

# Assumed Pensionable Pay: Video Transcript

## Intro, Housekeeping, Outline [00:00]

So thank you all firstly very much for coming today to this morning's session. This morning's session is going to be on assumed pensionable pay, or APP as we often call it. Please note that for today's session, as always, all attendee microphones are being muted during the presentation. Please keep questions for the end if you do have them; you can ask them verbally at the very end. You can also put them in the chat if a question pops up in your mind, and you don't want to forget about it. You can put it in the chat during the - during the session. Just note that I won't be in and out of the chat. During the seminar, I'll just be doing the presentation, but I will get to the chat after the seminar today if there are any outstanding queries at that point. We are recording the sessions that it can of course be posted on our website at a later date.

## Recording

Because we've been doing employer sessions for the last two weeks; and we have another one, the last one tomorrow morning on Discretions Policy Documents **[referring to past training session held in November 2025]**, our Communications team is working really hard to get all those recordings edited and uploaded to our website. So please just be patient if you're looking for the recording of these sessions from the last week and - the last week as well. They are to get them online as soon as possible. Once the recordings are available, and posted on the website, they will be available on the Employers tab, and then in the Training and Events tab, where you would go - the same place you'd go to sign up for any of our seminar sessions.

## Presentation Attributes

Because we're recording today, we've disabled all attendee cameras, so it's just my camera that's on. We don't have anyone, as I say, covering the chat today, so just note that if you put questions in there, I'll come back to them after at the very end. Please ensure if you're joining today without a contact email attached to you, so if you're joining, and it's "unverified"; usually it'll show up as your name and "unverified", that means I won't be able to go into your details and get your

email address, so if I need to contact you after the event - about a question that you've put in the chat, please do leave a contact email for you as well. Or, at the very end I'll be sharing my email address and our main desk email address here for reception, so you can just wait and email your query to me as well, if you prefer,

Please note this seminar today is only for employers who administer the Local Government Pension Scheme NI, which is NILGOSC. So for employers who don't administer the NILGOSC Pension Scheme this information will not apply to you today. My name is Leah Sheerin and I'm the Employer Liaison Officer here at NILGOSC, so I provide all of the seminars and training for both members and employers. With me today as well, I have my colleague Rachel, Rachel Clarke, who is a Technical Officer here at NILGOSC. Rachel is just helping in the background to make sure that everything looks okay, people stay muted and so on. So please ensure that if your microphone comes off mute during the presentation, you put yourself back on mute; It just means that the recording flows well, whenever we post it on the website, and we don't have to be muting people in post-production.

## **Content Outline**

So, getting started then. So all about APP or assumed pensionable pay today, so first of all, of course, we're going to talk about what is APP. Then we'll look at the circumstances when APP is actually used by you, the employer. We'll look at how you, the employer, has to calculate the APP. We'll look at the impact of APP on employer contributions, so what it actually means for you, the employer, when you're paying your employer contributions. Because, of course, when you're using APP, your employer contributions are going to be based on the APP figure rather than any reduced pay figure that the member is actually receiving whether they're off on leave due to sickness or child related leave.

We'll then look at a sample scenario of APP and use for an active member; I'll just be using demo information, demo figures for a completely fake member of the Scheme. So that'll take you through kind of a walk-through of what happens; And I think the scenario I use for that is a member who's going off on-on sick leave, and then eventually works towards ill-health retirement.

Lastly, we'll look at the reporting requirements of APP, so, of course, just what you need to report to us, the Scheme, about APP, about assumed pensionable pay, and

that'll go through both the annual return for any employers who are still using annual returns each year. It'll also go through for those employers who are using i-Connect, who have moved to that system

## **What is APP? [04:00]**

First up then, What is APP? So APP has replaced the concept of notional pay. So we used to use notional pay, but now we use assumed pensionable pay. Assumed pensionable pay has to be used when a member is on leave due to sickness or injury, and is on reduced or no pay, is on relevant child-related leave, or is absent on reserve forces leave. Now note, as I say, in brackets there, it doesn't apply if they qualify for any other occupational pension scheme in relation to employment, so if they moved to reserve forces leave, and they are entitled to any other kind of occupational pension scheme membership at that point, but they move to a different pension scheme, then APP doesn't apply there because we would assume that they're being - that they are accruing pension under that new-new pension scheme rather than NILGOSC anymore.

