



## *Manager's How to Guide...*

### **Ill Health Retirement (IHR) for LGPS members (HCC / Police / Fire / Schools / OPCC)**

#### **Policy statement and scope**

This document outlines the process for managing Ill Health Retirement (IHR) for current and former employees who are eligible members of the Local Government Pension Scheme.

The guidance defines the process and sets out the potential outcomes where:

- IHR is considered for a current employee
- a review of IHR at Tier 3 takes place
- a former employee applies for IHR

#### **Eligibility**

An employee must have been a member of the Local Government Pension Scheme (LGPS) for a minimum of 2 years in accordance with the Local Government Pension Scheme Regulations 2014 or be covered by the pension scheme's vesting period requirements

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## SECTION 1 – Ill-health retirement for a current employee

### Exploring options

**Step 1** – Seek advice from Health & Wellbeing’s Occupational Health service (OH) on whether:

- there are still treatment options available which could facilitate a return to work
- reasonable adjustments, including adapting or restricting duties in the current role, flexible working, or seeking a suitable alternative post (re-deployment on medical grounds) will enable a return to work. *Note:* alternative posts must be substantive and not created for the purpose of permanently retaining an employee.

**Step 2** – Where OH have advised that reasonable adjustments to the workplace or alternative work are not an option, you should check to see if the employee has been a member of LGPS for a sufficient period to be eligible for Ill Health Retirement (IHR).

**Step 3** – Where the employee is eligible, discuss the possibility of IHR with the employee.

### Requesting IHR

**Step 4** - Where the employee says they wish to explore the possibility of IHR, you should ask HR Operations to progress this with Occupational Health.

On request, HR Operations will:

- initiate the formal request for IHR by completing **Part A** of the **LGPS Certificate of Ill Health Retirement Form** on behalf of the employer. *Note:* Where there is more than one job role, a certificate has to be completed for each role and a copy of the Role Profile attached.

### Medical assessment

**Step 5** – OH will arrange for an Independent Registered Medical Practitioner (IRMP) to assess whether in their opinion the employee is incapable of discharging the duties of their employment because of ill health in mind or body.

The IRMP will complete the relevant parts of the Certificate of Ill Health Retirement form recommending whether ill health retirement would be appropriate and, if so, whether this would be at IHR Tier 1, 2 or 3.

- **Tier 1 – unlikely** to be capable of undertaking any gainful employment before his / her normal pension age
- **Tier 2 - unlikely** to be capable of undertaking any gainful employment within the next three years **but is likely** to be capable of undertaking gainful employment at some time thereafter and before his / her normal pension age
- **Tier 3 - likely** to be capable of undertaking gainful employment within the next 3 years (or before his / her normal pension age if earlier).

The signed and completed Certificate of Ill Health Retirement form is returned to HR Operations whether Ill health retirement is recommended or not.

**Authorisation of decision by a senior manager**

**Step 6** – HR Operations will send the Certificate of Ill Health Retirement form (and other documents – see below) to the relevant senior manager (in accordance with the relevant organisation’s governance arrangements)

Documentation to be attached to the LGPS Ill Health Retirement Certificate form include:

- relevant medical reports from the IRMP/ OH
- any information provided by the manager

Once reviewed and considered by the senior manager, the senior manager will complete their section of the Ill Health Retirement Certificate confirming which of the following applies:

The possible outcomes are:

- Ill health retirement (IHR) is not granted
- Ill health retirement (IHR) is granted (where IHR is granted the tier awarded must also be specified)

The manager will return all the documents to HR Operations.

HR Operations will save the Certificate of Ill Health Retirement to the employee personal file (ePF).

**Notification of the outcome to employee and next steps**

**Step 7** - Once ill health retirement has been authorised, or not, you (the line manager) are responsible for contacting the employee and discussing the way forward. Depending upon the circumstances of the employee you may do so by phone or by meeting with the individual.

Where IHR has been authorised a formal dismissal meeting should be arranged with the employee, supported by HR Operations. The employee may be accompanied by a trade union/professional association representative or work colleague. It is the employee's responsibility to arrange their own companion if they wish to have one and to advise you in advance of the meeting who this will be. In exceptional cases it may be appropriate to allow a supportive friend or relative to be present at the meeting. They may not actively participate in the meeting. If the employee does not wish to attend, then the meeting may be held in their absence as long as they have been informed in writing that this is a possibility.

