CSP(NI)
Civil Service Pensions (Northern Ireland)

Office Memorandum 11/2021

From: **Margaret Coyle**

To: **All Administration Staff**

Date: **24 September 2021**

RE: **Ill-health retirement from alpha having previously taken partial retirement from the PCSPS(NI)**

The purpose of this Office Memo is confirm the process concerning members of the PCSPS(NI) who took partial retirement prior to moving to alpha but who now qualify for upper tier ill health retirement under the alpha regulations.

Under Regulation 73 of alpha, an active member of the scheme meets the upper tier threshold for the payment of an ill-health pension if:

a) the member is not partially retired; and

b) the member's breakdown in health involves total incapacity for employment.

What the regulations do not confirm is that the restriction applies to members who have taken partial retirement from the PCSPS(NI) not just members who have taken partial retirement from the alpha scheme.

Cabinet Office have amended their alpha regulations to correct this error in respect of ill-health retirement, with the intention that any member who has taken partial retirement must meet the requirement for an upper tier ill-health retirement pension but will receive a pension calculated as though it were a lower tier ill-health retirement pension.

We are amending the Alpha regulations to effect this change but until such a time as the amendment regulations can be made, we are applying policy intent and you are instructed to process such cases in line with this policy in anticipation of the regulations being amended.

The main CS Trade Unions have agreed in principle to this and other proposed amendments to the alpha regulations at meetings of the Civil Service Pensions Forum.

Margaret Coyle

Margaret Coyle
Policy, Legislation and Communication

CSP(NI)
Civil Service Pensions (Northern Ireland)

Office Memorandum 13/2021

From: **Margaret Coyle**

To: **All Administration Staff**

Date: **15 November 2021**

RE: **Example of Upper Tier Ill-Health Hybrid – PCSPS(NI) and Alpha and Alpha Member Only**

The purpose of this Office Memo is to demonstrate how to calculate an alpha upper tier ill-health pension in circumstances where the member has received sick pay nil pay or Pension Rate of Pay (PROP) from their transition to alpha until their departure on ill-health retirement.

We have encountered an issue of people leaving on upper tier IHR from Alpha having been on unpaid sick absence ever since transitioning to Alpha. This revised policy means that if a transition member is on nil pay or PROP any period during their first year in alpha and then leaves on ill-health retirement, they will be treated for the upper tier top up calculation as if they received their normal salary and therefore earned pension accordingly during that period (there could be more than one period as sometimes people return to work intermittently before they leave on ill-health retirement). They should be treated as if they had earned pension throughout any nil pay/PROP period that started before or during a transition member's first year in alpha even if that period extended beyond that year. This will only affect the upper tier top up element of their pension - they will not be treated as if they had earned pension while on nil pay/SPPR for the purposes of the lower tier element.

EXAMPLE ONE (see below) covers a member who was on Pension Rate of Pay (PROP) or unpaid sick leave nil pay for the entirety of their alpha service (2015 – 2017) and so did not accrue any alpha pension from their transition date until their leaving date on ill-health retirement. In such circumstances, where the period of nil pay or PROP extends beyond the first year in alpha until ill-retirement, and the member is unable to accrue a full year's pension before leaving on ill-health retirement, we have treated the member as being on assumed pay for the duration, for the purposes of calculating the alpha upper tier enhancement only.

This approach is **not** needed if, for example, someone was on nil pay in their first year in alpha, and then came back to work and retired on ill-health grounds some years later. Although it is very unlikely to happen, we need to ensure that if a transition member who was on nil pay or PROP for a period during their first year in alpha then at any point received pensionable earnings (either real or assumed) for more than a year (because they returned to work or, for example, sick leave on half pay), the above policy on calculating the upper tier enhancement would not be applied. It only applies

to transition members who were unable to accrue a full year's pension before leaving on ill-health retirement.

EXAMPLE TWO (also below) covers a member who was on Pension Rate of Pay (PROP) for the first 10 months of alpha service then received pensionable earnings (real or assumed) from their return until ill-health retirement. Where a transition members was able to accrue a full year's pension before leaving on ill-health retirement, the policy on calculating the upper tier enhancement at Example One has not been applied in this case.