Also note that if they are on leave due to sickness, or injury, or any relevant child-related leave, it is only, as I say, there when they move to reduced or no pay that APP needs to be brought in because APP is basically a way of protecting a member's pension accrual while they're on reduced or no pay. So if you have - part of the - part of you as an employer whenever a member goes off on sickness or injury leave you have them on full pay, say for example, for about 3 or 4 months at the beginning, APP wouldn't need to be used at that point because the member's still receiving their full pay at that point. So, as I say, APP is used to ensure a member's pension accrual isn't negatively impacted by a period of reduced or nil pay due to the above scenario, so those three bullet points **[referring to on-screen presentation slide titled "What is APP?"]** are what you're keeping in mind each time you're thinking whether you - whether or not you need to start using assumed pensionable pay for your employer contributions.

Relevant child-related leave - it's a query we get a lot - it is very much defined in the regulations as including ordinary maternity, paternity, adoption leave and parental bereavement leave, and then on top of that, any paid additional maternity, shared parental, or additional adoption leave, or bereavement leave. So the real key word

there, is paid additional. You should - you probably know yourself by now that if it's unpaid additional maternity, or shared parental or so on. Once that unpaid aspect comes into matern - relevant child - or comes into child-related leave, then the - it just counts as - as a break in service, and member is away from work on unauthorised - or on unauthorised unpaid leave rather.

## **How does CARE Pension Build up? [06:25]**

So looking how - at how CARE pension usually builds up in the Scheme, and then we'll look at the effect of APP, or the effect of a member being off on reduced pay or nil pay leave, and how that can affect their pension accrual. So firstly, CARE pension the way it usually builds up, is it builds up at a rate of 1/49th of a member's pensionable pay each year, so, for example, if a member has pensionable earnings in one year of £30,000, you will be remitting that figure; the £30,000 figure to us at the end of the financial year, and we will divide that by 49. And that £612.24 is what gets directly added into that member's pension pot; and that's their pension accrual for that particular year.

You can see a sample CARE pension pot here **[referring to on-screen presentation slide titled “How does CARE pension build up?”]**. This is kind of a pared down version of what we would have on every member's record to show their CARE earnings over time. So you can see from the year 2022 right up to 2025 how that CARE pension has been accruing each year, so you can see the pension build up in the year, which gets directly added into their total CARE pot. You can see the pensionable pay there as well that we would have been using, and dividing by 49, for each year there.

Of course you'll know yourselves that we also apply an increase each year as well, an inflationary increase to keep up with the-the-the level of inflation. So that will be added on as well to each member's CARE pot each year. If pensionable pay is reduced of course because the pension accrual in the CARE scheme is based all on the pensionable pay for the year. If pensionable pay is reduced for a year, as in for example, 25 - 2025, which I've highlighted there above, the pension accrual for that year, of course, is going to be lower.

So if the pension pay lowers or is reduced, the pension accrual for that year is also going to be lowered or reduced, so for example, I've put in the £15,000 a year. So,

they were used to getting £30,000 of pensionable earnings each year divided by 49, so they were used to getting a pension accrual of about £612 each year. But then in 2025, for whatever reason, they dropped down to about £15,000, and therefore the pension build-up in that year reduces to £306.12.