Where IHR is granted you should explain there is likely to be a time delay before any pension payments are received, as pension benefits can only be calculated after the final employment payments have been paid. Any additional pension benefits, i.e. AVCs, will take additional time to be calculated and processed.

Where IHR has not been authorised you should continue to manage the employee under the sickness absence policy.

**Step 8** - You are required to confirm the details of the decision to the employee in writing, and include:

- confirmation of the decision
- their right of appeal and to who
- the date by when any appeal must be submitted

Where IHR has been granted a '**Retirement Declaration**' form must be enclosed for the employee to complete and return to Hampshire Pensions Services.

HR Operations will provide guidance on the content of this letter.

A copy of the confirmation letter to the ePF is to be saved to the ePF.

## **Pension estimate**

If the employee wishes an IHR pension estimate the HR caseworker may submit an on-line request for an estimate of retirement benefits (ST8D) once IHR has been authorised. However, it can take up to 8 weeks for a pension estimate to be calculated and checked so there may be little to be gained by requesting a pension estimate at this time. *Note:* The

pension estimate cannot be requested earlier as the IHR 'tier' is required for the appropriate pension calculation to be undertaken. If an estimate is required earlier in the process this can only be requested at the lowest tier (tier 3).

**HR Ops -  
Implementing  
the IHR  
decision**

**Step 9 - Where IHR has been granted** the HR caseworker will:

- scan the authorising LGPS Certificate of Ill Health into the ePF and email this authorisation to the IBC Employer Pension Admin Team (multiple IHR certificates where there is more than one job)
- complete the on-line Leaver Notification for IHR, stating the appropriate IHR tier (one for each job where more than one job worked)
- where IHR at tier 3 applies, a date 15 months in the future will be recorded on the HR Operations database to trigger the 18 month review for continued eligibility

**Where IHR is not granted** HR Operations will scan the LGPS Certificate of Ill Health, stating IHR was not authorised, into the ePF. (Multiple IHR certificates may have been completed where multiple employments apply.)

**IBC Employer  
Pensions  
Admin Team  
actions**

**Step 10** - Only on receipt of the authorised IHR certificate and the leaver notification from HR, and following the last payroll run, can the IBC Employer Pensions Admin Team provide the necessary payroll data to Hampshire Pensions Services.

**Hampshire  
Pensions  
Services**

**Step 11** – Upon receipt of the payroll information from the IBC Employer Pensions Admin Team AND the Retirement Declaration form from the employee, Hampshire Pensions Services will arrange for pension benefits to start. This final calculation will normally take a further 4 weeks after receiving the payroll data.

**Further steps**

If the employee is unhappy with the outcome of this process their concerns should be discussed with HR Operations. A formal appeal may be progressed under the Internal Dispute Resolution Procedure (IDRP) if the issue cannot be resolved.

## SECTION 2 - TIER 3 – 18 month gainful employment review / ongoing eligibility review for ill-health pension

### LGPS rules

Under LGPS rules, the retired employee is required to:

- provide information on **all** paid employment, regardless of hours or contract duration, during the period when the Tier 3 IHR pension is paid
- be assessed, at least once within the 3 years, for ongoing eligibility to receive the Tier 3 IHR pension. Normally the assessment takes place at around 18 months into the payment period.

### Gainful employment review

(at any time during receipt of a Tier 3 IHR pension)

If the retired employee advises you of any paid employment or you become aware of this, you should inform HR Operations who will send a **Gainful Employment Form** to the retiree.

The retired employee must provide evidence of employment, preferably in the form of a statement of particulars (contract) or written confirmation from the new employer, setting out the contractual arrangements and at a minimum include following information:

- date employment commenced
- hours of work
- duration of type of contract (i.e. permanent, temporary, term time only, annualised hours)

On receipt of notification of employment HR Operations will liaise with the retired employee's former department/section and make an assessment of the paid employment as classified by the LGPS Regulations.

If it is considered that gainful employment exists then the Tier 3 IHR pension will cease.

### 18 month review

**Step 1** – The HR Operations database should indicate at 15 months that the 18 month review is due. HR Operations Helpdesk will check that the pension is still in payment and that the recorded address on SAP is the address used by Hampshire Pensions Services.

*Note:* If a retired employee has notified Pensions Services that they have gainful employment prior to the 18 month review and

the pension payment was reviewed at this time, then there is no requirement to conduct a further review at 18 months.

