terminally ill please refer to People Management / Schools HR provider and the Fast Track process.

Tiers

The IRMP will complete the medical certificate and indicate which tier of ill health retirement they believe is appropriate. There are 3 levels of ill health benefits.

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Tier One Benefits

The employee is certified as having no reasonable prospect of being capable of undertaking any gainful employment before normal retirement age.

Benefits are increased as if the employee had continued in employment, working the same number of hours, until their state pension age or 65 if later.

Tier Two Benefits

The employee is certified as not capable of undertaking any gainful employment within 3 years of leaving their employment, but is likely to before normal retirement age.

Benefits accrued are payable with the addition of an additional period of membership amounting to 25% of the membership that could have been achieved from the date of leaving until their state pension age or 65 if later, working the same number of hours.

Tier Three Benefits

The employee is certified as likely of being capable of undertaking gainful employment within 3 years of leaving employment. The former employee is required to inform the Council / school of any employment taken up, whether local government or not and on request, information must be made available to the Council / school regarding their employment status, pay and working hours.

In the event that the employee advises the Council / school that employment has been found and the council / school considers it to be gainful employment the pension is suspended until the appropriate date that the employee can draw their pension benefits under the Deferred Pension into Payment regulations.

The Council /school may recover any overpayment of pension in which they consider the employee was in gainful employment.

Where gainful employment has not been found by 18 months, the Council / school will refer the employee to a medical practitioner, for an opinion as to whether the employee is capable of undertaking any gainful employment, please refer to the process map at Appendix 3. The medical practitioner may also certify that tier two ill health benefits now apply. A review at 18 months is not required if the employee has already attained age 65 at the 18 month review date. There are no provisions within the regulations to uplift the pension to tier one pension benefits.

Once a third tier pension has been suspended, no further third tier pension can be paid in respect of any further period of employment.

Where third tier ill health pension has been suspended, a member can request early payment of this pension from age 55. Employees who retired on third tier ill health pension before 2014 cannot draw their pension before age 60. Employees who retired on third tier ill health pension after 2014 can elect to draw pension from age 55. The Council’s / schools consent is required for release of pension before age 60 for pre 2014 cases and early retirement deductions will apply if the pension is paid before age 65.

There is a time restriction on when a third tier ill health pension can be uplifted to a second tier pension. Uplift to second tier can only be made within a period of 3 years following suspension.

Pension benefits are restricted where a member who has previously been awarded either, first or second tier ill health pension and then returns to local government employment (abatement applies) and is awarded further ill health retirement benefits in the later employment.

“**Gainful Employment**” means paid employment for not less than 30 hours in each week for a period of not less than 12 months.

“**Permanently Incapable**” means that the member will, more likely than not, be incapable until at the earliest age 65.

Making the Decision

The Council / school are not bound by the IRMP’s opinion and are entitled to consider other evidence when arriving at the decision. The decision will be made by the Senior Manager / Headteacher / Chair of Governors with the support of People Management / HR Provider to ensure consistent decision making and correct application of the regulations. The senior manager must have all the relevant details including other options which have been explored, on which to make an informed decision. This may require seeking further medical information and / or opinion.

Any decision to award ill health retirement pension benefits will result in a cost to the Directorate / school and whilst this is not a factor in the decision, budget managers need to ensure the costs are accounted for.

[Process](http://www.intouch.ccc/elibrary/Content/Intranet/536/671/5053/6001/41410105256.doc)ing the Decision

Following receipt of the Occupational Health report and Active Member Ill Health Certificate the manager will notify People Management / HR provider who will request a pension estimate from LPPA.

Following receipt of the pension estimate People Management / HR Provider will complete the notification form which can be found in appendix 1 and send this to the Assistant Director and Finance Manager / Finance Manager – Schools & Learning so they can consider the cost in relation to the budget.

The manager will meet with the employee to review the pension benefits and arrange a meeting in line with the Absence and Wellbeing procedure or relevant school procedure.

Following the meeting the manager/ Headteacher / Governing Body will complete the termination of employment on the Service Centre Portal and attach the Active Member Ill Health Certificate and pension estimate/ or follow the relevant school termination procedure(s). The Service Centre / HR / Payroll provider will then follow the process as set out in appendix 2.

Appeals

An employee can appeal against the tier of ill health benefits awarded. Further details are available in the [LGPS Internal Dispute Resolution (appeal) procedure](http://www.intranet.ccc/eLibrary/view.asp?ID=62920) on InTouch / schools portal and the LPPA website [Contact Us • Local Pensions Partnership Administration (lppapensions.co.uk)](https://www.lppapensions.co.uk/contact/)

The employee has the right to appeal against the dismissal and the process for this appeal can be found in the [Absence and wellbeing Guidance](http://www.intouch.ccc/eLibrary/view.asp?ID=58994) on InTouch or the schools dismissal appeal procedure.

LPPA responsibilities

Where the decision is made to agree to the release of pension benefits in relation to ill health retirement LPPA will write to the employee to give them their retirement payment options and process and pay the pension benefits.

Review

This procedure will be reviewed periodically in the light of developments in the law, pensions regulations, and changes in the needs of the organisation in order to ensure continuing effectiveness and relevance.

For Schools:

* Senior Manager, People Management read Headteacher
* People Management / Service Centre read Schools HR provider / Business Manager

This procedure applies to Community and Voluntary Controlled schools and should be adopted by the schools governing bodies and is recommended to Foundation and Voluntary Aided schools and Academies.

**August 2018**



**HR Procedure**

**Appendices**

Appendix 1 - Ill Health Medical Notification Form

Appendix 2 - Ill Health Retirement Process Map

Appendix 3 - Tier 3 review process map

Appendix 1 – Ill Health Medical Notification Form (Send to AD, Finance Manager & People Management)

**Ill Health Medical Notification Form**

**To be completed by the manager**

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| Employee Name: |  |
| DOB: |  |
| Length of Service: |  |
| Current position within the directorate: |  |
| Manager leading on the case: |  |
| Tier level recommended by OHS Physician: |  |
| If Tier 3 indicate date of review: |  |
| Total cost of IHR (supported by LPPA paperwork): |  |
| Details of any additional costs (annual leave / notice pay etc): |  |
| Brief overview of events to date in terms of managing the absence: |  |
| Details of any attempts of work reintegration / reasonable adjustments |  |
| Signed by: Assistant Director |  |
| Signed by: Finance Manager |  |
| Signed By: People Manager - Business Partner |  |