I remind staff that when calculating "the enhancement fraction" on upper-tier ill-health retirement under alpha (regulation 76(3)), both "**the members assumed period of pensionable service**" (A) and "**the member's period of service**" (B (a)) are **expressed in years**. This does not mean that only whole years count, but rather that part years are expressed **as a decimal (to 4 places) of a year** - e.g. 3 years 275 days would be expressed as 3.7534. For the avoidance of doubt "*the number of scheme years in relation to which an amount of earned pension was specified in the active member's account*" (B (b)) *is* expressed as *whole years* - e.g. if a member has earned pension in the whole of the 2015/16 scheme year and for two months of the 2016/17 scheme year, B (b) will be "2" because the member has earned pension is two separate scheme years.

It should also be noted that assumed pay specifically excludes periods of sick leave for which a person receives either nil pay or PROP. That means, in Example Two below, pensionable service starts on 1 February 2016, the day after PROP finishes. This means that B(a) is 01/02/16 – 31/10/2017 = 1 years 273 days or 1.7479, whilst B(b) is 3. Therefore B is 1.7479.

By way of reminder, monetary values have been rounded up or down to the nearest pence. Legislatively, any fractions for years/months/days should always be rounded to 4 decimal places. Additionally, due to other minor system anomalies, such as the system taking the actual date the member will reach NPA rather than the day before, some system calculations will have a small negligible discrepancy when compared with the more accurate manual calculations.

This policy change reflects changes amendment regulations already introduced in GB. We intend to apply policy intent until such a time as we can amend the alpha regulations. As the main Civil Service Trade Unions have already agreed to the changes in principle, we do not anticipate any obligations to the making of the Statutory Rule.

Finally, staff are reminded that when members who were in the PCSPS(NI) (classic, classic plus, premium, or nuvos) before 01 April 2015, and then moved from that arrangement into alpha, the PCSPS(NI) part of the pension is not increased or enhanced in any way, but it will be adjusted in line with prices once it is in payment.

Margaret Coyle

Margaret Coyle
Policy, Legislation and Communications

EXAMPLE ONE - ALPHA UPPER TIER ILL HEALTH – HYBRID MEMBER – ACCRUED LESS THAN ONE YEARS PENSIONABLE EARNINGS FROM 1 APRIL 2015 TO DATE OF ILL-HEALTH RETIREMENT:

DoB: 05/03/1973

Joined NICS: 01/04/2000

Retirement date (illustrative): 31/10/2017

NPA: 05/03/2041 (Age 68)

Pensionable earnings: £ 36,812

In-service revaluation Yrs 1: 1.00% (illustrative purposes only)

In-service revaluation Yrs 2: 1.00% (illustrative purposes only)

Classic:

01/04/2000 – 31/03/2015 = 15 years – 2 years 328 days non-reckonable service

Total classic reckonable service: 12 years 37 days = **12.1014** (37 / 365 = 0.1014)

Service in 'classic': **12.1014**

Classic pension benefits based on salary of £36,812: 12.1014 x £36,812 / 80 = **£ 5,568.46 pension**

= **£ 16,705.38 lump sum**

Alpha:

Member was on Pension Rate of Pay (PROP) or unpaid Sick Leave throughout their alpha service and so did not accrue any alpha pension from their transition date until their leaving date. In these circumstances assumed pay and assumed alpha pension accruals are used for the ALPHA UPPER TIER ENHANCEMENT CALCULATION ONLY.

