

# **WIRRAL COUNCIL**

## **PENSIONS COMMITTEE**

**14 JANUARY 2009**

### **REPORT OF THE DIRECTOR OF FINANCE**

#### **ILL HEALTH RETIREMENT REGULATIONS**

##### **1. EXECUTIVE SUMMARY**

- 1.1. This report informs Members of the circulation by the Department for Communities and Local Government (DCLG) of the promised Statutory Guidance on the new ill health retirement arrangements introduced on 1 April 2008.

##### **2. BACKGROUND**

- 2.1. The DCLG originally issued the LGPS (Benefits, Membership and Contributions) Regulations 2007 on 4 April 2007, dealing with the introduction of new tiered ill health regulations from 1 April 2008.
- 2.2. Members last considered this matter at the meeting held on 29 September 2008 (Minute 35 refers).

##### **3. STATUTORY GUIDANCE**

- 3.1. A draft version of the Statutory Ill Health Guidance was issued by the DCLG on 1 July 2008 and a response was submitted by MPF on 7 August 2008, raising several technical issues.
- 3.2. The DCLG circulated the final version of the Statutory Guidance issued under Regulation 56(3) of the LGPS Administration Regulations 2008, on 24 November 2008 (Appendix 1 to 4 attached). The latest version of the guidance is little changed from the earlier draft issued.
- 3.3. Employers, administering authorities and Independent Registered Medical Practitioners (IRMPs) must have regard to this guidance when carrying out their functions under Regulation 20 of the LGPS (Benefits, Membership and Contributions) Regulations 2007 (SI 2007/1166) as amended by the LGPS (Amendment) Regulations 2008 (SI 2008/1083), and Regulation 56 of the LGPS (Administration) Regulations 2008.
- 3.4. The background to and rationale for the introduction of the tiered arrangement is set out at annexe A of the letter. Two model ill health certificates are provided at annexe B and C of the letter.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1. The Actuary incorporated assumptions of the impact of the new regulations when completing the 31 March 2007 Actuarial Valuation to determine employers' contribution rates for the period 1 April 2008 to 31 March 2011. These may need to be revised at the next valuation depending on actual experience.
- 4.2. It will not be until the 31 March 2010 actuarial valuation, at which time the cost sharing mechanism will also be implemented, that the long term future costs of the LGPS including the ill health changes are likely to become clear. The long term cost implications for employers and future funding implications of these changes will be reviewed as part of the Cost Sharing Arrangements by the Local Government Review Group in the light of experience.
- 4.3 The Ill Health Working Party set up by the DCLG and the Policy Review Group will be collecting data from Pension Funds and employers on the actual experience of ill health awards made under the new regulations and considering whether any further changes are necessary.

#### **5. STAFFING IMPLICATIONS**

- 5.1. As previously reported the Implementation of the amended ill health regulations including a more complicated tiered award system and the tier 3 review requirement is likely to increase the workload for both the Pension Fund and the employers and result in increased appeals.

#### **6. EQUAL OPPORTUNITY IMPLICATIONS**

- 6.1. There are none arising from this report.

#### **7. COMMUNITY SAFETY IMPLICATIONS**

- 7.1. There are none arising from this report.

#### **8. HUMAN RIGHTS IMPLICATIONS**

- 8.1. There are none arising from this report.

#### **9. LOCAL AGENDA 21 IMPLICATIONS**

- 9.1. There are none arising from this report.

#### **10. PLANNING IMPLICATIONS**

- 10.1. There are none arising from this report.

#### **11. BACKGROUND PAPERS**

- 11.1 DCLG Letter dated 24 November 2008 - Ill Health Statutory Guidance.

12. **MEMBER SUPPORT IMPLICATIONS**

12.1. There are none arising from this report.

13. **RECOMMENDATION**

13.1 That Members note the report.

IAN COLEMAN  
DIRECTOR OF FINANCE

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