**Step 2** - HR Operations will notify the HR BP of the former employing department/section that the review is to be undertaken and that the cost of any medical reports requested by the IRMP may be re-charged to the department/section.

**Step 3** - HR Operations will send a letter to the retired employee notifying them of the requirement for the review. The letter will enclose:

- a gainful employment form
- consent to access medical record forms

Note: HR Operations to follow up if there is no response. Initially by checking if any department has any alternative contact details. If the address is correct, follow up letters should be sent.

**Step 4** – The retiree completes the forms and returns them to HR Operations.

**Step 5** - On receipt of information from the retired employee, HR Operations will complete the initial sections of the LGPS **IHR 18 month review of Tier 3 pension form** on behalf of the employer and send this, together with any documentation from the retired employee, to Health and Wellbeing for review by an IRMP.

**Step 6** - The medical assessment is undertaken by an IRMP. If appropriate, Health and Wellbeing will contact the individual and may request they attend a consultation.

The IRMP will review whether the retired employee is:

- **is still** suffering from the condition that rendered him/her permanently incapable of discharging efficiently the duties of their employment **and**, as a result of that condition, still has a reduced likelihood of being capable of undertaking any gainful employment before reaching normal retirement age
- **is still** suffering from the condition that rendered him/her permanently incapable of discharging efficiently the duties of their employment **but does not** have a reduced likelihood of being capable of undertaking any gainful



employment before reaching normal retirement age

- **is no longer** suffering from the condition that rendered him/her permanently incapable of discharging efficiently the duties of their employment

**Step 7** - The IRMP will complete the relevant parts of the LGPS IHR 18 month review form, setting out their medical opinion. This is then returned to HR Operations.

**Step 8** - HR Operations will submit the LGPS III Health Retirement - 18 month review of tier 3 form to a senior manager for determination and authorisation, in accordance with the organisation's management governance arrangements.

Documentation required for the employer's determination include:

- the LGPS IHR Certificate signed by an IRMP
- any relevant medical reports from IRMP/OH
- any relevant documents from the retired employee

**Step 9** - The senior manager completes the **LGPS III Health Retirement - 18 month review form** by stating which of the following outcomes is authorised.

The possible outcomes are:

- the retired employee is found to be in gainful employment and the pension should cease on the date the member commenced employment
- the retired employee is assessed to be capable of gainful employment and the pension will cease immediately
- the retired employee is assessed to be not currently capable of gainful employment but likely to be capable of gainful employment before normal retirement age and the current pension will continue for the remainder of the Tier 3 payment period (i.e. the first 3 years of receipt) or until gainful employment (whichever date is earlier)
- the retired member of staff is assessed as not being capable of gainful employment before normal retirement age and the pension will be uplifted to Tier 2.

**Step 10** - The LGPS IHR - 18 month review of tier 3 form is completed at this point and is returned to HR Operations.

**How to notify the retired member of the decision**

**Step 11** - HR Operations will write to the retired employee to notify the retired employee of the decision. This notification must also state:

- their a right of appeal and to who
- the date by which any appeal must be submitted

A retired employee may appeal against:

- the IHR pension ceasing due to a determination of gainful employment
- a medical assessment of being capable of gainful employment
- a medical assessment of being capable of gainful employment within 3 years of normal retirement
- a decision made by the employer

HR Operations will scan the letter to the ePF.

Any Appeal will be under the Internal Disputes Resolution Procedure Policy.

**Implementing the decision**

**Step 12** - The HR caseworker will:

- scan the completed LGPS Certificate of Ill Health into the ePF
- email Hampshire Pensions Services to notify them of the review and the outcome decision, attaching a link to the scanned LGPS Certificate of Ill Heath

**Step 13** - Hampshire Pensions Services will then implement any changes to pension benefits if these apply.

**Summary of how the decision affects the individual**

Outcome - the retiree is found to be...	Impact for individual
in gainful employment	<ul style="list-style-type: none"> <li>• Pension payments will cease from the date gainful employment started. Any overpayment will be recovered from Hampshire pension Services.</li> <li>• Pension benefits will be deferred until normal retirement age</li> </ul>

capable of gainful employment	<ul style="list-style-type: none"> <li>• Pension payments will cease from the date LGPS IHR 18 month review certificate is authorised.</li> <li>• Pension benefits will be deferred until normal retirement age</li> </ul>
not currently capable of gainful employment but is likely to be so within 3 years of the original IHR decision.	<ul style="list-style-type: none"> <li>• Pension payments will continue for the remainder of the 3 year period for tier 3</li> <li>• Pension payments will then cease and normal pension benefits deferred until normal retirement age*</li> </ul>
not capable of gainful employment within 3 years of the original IHR	<ul style="list-style-type: none"> <li>• The employer has the option to uplift the IHR to tier 2.</li> <li>• Where Tier 2 is awarded, the pension payment will be increased accordingly and remain payable for life</li> </ul>

\*If the employee remains incapable of gainful employment at the end of the 3 year IHR tier 3 period, they can apply for IHR as a deferred member of the pension scheme.