Period of Actual Service in alpha 01/04/2015 – 31/10/2017: 2 years and 214 days

214 days needs to be expressed as 4 decimal places: 214 / 365 = 0.5863

Total actual alpha service to date: 2.5863

Assumed period of pensionable service to NPA: 23 years and 124 days (01/11/2017 – 04/03/2041[1])

124 days needs to be expressed as 4 decimal places: 124 / 365 = 0.3397

Total assumed period of pensionable service to NPA: 23.3397

Assumed accrual of alpha pension benefits to 31/10/2017 calculated as follows:

	Year 1 **Assumed Pensionable Earnings £ 36,812**	**Year 2** **Assumed Pensionable Earnings £ 36,812**	**Year 3** **Assumed Pensionable Earnings £ 21,582.88** (£36,812 x 0.5863 (214 days))
Opening Balance:	£ 0.00	£ 854.04	£ 1,716.62
Step 1: In-service revaluation:	£0.00	£ 854.04 x 1% = £ 8.54	£ 1,716.62 x 1% = £17.17
Revised Opening Balance:	£ 0.00	£ 854.04 + £8.54 = £ 862.58	£ 1,716.62 + £17.17 = £ 1,733.79

[1] Day before day member reaches prospective NPA.

Step 1: Accrual at 2.32%:	£36,812 x 2.32% = £854.04	£36,812 x 2.32% = £854.04	£36,812 x 0.5863 = £ 21,582.88 x 2.32% = £ 500.72
Closing Balance:	**£ 854.04**	£ 862.58 + £ 854.04 = **£ 1,716.62**	£ 1,733.79 + £500.72 = **£ 2,234.51**[2]

Lower tier pension:

Classic pension: £ 5,568.46

Accrued alpha pension at 31/10/2017: £0.00 (see above – no actual alpha pension earned)

Added pension bought: £0.00

EPA bought: £0.00

Total lower tier pension = **£ 5,568.46** ('classic' + £0.00 'alpha')

£ 16,705.38 classic lump sum

Upper tier pension:

All lower tier pension: **£5,568.46 (see above)**

Plus

Enhanced alpha pension – see Regulation 76(3) (calculated as follows):

Enhancement fraction (A / B):

A = assumed period of pensionable service: **23.3397** (01/11/2017 – 04/03/2041)

B = the shorter of:

[2] Assumed Earned pension calculated as if they were paid their normal salary throughout whole period.

(i) member's period of service (expressed in years to 4 decimal places): **2.5863** (01/04/2015 – 31/10/2017);

(ii) number of whole scheme years to which an amount of earned pension is specified in the member's account: **3**

Therefore A / B: **23.3397 / 2.5863**

Enhancement fraction: **9.0244**

Enhanced alpha pension: **£ 20,165.11** (**£ 2,234.51**[3] x 9.0244)

Total upper tier ill-health pension: **£ 25,733.57** ((pension = £ 20,165.11 (alpha enhanced) + £ 0.00 (alpha basic lower tier pension) + £5,568.46 (classic))

£ 16,705.38 classic lump sum

[3] Assumed Earned pension calculated as if they were paid their normal salary throughout whole period.

ANNEX A

ALPHA HYBRID CALCULATION TEMPLATE:

CLASSIC ALPHA ILL HEALTH (UPPER TIER) ESTIMATE

NAME:	AN Other	DOB:	05/03/1973	NINO:		Day after LDOS:	01/11/2017

CLASSIC @ 31/03/15		**Years**	**Days**			
Total Classic Reckonable Service =		12	37		12.1014	
Effective Date:		01/11/2017				
Based on Pensionable Earnings =	**PE**		**x**	**Reckonable Service**		
			80			
	£	36,812.00	x		12.1014	
			80			
	Therefore =>			**£**	**5,568.46**	**Pension**
				£	**16,705.38**	**Lump Sum (x3)**

ALPHA	**Years**	**Days**		
Total Alpha Reckonable Service =	2	214	2.5863	
Total Pension Earned as per Alpha Pension Calculator			£ 2,234.51	**Pension**
TOTAL Pension Earned	**Therefore =>**		**£**	**2,234.51**