## **What Causes Pensionable Pay to Reduce? [08:35]**

So, what can cause pensionable pay to reduce? So, lots of different cases such as a reduction in hours per week, so if a member is working reduced hours, then they're getting reduced earnings, which generally will mean that their pensionable pay would be expected to go down. If they're working less overtime, so if it's a member who works a lot of overtime usually, but then they change - there's a change in their contract potentially, or they just, you know, don't work as much overtime as they did before, then that will also, of course, affect their overall CARE pensionable pay earnings for the year.

If there's a change in their job, and it's a lower rate of pay, so if they reduce their grade, for example. If there are strike days involved, the member's off and they're not accruing - they're not being paid for those days because strike days aren't covered, then that could also have an effect on their overall pensionable pay for the year. If they're on authorised unpaid leave, so that's what I meant before whenever I was talking about authorised unpaid leave, such as, paid or additional unpaid, maternity leave, and so on. If they were on sick leave, this can affect pensionable pay.

And if they were on relevant child-related leave, this can also affect pensionable pay. The reason I've highlighted both of those in red is because, as we'll look at a slide next to this one, those two things, even though technically pensionable pay would be reduced in those cases. APP is where it comes in. APP comes in where it's you as an employer making sure that that member's pensionable pay, ultimately that their pension accrual, for those years is based on, isn't affected ultimately.

## **What is Protected by APP? [10:06]**

So, what is actually protected by APP? So there are some types of leave that are protected by APP, and it's those two types which is leave due to sickness or injury and child-related leave. So the LGPS NI regulations are set up to protect a member's pension savings during those two types of absences, and that's why we

have, what we call assumed pensionable pay or APP. So the pension accrual shouldn't be reduced if the pay is reduced for these reasons, so the pension accrual shouldn't really be negatively impacted or affected if the pay is reduced for that particular year, for the two reasons above **[referring to on-screen presentation slide titled "What is protected by APP?"]**, so leave due to sickness or injury, or child-related leave.

The member pays contributions on the pay that's actually received whereas the employer pays contributions on the assumed pensionable pay whenever that's calculated. And in that way, the pension's built up on the APP and not the member's actual received pay. So you need to the employ - you, the employer, need to make sure at the end of a year - at the end of the financial year when you are remitting that full - that full CARE pensionable pay figure to us for the year that any APP that was in use is accounted for in that pensionable pay figure. So we don't want to know the actual pay that was received by the member if they were on reduced or, obviously, nil pay. We do want to know that APP figure because ultimately, that's what we want to divide by the 49, and add that into their pension pot for them.

### **Calculation of APP [11:29]**

Looking then at how APP is actually calculated. So, APP is the average of the pensionable pay the member received for the 3 months or 12 weeks prior to the pay period in which the member went on reduced or nil pay. You deduct any pensionable lump sums received during those previous 3 months or 12 weeks. You ignore any reduction that's due to a trade dispute or authorised absence. And then you gross it up to an annual figure. Once you gross it up to an annual figure for APP, you then add back any regular lump sum payments received in the 12 months, or before the member went to reduced or nil pay.

You then determine if the calculated APP is materially different, so whether it's higher or lower than the pensionable pay the member would have normally received. And if "Yes", if the answer is "Yes", you use a notional pay instead, so just really important to check whenever you calculate the APP whether or not it's going to look materially different, so whether that be higher or lower than their usual pensionable pay they would expect to normally receive when they're still working in normal capacity. And if "Yes", then use the notional pay rather than the APP.

## **Demo Scenario: Jeff gets ill (3 months' full pay entitlement)**

**[12:37]**

Looking then at the example use of APP, so, as I say, I've just used a completely made-up member, which I've called Jeff Demo. And we're going to look at what happens when Jeff Demo goes off on sick leave. So he gets ill, goes off on sick leave, and he's off for quite a while. And then what happens when he eventually starts to think about ill-health retirement. So firstly, Jeff Demo gets ill, and he goes off initially on sick leave. The Jeff sick - sick leave starts on the 19th January 2025. He is entitled under his contract of employment to three months' full pay while off sick, So for those first three months, what happens? The member's receiving full pay for the first 3 months, so no APP is needed because the member is not either on reduced pay or nil pay. Both employee and employer contributions are due as usual because the member is receiving full pay. Pensionable pay is unreduced, so pension accrual is not going to be impacted in any way. And there are no forms to be filled in yet at this point by the employer.