***Request for review at any other time***

A retired employee who has been in receipt of an IHR pension at tier 3 may request a further review at any time within the 3 year period of tier 3 benefits, or within 3 years of tier 3 benefits being discontinued.

In this instance, HR Operations will select the appropriate LGPS III Health Retirement Certificate and the process will be the same as for the 18 month review.

## SECTION 3 - Requests for IHR from a former employee (deferred)

### Request for consideration of Ill health retirement

To be considered for IHR the ex-employee must put their request for assessment in writing and send this to:

HR Operations, Corporate Services, Hampshire County Council, The Castle, Winchester, Hampshire. SO23 8UJ

### How the request for IHR is processed

**Step 1** - HR Operations will acknowledge receipt of the request and send the ex-employee the '**Consent to access medical records form**' for completion and return.

**Step 2** - HR Operations will seek the following information:

- the department and section where the ex-employee last worked
- the individual's former job title
- a named manager within the former employing department/section
- the date the individual became a member of the LGPS pension scheme
- the relevant employment dates (to ascertain which pension rules apply and which LGPS Ill Health Retirement Certificate should be used)

**Step 3** - HR Operations will email the identified manager and appropriate HR Business Partner to notify them of the pension member's request and of the potential for the cost of any medical reports requested to be re-charged to the department/section.

**Step 4** - HR Operations will select the appropriate **Certificate of IHR** from Hampshire Pension Service's website (dependent upon employment dates) and complete **Part A** on behalf of the employer.

**Step 5** - HR Operations will forward to Health and Wellbeing:

- the original request for IHR by the ex-employee, together with any other relevant documents they provided
- the appropriate **Certificate of IHR** for an ex-employee with **Part A** completed on behalf of the employer

- the role profile matched to the employee when they were most recently employed

Note - The costs of any external medical reports requested by Health and Wellbeing will be recharged to the department where the employee most recently worked.

**Medical assessment**

**Step 6** - The medical assessment is undertaken by an IRMP who will review whether the former employee is:

- **is** on the balance of probabilities, permanently incapable of discharging efficiently the duties of his / her former employment
- **is not** on the balance of probabilities, permanently incapable of discharging efficiently the duties of his / her former employment

**Step 7** - The IRMP must complete and sign the relevant sections of the LGPS certificate of ill health retirement and return this to HR Operations.

**Senior management decision on the IHR request**

**Step 7** - On receipt of the IHR Certificate completed by the IRMP, HR Operations will forward the certificate to senior management to request a determination and authorisation from the employer on whether early payment of pension on the grounds of IHR is agreed.

Documentation required for the Employer’s decision includes:

- the LGPS Ill Health Retirement Certificate signed by an IRMP
- relevant medical reports from Health and Wellbeing
- any relevant documents from the retired employee

*Note:* In circumstances where OH **do not** recommend IHR, the employer is still required to complete the Certificate of IHR for an ex-employee to confirm the process has been followed.

**Step 8** - HR Operations will scan the IHR Certificate to the ePF

**Notification of decision**

**Step 9** - HR Operations will write to the former employee to notify them of the outcome.

The possible outcomes are:

- Ill health retirement (IHR) is not granted
- Ill health retirement (IHR) is granted

Where IHR **is** granted a 'Retirement Declaration' form should be enclosed for the employee to complete and return to Hampshire Pensions Services.

Where early payment of the deferred pension **is not** granted the letter confirming this outcome must include information on:

- their right of appeal under the IDR process
- the date by which any appeal must be submitted.

Note: Ill Health Retirement granted to a deferred member of the pension scheme is not reduced for early payment and there is no direct charge to the employer. Benefits are not enhanced or reviewed.