To calculate NPA click on Hyperlink, follow steps and enter date				State Pension calculator - GOV.UK					
ALPHA UPPER TIER ILL HEALTH as at		01/11/2017		**DAY BEFORE NPA DATE:**					04/03/2041
Pre Commutation				**Years/Days to NPA =**					23.3397
Enhanced Service / Actual Alpha Service =		23.3397	/		2.5863	=			9.0244
Alpha Pension x Enhancement Fraction =	**£**	**2,234.51**	x		9.0244		UT Alpha =	£	20,165.11
Lower Tier Alpha + UT Alpha =	£	0.00	+	£	20,165.11		Total Alpha =	£	20,165.11
Commutation									
Option to take Alpha Lump Sum=	Total Alpha Pension x 30/7 =			**£**	**86,421.90**		**/ 12**	**£**	**7,201.83**
Thus reducing Alpha pension to =	**£**	**12,963.28**							
Classic After Commutation									
Classic Pension =	**£**	**5,568.46**							
Option to Take Additional Lump Sum =	Pension x 33/14 =			**£**	**13,125.66**		**/ 12**	**£**	**1,093.81**
Thus reducing Classic Pension to	**£**	**4,474.65**							
Classic Lump Sum Payable =	**£**	**29,831.04**	**(£16,705.38 + £13,125.66)**						

EXAMPLE TWO - ALPHA UPPER TIER ILL HEALTH – HYBRID MEMBER – NIL PAY/PROP 1 APRIL 2015 TO 31 JANUARY 2016 THEN ACCRUED PENSIONABLE EARNINGS TO ILL-HEALTH RETIREMENT:

DoB: 05/03/1973

Joined NICS: 01/04/2000

Retirement date (illustrative): 31/10/2017

NPA: 05/03/2041 (Age 68)

Pensionable earnings: £ 36,812

In-service revaluation Yrs 1: 1.00% (illustrative purposes only)

In-service revaluation Yrs 2: 1.00% (illustrative purposes only)

Classic:

01/04/2000 – 31/03/2015 = 15 years – 2 years 328 days non-reckonable service

Total classic reckonable service: 12 years 37 days = **12.1014** (37 / 365 = 0.1014)

Service in 'classic': **12.1014**

Classic pension benefits based on salary of £36,812: 12.1014 x £36,812 / 80 = **£ 5,568.46 pension**

= **£ 16,705.38 lump sum**

Alpha:

Member was on Pension Rate of Pay (PROP) or unpaid Sick Leave for the first 10 months of alpha service then received pensionable earnings from their return until ill-health retirement. In such circumstances where a transition members was able to accrue a full year's pension before leaving on ill-health retirement, the policy on calculating the upper tier enhancement at Example One would not apply.

Period of Pensionable Service 01/02/2016 – 31/10/2017: 1 years and 273 days

273 days needs to be expressed as 4 decimal places: 273 / 365 = 0.7479

Total alpha reckonable service to date: 1.7479

Assumed period of pensionable service to NPA: 23 years and 124 days (01/11/2017 – 04/03/2041[4])

124 days needs to be expressed as 4 decimal places: 124 / 365 = 0.3397

Total assumed period of pensionable service to NPA: 23.3397

Accrued alpha pension benefits to 31/10/2017 calculated as follows:

	Year 1 **Pensionable Earnings** **£ 6,033.49** (£36,812 x 0.1639 (60 days))	**Year 2** **Pensionable Earnings** **£ 36,812**	**Year 3** **Pensionable Earnings** **£ 21,582.88** (£36,812 x 0.5863 (214 days))
Opening Balance:	£ 0.00	£ 139.98	£ 995.42
Step 1: In-service revaluation:	£0.00	£ 139.98 x 1% = £ 1.40	£ 995.42 x 1% = £9.95
Revised Opening Balance:	£ 0.00	£ 139.98 + £1.40 = £ 141.38	£ 995.42 + £9.95 = £ 1,005.37

[4] Day before day member reaches prospective NPA.

