

Ill health guidance

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Introduction

Employers are responsible for deciding whether an active member qualifies for ill health retirement. Before deciding, they must obtain a certificate from an independent registered medical practitioner (IRMP).

This guidance supplements the S18 certificate you can use.
The certificate can be used for all members, including councillors.

The Scottish Public Pensions Agency (SPPA) has provided 'A Guide to Ill Health Retirement and Early Payment of Deferred Benefits'. When dealing with ill health cases, employers, administering authorities and IRMPs should have regard to the guide. You can access this at www.lgpslibrary.org/assets/sppacirc/20201gui.pdf. The certificate incorporates the requirements set out in the guide.

Please see the section '[regulatory references](#)' for a list of the legislation on which we have relied when producing the certificates

Further information on completing the S18

Part B: IRMP's opinion

Question 3: the answer is used to determine whether the member could be subject to an annual allowance tax charge under the Finance Act 2004. See PTM051200 for more information (www.gov.uk/hmrc-internal-manuals/pensions-tax-manual/ptm051200).

Part F: Employer Decisions

Question 1 (for non-councillor members): if the employer answers 'yes' and terminates the employment on the grounds of ill health or infirmity of mind or body before normal pension age, the member qualifies for, and must take, early payment of their pension (providing the member meets the vesting period).

Question 1 (for councillor members): if the employer answers 'yes' and the councillor member ceases the office on the grounds of ill health or infirmity of mind or body before normal pension age, the member qualifies for, and must take, early payment of their pension (providing the member meets the vesting period).

Question 2: if the employer answers 'yes', the member qualifies for tier one ill health retirement benefits. If the employer answers 'no', the member qualifies for tier two ill health retirement benefits.

Question 3: if the employer answers 'yes', the reduction in the pensionable pay as a result of the reduction in contractual hours because of ill-health, is ignored when calculating the assumed pensionable pay, which will be used to work out the ill health enhancement. For further information, see section 8 of [the ill health guidance](#).

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Glossary

Efficiently: section 5 of the ill health guidance defines this to mean “in a well-organised and competent way.”

Gainful employment: means paid employment for not less than 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 member’s current employment / office. For more information, see sections 5 and 9 of the ill health guidance.

Ill health guidance: employers and IRMPs must have regard to guidance from Scottish Ministers when dealing with ill health cases. The relevant guidance is called ‘A Guide to Ill Health Retirement and Early Payment of Deferred Benefits’. To access the guide, visit:
www.lgplibrary.org/assets/sppacirc/20201gui.pdf.

Insignificant extent: HMRC’s Pension Tax Manual 051200 defines this to mean “that the individual is not able to continue in their current job and is not likely to be able to take any other paid work to the extent that this is significant. For example, the individual could undertake voluntary work or unpaid work where out of pocket expenses are reimbursed or small amounts of travelling or subsistence payments are made. Any paid work should be insignificant, for example it should be infrequent or only for a few days during the year and the payment must be small in amount, not just as a proportion of previous pay or salary.”

Likely: section 5 of the ill health guidance defines this to mean “probably the case or could well happen.”

Normal pension age: means the member’s State Pension age (or age 65 if this falls SPA).

Permanently incapable: means that the member is, more likely than not, incapable until at the earliest the member’s normal pension age. For more information, see sections 5 and 9 of the ill health guidance.

State Pension age: please visit www.gov.uk/state-pension-age to check the State Pension age.

Unlikely to be capable of undertaking: for more information, see the definition of ‘able to undertake’ in section 9 of the ill health guidance.

Vesting period: a member meets the Scheme’s vesting period after contributing to the Scheme for at least two years’. However, there are situations where a member may meet it before. The employer will need to check with the administering authority if they are unsure.

Regulatory references

The following lists the regulations on which we have relied when creating the certificates:

Certificate on ill health retirement of active members

- regulations 31(9), 34, 35, 37, 67, 68 schedule 1 and schedule 5 of the Local Government Pension Scheme (Scotland) Regulations 2018
- section 229(3)(a) and (4) and paragraph 1 of schedule 28 of the Finance Act 2004
- schedule 1 of the Interpretation Act 1978

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