## **Demo Scenario: Jeff still ill (3 months' half pay entitlement)**

**[13:34]**

3 months then after Jeff goes off on sick, he's still not well and he hasn't returned to work. Jeff is entitled to 3 months' half pay at that point from his employer under his contract of employment, so he's had a 3 months' full pay, and then you, the employer, are communicating to him: "You now have 3 months' half pay on sick leave!" So his half basic leave starts then from that third month onwards, the 19th of April 2025.

So what happens from the 19th of April to the 19th of July for the next 3 months. Because he's gone down to half pay, so he's still getting some payment from his employer, but he's now started reduced pay; APP must now come in and be used to protect his pension accrual; otherwise, his pension accrual is going to be based on a lowered pensionable pay figure because he's on reduced pay. And we know the regulations say that that is a protected type of leave; him being on sick leave should not be impacting the fact that the pension is being accrued at 1/49th of the reduced pensionable pay.

So the employer calculates the APP. Jeff pays his employee contributions on the pay that he receives, so on the half pay figure. The employer is paying their contributions on the APP figure, and then the employer needs to submit, as well, an LGS34 form to NILGOSC within 30 days of that reduced pay period starting. That's just to let us know, this member, Jeff Demo, has got off on - is-is off on sick leave, and he has now started a period of reduced pay. And that's just that we can keep his record as up to date as possible in the background.

### **Importance of APP Figure**

Really important that you, the employer, you need to ensure that any pensionable pay figures that you supply to NILGOSC whether that's on your i-Connect return or on your annual return at the end of each financial year, make sure that they contain the APP not reduced pay the member was receiving. This is because we'll ultimately be taking 1/49th of this figure, and adding it to the member's pension pot for the year.

So think about how your payroll system holds this APP figure; it is something we noticed, especially when employers were getting onboarded to i-Connect, that sometimes, unfortunately, a lot of payroll software systems are not built to automatically include that APP figure in the full pensionable pay figure for the year. So we were finding that a lot of employers, unfortunately, had to manually input and adjust the pensionable pay figure to make sure the APP was being included in it.

If that reduced pay figure is sent in, in the place of the APP figure instead, then that's going to obviously impact that member's pension accrual for the year, which is going to have negative outcomes unfortunately for that person, so really important to ensure it's remitted-remitted correctly on i-Connect or your annual return. And, as I say, you may need to do this manually if your payroll system isn't really kitted out to deal with the addition of APP into the ultimate, or the overall pensionable pay figure.

### **LGS34 Form: Snapshot [16:25]**

This is the LGS34 that I mentioned. So this is the LGS34 Breaks and Employment form, which you would fill in and send into us within 30 days of the reduced pay starting for Jeff demo. And you just tick the most appropriate reason that is available there. And what we would be looking at for Jeff Demo here would be the

third option there, "Reduced pay due to sick leave" **[referring to the on-screen presentation slide titled "LGS34"]**. And of course, it does mention there, it does advise you ensure APP is included in cumulative pensionable pay totals for your annual returns or for i-Connect, if you're an i-Connect employer.

It does ask you to put in the expected date of return to work. You can tick that "not known box" if you're not sure about it. If you're definitely not sure about it and you can't say with-with certainty whether they're - when they're going to be back, just tick "not known". known; it's absolutely fine. Whenever they come back, you are going to be filling in a further form anyways to confirm the date they returned, to work as normal, which is the LGS35 form. Send that LGS34 form into that email address I have in orange there. That's the [admin1post.incomingemails@nilgosc.org.uk](mailto:admin1post.incomingemails@nilgosc.org.uk). So that'll go straight to our Admin1 Department for logging on the member's record.