**Implementing the decision**

Whether early payment of the deferred pension **is** granted or **is not** granted HR Operations will:

- scan the completed LGPS Certificate of Ill Health to the ePF
- email Hampshire Pensions Services to notify them of the review and the outcome decision, attaching a scanned copy of the LGPS Certificate of Ill Health

Hampshire Pensions Services will then implement any changes to pension benefits.

Payments and will take approximately four weeks to process.

**Right of appeal**

A former employee may appeal against the non-award of IHR and should contact HR Operations.

Any appeal must specify if it is an appeal against 1) the medical advice, or 2) any non-medical aspect of the decision.

The former employee must set out the specific reasons for the appeal and provide any information they have to support their appeal. This Appeal will be under the Internal Disputes Resolution Procedure Policy.

## **Roles and responsibilities**

### **Manager**

- applying the Managing Sickness Absence Policy accurately and with sensitivity, as required
- using the portal to notify the IBC of any sickness absences confirmed by H&S as an industrial injury
- maintaining regular contact with staff during periods of sickness absence and keeping them informed
- maintaining appropriate standards of confidentiality
- discussing IHR with the employee if OH consider this may be an option, and confirming to HR Operations if the employee wishes this to be progressed
- arranging meetings as necessary
- drafting and issuing of letters, reports and documentation with HR support as necessary

### **Employee**

- operating within the requirements of the Managing Sickness Absence Policy
- maintaining regular contact with their manager during a period of long term sickness absence
- engaging in and co-operating with the process, including referrals to OH

### **HR Operations**

- advising on policy application
- supporting with case management
- advising on the completion of letters, reports and relevant documentation
- completing the initial section of the LGPS III Health Retirement Certificate on behalf of the employer and requesting OH arrange a medical assessment
- attending appropriate meetings in an advisory capacity

Note: HR does not perform a decision-making role

### **Health and Wellbeing (Occupational Health)**

- arranging for relevant medical information to be made available to an IRMP so enable an assessment of IHR
- providing a recommendation on whether the criteria for IHR is met and, if so, the appropriate tier of IHR

### **IBC Employers Pension Admin Team**

- acting upon instructions to amend employee SAP records
- produce form ST8B and forward to Hampshire Pension Services
- provide accurate and timely payroll data and complete appropriate instructions to Hampshire Pension Services to enable pension payments to be made as soon as practicably possible

## **Hampshire Pensions Services**

- processing the IHR pension once authorised by the employer

## **Union / professional association / workplace representatives**

- supporting their member/colleague
  - attending relevant meetings or ensuring meetings are covered and not delayed
  - supporting a fair and equitable approach to the application of the process
- They may make representations, submit papers, ask questions and address a meeting on behalf of the employee. They may not answer questions on behalf of the employee.

## **Key definitions**

**Ill Health Retirement (IHR)** - when an employee (or former employee) who is also a member of the pension scheme is granted early access to their pension due to a medical condition that has led to them being permanently unable to continue in their job (or an alternative role).

**Disability** - A person has a disability for the purposes of the Equality Act 2010 if they have a physical or mental impairment which has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities.

**Calendar days** - where reference is made to calendar days, these are defined as Monday to Sunday, including Bank Holidays or Public Holidays. This is consistently applied irrespective of an employee's work pattern.

**Statement of fitness for work** – also known as a 'fit note' is usually issued by a GP or a hospital doctor. The note will say the employee is either 'not fit for work' or 'may be fit for work' with recommendations on how this can be achieved.

**A reasonable adjustment** – is an alteration that an employer can make that enables a disabled person to continue to carry out their duties without being at a disadvantage compared to others.

**Gainful employment** – paid employment for not less than an average of 30 hours in each week for a period of not less than 12 months. It does not have to be employment that is commensurate in terms of pay and conditions with the employee's current employment.

**OHP** – Health and Wellbeing Physician

**IRMP** – Independent Registered Medical Practitioner qualified in occupational medicine who is appointed to have an independent view of the case under consideration.



**Deferred pension** – where a pension is deferred (frozen) until normal retirement age.

**Local Government Pension Scheme (LGPS)** – the pension scheme in place for employees of local government organisations.

**Internal Dispute Resolution Procedure (IDRP)** - the procedure to deal with disputes between pension beneficiaries (or potential beneficiaries) and an occupational pension scheme or the pension scheme employer.

**Support Managers:** Any queries can be directed to:  
HR Operations: [hradvice@hants.gov.uk](mailto:hradvice@hants.gov.uk) or 01962 813915

## How to guide Governance

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