Step 1: Accrual at 2.32%:	£36,812 x 0.1639 = £6,033.49 x 2.32% = £139.98	£36,812 x 2.32% = £854.04	£36,812 x 0.5863 = £ 21,582.88 x 2.32% = £ 500.72
Closing Balance:	**£ 139.98**	£ 141.38 + £ 854.04 = **£ 995.42**	£ 1,005.37 + £500.72 = **£ 1,506.09**

Lower tier pension:

Classic pension: £ 5,568.46

Accrued alpha pension at 31/10/2017: £1,506.09 (see above)

Added pension bought: £0.00

EPA bought: £0.00

Total lower tier pension = **£ 7,074.55** (£5,568.46 'classic' + £1,506.09 'alpha')

£ 16,705.38 classic lump sum

Upper tier pension:

All lower tier pension: **£7,074.55 (see above)**

Plus

Enhanced alpha pension – see Regulation 76(3) (calculated as follows):

Enhancement fraction (A / B):

A = assumed period of pensionable service: **23.3397** (01/11/2017 – 04/03/2041)

B = the shorter of:

(i) member's period of pensionable service (expressed in years to 4 decimal places): **1.7479** (01/02/2016 – 31/10/2017);

(ii) number of whole scheme years to which an amount of earned pension is specified in the member's account: **3**

Therefore A / B:	**23.3397 / 1.7479**
Enhancement fraction:	**13.3530**
Enhanced alpha pension:	**£ 20,110.82** (£ 1,506.09[5] x 13.3530)
Total upper tier ill-health pension:	**£ 27,185.37** ((pension = £ 20,110.82 (alpha enhanced) + £ 1,506.09 (alpha basic lower tier pension) + £5,568.46 (classic))
	£ 16,705.38 classic lump sum

[5] Total accrued alpha pension to date of departure.

ANNEX B

ALPHA HYBRID CALCULATION TEMPLATE:

CLASSIC ALPHA ILL HEALTH (UPPER TIER) ESTIMATE

NAME:	AN Other	DOB:	05/03/1973	NINO:		Day after LDOS:	01/11/2017

CLASSIC @ 31/03/15		**Years**	**Days**			
Total Classic Reckonable Service =		12	37		12.1014	
Effective Date:		01/11/2017				
Based on Pensionable Earnings =	**PE**		**x**	**Reckonable Service**		
			80			
	£	36,812.00	x		12.1014	
			80			
	Therefore =>			**£**	**5,568.46**	**Pension**
				£	**16,705.38**	**Lump Sum (x3)**

ALPHA	**Years**	**Days**			
Total Alpha Reckonable Service =	1	273		1.7479	
Total Pension Earned as per Alpha Pension Calculator			£	1,506.09	**Pension**
TOTAL Pension Earned	**Therefore =>**		**£**	**1,506.09**	

To calculate NPA click on Hyperlink, follow steps and enter date					State Pension calculator - GOV.UK				
ALPHA UPPER TIER ILL HEALTH as at		01/11/2017			**DAY BEFORE NPA DATE:**				04/03/2041
Pre Commutation					**Years/Days to NPA =**				23.3397
Enhanced Service / Actual Alpha Service =		23.3397	/		1.7479	=			13.3530
Alpha Pension x Enhancement Fraction =	**£**	**1,506.09**	x		13.3530		UT Alpha =	£	20,110.82
Lower Tier Alpha + UT Alpha =	£	1506.09	+	£	20,110.82		Total Alpha =	£	21,616.91
Commutation									
Option to take Alpha Lump Sum=	Total Alpha Pension x 30/7 =			**£**	**92,643.90**		**/ 12**	**£**	**7,720.33**
Thus reducing Alpha pension to =	**£**	**13,896.58**							
Classic After Commutation									
Classic Pension =	**£**	**5,568.46**							
Option to Take Additional Lump Sum =	Pension x 33/14 =			**£**	**13,125.66**		**/ 12**	**£**	**1,093.81**
Thus reducing Classic Pension to	**£**	**4,474.65**							
Classic Lump Sum Payable =	**£**	**29,831.04**	**(£16,705.38 + £13,125.66)**						

CSP(NI)
Civil Service Pensions (Northern Ireland)

2015 Remedy Programme (McCloud Judgment)

Office Memorandum No. 14/2022

From: **Civil Service Pensions Policy, Legislation and Communications**

Date: **06 June 2022**

To: **All Staff**

Re: **Ill-Health Retirement Underpin for applications spanning the alpha transition period**

Background

Amendment Regulations to give effect to the Prospective Remedy were made on 18 March 2022 and came into operation on 1 April 2022. The Regulations closed the legacy, PCSPS(NI) schemes, with effect from 31 March 2022 and moved all remaining active members to the reformed scheme, alpha, with effect from 1 April 2022. They also included provisions for an Ill-Health Retirement (IHR) Underpin.