### **Calculation of APP for Jeff [17:35]**

Looking then at - because APP is of course starting to be used now for Jeff Demo once he goes to reduced pay from the 19th of April 2025. How is APP actually going to be calculated for Jeff Demo? So, we'll look at the three months of full pay before his reduced pay started, so it's because it's going to be the average of the previous three months. So we'll look at February 2025, we'll look at March 2025, and then April 2025 before he goes on to reduced pay leave. So, we'll look at his pay for each of those months. We'll then take the average, so we'll add them together, and then we'll divide them by 3. That'll give us an average figure.

So the APP calculation looks like this **[referring to the on-screen presentation slide titled "Calculation of APP for John Demo"]**. And it's the average of those three, the February, March and April pays is going to give us about £1,681.95. This will be the monthly APP going forward, so that'll be the APP there. So it's just the average of those previous three months before the reduced pay period started. Grossing that up to the annual figure, that's going to give them an annual APP figure of about £20,183. Notional pay, if that needs to be used, is £20,550. And again, you're looking at that to see, is it materially different, so look at the APP figure once you've grossed it up to that annual APP figure there, the £20,183 figure, and ask yourself whether or not it looks very materially different to what you would expect the

member to be receiving. If it is, then you can of course use that notional pay figure of £20,550 instead.

The contributions that will be due then on that APP figure, so we're looking at that £1,681.95 figure. So the employer contributions are going to be based on that figure, so it's 19% of the APP, so it's £1,681.95 multiplied by 19%, gives us about £319 per month in employer contributions. The employee, of course, isn't paying on the APP; they're on half pay, so they are pay - on the actual pay that they've received for that particular month. So for example, Jeff Demo, we're going to say he is on 5.8% contribution rate each month. So he's going to pay 5.8% of that half pay figure, which is the £856.25, multiplied by 5.8%, which will give him about £49.66 per month to be paying in employee contributions.

### **Demo Scenario: Jeff still ill (unpaid sick leave starts) [20:03]**

Okay, so 3 months after Jeff goes down to half pay sick, he is still not well and has not returned to work, so at this point we know he's exhausted his sick pay. So it's his six pay - sick pay that he can get from the employer because he had the three months' full pay. He then had the three months of reduced pay, and at this point you, the employer, saying "you've exhausted that sick pay allowance, and now you can still be on sick leave, but it's all going to be unpaid because unpaid sick leave then starts from the 19th of July 2025!"

So what happens at that point; he's gone from red - from full pay to reduced pay and now to nil pay. So what happens now, is that APP continues to be used in the same way that it was used when he was on reduced half pay. Jeff has no pay, so there are no employee contributions due because Jeff can only pay his employee contributions on the pay that he's actually receiving. If he goes down to nil pay, he's not getting any pensionable pay. So; therefore, there are no employee contributions payable. The employer, however, does continue to pay their contributions on APP because sick leave or - or leave due to illness is a protected type of leave.

So for as long as that member; as long as Jeff Demo is off on sick leave, his APP needs to be used; his pension accrual needs to be protected by the employer. The employer continues to remit the APP figure for pensionable pay, so there's no impact on the pension accrual at all. The employer needs to submit a new LGS34 form to NILGOSC within 30 days of the no pay period starting. So even though you did your

LGS34 whenever reduced pay started, you now need to do a fresh LGS34 form, so the same form again; just letting us know that now the member has moved to a period of no pay.

The start date of absence for that particular form for Jeff Demo is going to be 19th of July 2025 because that's the date of the absence starting from him going to absolutely no pay to nil pay. If the member's in the 50/50 section of the Scheme; really important to remember; you need to submit an SS11 form to move them back to the main section. If you have any 50/50 se - 50/50 section members, and at any point they move to nil pay, you need to make sure that they are being moved back to the main section of the Scheme as quickly as possible.

### **What's next for Jeff? (Continuation of Sick Leave or ill-Health Retirement) [22:13]**

So what's next for Jeff Demo? So he's now off - on sick leave for quite a while. He's now receiving no pay. His pension accrual is of course being still protected by the use - the employer's use of APP. So what are the next steps for him? So Jeff could remain off on sick leave for longer before returning to work when he's better. And for that whole time that he's off on sick leave, because it's a protected type of leave, he does need to still have his pension accrual protected, so he could be off for, you know, two years, and the employer is still having to pay employer contributions on APP.

Or Jeff could be considering ill-health retirement at that point. He's been off for quite a while on sick leave. He could start discussions with you as the employer about, you know, "I don't know if I'm actually fit to be returning to work anytime soon!" Ill-health and retirement may be an option for Jeff in that case. To qualify for-ill health retirement, a member has to be either permanently incapable of doing their job or permanently capable of doing their job and have a reduced likelihood of being capable of undertaking any gainful employment before their normal pension age.

## **Ill-Health retirement (ill-Health Medical, 2-Tier-Enhancement System) [23:17]**

### **Member Requirements**

A little bit more on ill-health retirement there **[referring to the on-screen presentation slide titled “Ill-health retirement”]**, so to qualify, as I say, permanently incapable of doing their job, and a reduced likelihood of being capable of undertaking any gainful employment before their normal pension age. There's no minimum age requirement for ill-health retirement, so you don't have to be, you know, age 55 and upwards to qualify for it because we know that ill-health, of course, can strike people at any time, so there's no minimum age requirement to go and be assessed for ill-health retirement. However, you do need 2 years' scheme membership or 2 years of qualifying membership in the Scheme to - to qualify for ill-health retirement.

An ill-health medical is required by NILGOSC's independent registered medical practitioner. So the member will have to go through that ill-health medical process to be assessed for ill-health. And then there's a 2-tier enhancement system that's used if the application is successful, so they are checked and assessed by the medical practitioner, and the medical practitioner will decide whether they are tier 1, or tier 2, if either; maybe they'll decide that that member doesn't qualify for ill-health retirement in the end.

### **Employer Obligations**

The employer has to refer the member for the ill-health examination. So it's not something that an active member can refer themselves for, so they'll have to be in conversation with you as the employer, and you'll have to put them forward for that ill-health retirement assessment process. The employer has to provide in that case the LGS22A form, any supporting medical evidence and a job description for that particular member. This all does have to happen, as I say in the box there **[referring to on-screen presentation: Box says “Must happen before employment terminated”]**, before the employment is terminated for any reason due to - due to ill-health, okay, so make sure while the member is still in active employment with you that this process is occurring and-and is happening.

## 2-Tier-System

Just to explain those tiers as well for ill-health retirement, so you're aware of those. So we have the tier 1 and tier 2 enhancement system that's used. Tier 1 is basically the sort of maximum, which is, they are assessed by the medical practitioner and it's found that they are considered unlikely to be capable of undertaking any gainful employment before the normal pension age. And what happens if they do meet that tier is, they receive all the pension benefits that they've built up, plus an enhancement of 100% of the pension that they would have expected to have built up in the main section of the Scheme to the normal pension age. So it's that 100% enhancement on top of the benefits that they have actually built up to that point, where they go off on ill-health retirement.

Tier 2 then, is, they're considered likely at some point to be able - to be capable of undertaking any gainful employment before their normal pension age. At that point, if they're tier 2, they receive all the pension benefit that they've built up at that point, plus an enhancement of 25% of the pension that they would have built up in the main section of the Scheme to their normal pension age.

So really just the difference there, is that tier 1, as I say, is the maximum one. Tier 2 is kind of the lesser enhancement rate of 25% rather than 100%.