The IHR underpin is required as there may be cases where the ill-health process began on or before 31 March 2022 and will not conclude until 1 April 2022 or later. Previous transitional provision allowed the date a PCSPS(NI) member would otherwise join alpha to be delayed until their ill-health pension application has been decided or, where it is not decided in the member's favour, until the member withdraws the application or all appeal routes have been exhausted. This provision was permitted by exceptions in the Public Service Pensions Act (Northern Ireland) 2014 (the 2014 Act) that allowed certain members to remain in the PCSPS(NI) after the date they were due to join the alpha (between 1 April 2015 and 31 March 2022). However, the powers under which those exceptions were made are removed from the 2014 Act by the Public Service Pensions and Judicial Offices Act 2022 (PSPJO Act) from 1 April 2022. This means that **all** PCSPS(NI) members, including any members who have submitted an application for a PCSPS(NI) ill-health pension, joined alpha on 1 April 2022.

Consequently there is a need to deal with PCSPS(NI) ill-health pension applications received before 1 April 2022 which have not been completed by 31 March 2022. For any ill-health cases where this is the case, there will be an "ill-health retirement underpin". This means that such members receive an alpha ill-health pension calculated at the date they actually retire; but that if their PCSPS(NI) ill-health pension calculated as at 31 March 2022 would have been more favourable, the alpha ill-health pension must be increased by the difference between the two.

The date of the IHR application or referral is based on the receipt of the application by the Scheme Medical Adviser (OHS), i.e. this must have been received on or before 31 March 2022.

The relevant completion date i.e. the date that the ill-health retirement is considered to have been settled on will be the member's last day of service as confirmed by their employer. As per the current rules, this must not be more than 4 months and 10 days after the date of the MR1 which is produced by OHS.

This "underpin" will effectively guarantee the member an ill-health pension that is at least as much as they would have received had they been ill-health retired under the terms of their PCSPS(NI) arrangement, and ensure they are no worse off as a result of a decision being made after that date.

Ill-Health Retirement Underpin criteria

The criteria to be met for the ill-heath underpin arrangements is;

1. The application or referral for ill-health retirement was submitted to OHS whilst the member was in the PCSPS(NI); **or** there is/was an appeal against a previous PCSPS(NI) IHR decision where the original application or referral for IHR was before 1 April 2022; **and**

2. The IHR application or appeal was successful; **and**

3. Their leaving date is on or after 1 April 2022.

A flowchart is provided at **Annex A** to help you determine if and when you need to ask the employer to refer the case back to OHS for a dual assessment using the new Remedy Underpin MR1. A step-by-step guide for potential underpin cases is also provided at **Annex B** and the Remedy Underpin MR1 is attached at **Annex E**.

Action required by CSP staff

All CSP staff need to familiarise themselves with the ill-health underpin arrangements and be able to identify and process IHR cases where the underpin applies. EPN 10-2022 was issued to employers on 29 March 2022 and outlined the action employers need to take in arranging for OHS to complete dual assessments where necessary and notifying CSP when submitting the MR1 that the case may require an underpin calculation. An Addendum to EPN 10 is issuing to employers shortly to introduce the new Remedy Underpin MR1 and revised processes.

However, **CSP staff will also need to identify if an IHR case is in scope of the underpin arrangements** and take steps to facilitate the dual OHS IHR assessments when required. This means, for potential underpin cases, CSP should return any standard MR1s received to the employer or Employee Relations Branch to have OHS complete a Remedy Underpin version of the MR1. The employer will then liaise with OHS to obtain the necessary completed Remedy Underpin MR1 with dual assessments so that CSP can consider and calculate any underpin. Again note the underpin only applies where the original IHR referral was made to OHS while the member was in the PCSPS(NI) (i.e. before 31 March 2022) or there is an ongoing appeal in respect of a PCSPS(NI) IHR decision, and the IHR leaving date is on or after 1 April 2022 and the member has moved to alpha. If an appeal against a PCSPS(NI) IHR decision proves to be successful, then a dual assessment is required and the award should be calculated based on the rules of the underpin.