## Post-Confirmation Steps

Okay, so if ill-health retirement is confirmed, so you've put a member such as Jeff - Jeff Demo through the ill-health retirement assessment process; they are told "Yes", ill-health has been confirmed; ill-health retirement is-is an option here, and they are accepted for that. So following the examination if ill-health retirement is confirmed, then the employer has to do the following. So firstly, you have to formalise a retirement date as soon as possible, complete an LGS16 form as soon as the retirement date is known, and submit that to [lgs16@nilgosc.org.uk](mailto:lgs16@nilgosc.org.uk).

And that LGS16 form is just an advanced notice of a member retiring, and it means that before they go you can tell us in advance "This is the retirement date for this member! They are retiring on the grounds of ill-health. These are all of the - this is all of the information, all of the figures that you need to know about at this point. We will then start things in the background, we'll start the admin process as well in advance, and it means that hopefully by the time that member actually goes to retire, so by the

time that retirement date comes around that we actually have things in place ready for them.

You need to provide the CARE pensionable pay for the current financial year, and that has to include any APP as well, so any assumed pensionable pay that was in use, which for Jeff Demo there was. Make sure that that CARE pensionable pay figure that you're reporting to us for the current financial year, includes that APP figure. If the member joined the Scheme before April 2020 - 2015, or transferred any final salary membership, or has any McCloud protections you also need to complete 2009 pay details, and that's just 365 days' worth of pay. So we will be requiring that as well, so just be certain to provide that if the member joined before April 2015, or you transferred in final salary membership, or any McCloud protections.

### **LGS16 Form: Snapshot, Checklist of Required Information [27:59]**

The LGS16, that's a wee snapshot of it there, so, as I say, it's the Advanced notification of an intended retirement, so the things that you need to provide on that - the employer name, member personal details, the employment details and the NILGOSC ref; really important to provide those employment details in the NILGOSC ref because if it's a person that has multiple employments we need to know about each of those employments.

The date of leaving, the final payment date, the section of the Scheme that the member's in, so whether they're in the main or 50/50 section, whether they have any AVCs that they pay into, so a-a additional voluntary contributions. There's working hours and weeks. We need to know the type of retirement, so in this case, it's going to be ill-health that you're ticking. You can also check things like voluntary retirement, flexible-flexible retirement; [or redundancy that should say rather than refund redundancy].

And if you are awarding any additional pension under regulation 32, so if you're planning on rewarding any additional pension to that member when they retire, you need to put that information in there as well; and there will be a section for that. The additional pension part that's just per your discretions policy, so per your discretions policy, there's a maximum of £8,823 per year of additional pension that you, the employer, can purchase for the member or can-can award the member. So that is an option that's available to you to grant under your discretion policy.

## **LGS15 Form: Snapshot, Checklist of Required Information [29:24]**

And then whenever the member does leave, so whenever they retire under ill-health retirement, we'll be expecting the LGS15 Leavers form. And what you need to make sure you provide on that, again, your member details, the reason for leaving, the date of leaving, the details of any other employments that the member holds with you. Again, whether you're awarding any additional pension. We need to know about any protections to be aware about, so if there were any medically reduced hours, so did the member reduce their hours for medical reasons before they actually retired?

Was there any downgrading that happened in the last 10 years of the member's employment with you? We'll need to see the final pay calculation for any pre-15 joiners, any details of absences, bonuses, etc. We'll need to see the CARE pay calculation as well. Remember that that CARE pay calculation needs to include any APP component, and there will be on the grade where you fill in the CARE pay; there will be a section, a separate section for also reporting APP completely separately as well. We'll need to know the APP that was used, and we will need to know about any AVCs, so additional voluntary contributions, or APCs additional pension contribution contracts.

## **Summary [30:34]**

### **Employer-only Calculation**

A few things about APP just to be aware of. NILGOSC cannot calculate APP or substitute notional pay for APP. So we do sometimes get employers who really want help calculating their APP, and we do have to explain that it's not something that we can calculate for you. Same thing with the notional pay as well. We can certainly guide you in the direction of our Payroll Guide and our sample workings of APP, but ultimately, it is yourself, the employer, who is responsible for calculating that final APP figure that's used for an employee.

The regulations only permit the employer to calculate this, so - we would be outside the regulations if we were to calculate it for you on your behalf. NILGOSC will calculate the benefits based on your APP figure, so, as I say, it's really really vital that this is accurate because otherwise the member is going to be negatively impacted if you send in the reduced pay figure to us rather than the APP figure.

## **Payroll System Requisites**

The payroll software, so you need to think about, as I said earlier in the presentation; think about whether or not your payroll software is programmed to include APP or will you have a manual adjustment that's required to be made. We've again, especially seen this for i-Connect employers. If you're trying to put the APP in, unfortunately, a lot of the time manual adjustment is needed to add that APP figure in to the pensionable figure that you're reporting to us and i-Connect. Think about, are there any other checks that you do, to ensure that the correct pay is remitted on your annual return or i-Connect to make sure that APP is being included? Think about, are there any checks to ensure that the correct employer contributions are being remitted as well, and that they are based on the APP rather than the reduced pay figure that the member was receiving instead.

## **Levied Charges**

NILGOSC may levy charges for any additional administration incurred because of incorrect information, so just be aware of that on our Pension Administration Strategy. There could be charges levied against you, the employer, if there are significant additional administration duties on our end required because of incorrect information relating to the APP figures. The only time APP can be recalculated is by re-evaluation when its use passes the start of the second consecutive scheme year, so it's not recalculated based on things like back pay, back-dated pay awards and so on; so we had - I think a lot of employers had some back-dated pay awards this particular year to pay, and we had a lot of queries coming in about people who had been on sick leave at the time or child-related leave and APP was in use. And a lot of employers wondering whether or not the APP should be recalculated for that back pay; and the answer is "No"; the only time that APP can be changed or recalculated is by that revaluation that's applied whenever it passes the use of the APP; passes the start of the second consecutive scheme year. That's it.

## **NILGOSC Website Resources [33:24]**

Again, just always pointing you in the direction of the resources that we have available on our website. A lot of information about APP, specifically in our Payroll Guide, specifically for Payroll departments, and you'll see a lot of examples of APP

being worked out there, notional pay being used, and so on. So please do use that. Our website as well in general whenever you go on to our main NILGOSC website. If you go in and - to the Employer area, you will see a lot of information about APP; we have a whole section on APP, and the calculation of it, and sample calculations of it as well, so please do use the website and the guides if you need them.

You can of course contact us as well, and we will always give you advice on APP; what it's used for, when you should be using it, and how it is calculated. Of course, as I said before, we can't calculate it on your behalf, but we can guide you in the calculation of it. There is also an LGA, so a Local Government Association byte-size training video on APP that is available on our website as well; I've linked it there on the slide.

I will be sending the slide deck out to all the attendees from today, so don't worry too much about having to take down notes, or anything, or links because you'll be able to click on them whenever I send the slide deck out to you. Our forms, all of the forms I mentioned there, the LGS15, LGS16 form, LGS34 form, LGS35 form; all of those forms and more are available on our website as well in the Employer Resources area.

## **How to Contact NILGOSC [34:54]**

Lots of ways to contact us if you ever do need help with the calculation of your APP or knowing whether or not APP should be used at that point. As I say, lots of help on the website and with our guides. All our forms are there. You can email us directly to get assistance or help with something. You can email either our main reception desk which is [info@nilgosc.org.uk](mailto:info@nilgosc.org.uk). You can email me directly which is [seminars@nilgosc.org.uk](mailto:seminars@nilgosc.org.uk).

You can telephone us and that's our main telephone number there. You can also visit us in-person if it's something that you really need to speak to us about in person. You can organise to come in and see us but please do try to organise that in advance with us, so that we can make sure we have a room available and so on.