CSP staff may also need to liaise with employers where the date of referral to OHS is not evident to establish when the referral was submitted and consequentially if the underpin applies.

Disputes or challenges regarding the date of referral to OHS

Should any question or challenge arise regarding the IHR application referral to OHS date, e.g. if an employer was responsible for a delay causing information to be sent to OHS after 1 April 2022, when it should have been sent earlier, the case should be referred to the Scheme Manager (Anne Stewart) for review. However, it is likely that the member would need to first address this matter directly with their employer to establish the reason for the delay, so that this could be considered by the Scheme Manager.

Members who transitioned to alpha from Classic Plus, Premium or Nuvos

Based on sampling exercises carried out by our counterparts in Cabinet Office, we cannot assume that Lower or Upper Tier Classic Plus, Premium or Nuvos will necessarily correlate across to the same Tier in alpha. Unfortunately the existing standard MR1 form that may have been used for these cases does not make a distinction between the PCSPS(NI) arrangements and alpha (other than for Classic).

This means that OHS will need to clarify whether the alpha ill-health criteria is met for these transition members, and if so which Tier should apply. When staff identify cases where the underpin criteria has been met and dual assessments have not been completed on the MR1, they should return the case to the employer and request that, as a matter of urgency, they arrange for a Remedy Underpin MR1 (**Annex E**) to be completed by OHS for the relevant PCSPS(NI) arrangement **and** alpha. Separate distinct OHS assessments are necessary to facilitate the correct IHR Award.

The IHR Underpin Calculation

When you have received the necessary OHS dual assessments and have established that the underpin applies to an IHR case, this will mean that the member receives an alpha ill-health pension calculated at the date they actually retire, however if their respective PCSPS(NI) ill-health pension calculated as at 31 March 2022 would have been more favourable, the alpha pension must be increased by the difference between the two. The underpin will effectively guarantee the member an ill-health pension that is at least as much as the pension they would have received had they been ill-health retired under the terms of their PCSPS(NI) legacy scheme on 31 March 2022. If the alpha benefit is the higher value, there is no need to apply an underpin.

The ill-health underpin will work as follows:

- The member or their employer applies for ill-health retirement on or before 31 March 2022 i.e. their application is received by OHS on or before 31 March 2022, but the outcome of the application is still outstanding as of that date.
- The member moves to alpha on 1 April 2022 and remains in the scheme until the date of ill-health retirement.

- An ill-health pension is calculated under the rules of alpha, if the alpha IHR criteria has been met.
- A notional ill-health pension is calculated in accordance with the member's PCSPS(NI) scheme provisions, if the PCSPS(NI) IHR criteria has been met, calculated on the basis that their case had been determined on 31 March 2022.
- Where the ill-health pension award is more favourable under the rules of alpha, the award will be paid from alpha based on the standard ill-health retirement rules of alpha.
- Where the notional PCSPS(NI) award is more favourable, the difference between both calculations will be paid to the member as an ill-health pension enhancement in alpha, on top of the benefit, if any, that would be paid under the standard alpha ill-health retirement provisions.
- In calculating which set of ill-health benefit terms would be more favourable, in cases where both approaches would provide an ill-health retirement benefit, where the PCSPS(NI) section is Classic, the comparison would be done by assuming that the alpha scheme pension is commuted to provide a lump sum of the same amount as would be provided under the PCSPS(NI) Classic terms (before any optional commutation of that PCSPS(NI) Classic continuing pension). The remaining alpha continuing pension would then be compared with that PCSPS(NI) Classic continuing pension.
- Survivor benefits would be paid in accordance with the benefits the member receives.
- However, the underpin will also need to allow for the retrospective remedy provisions for choice set out in the PSPJO Act which will be provided for in due course under amending scheme regulations for the retrospective remedy. The provision and continuation of an underpin ill-health pension or death and survivors' benefits related to PCSPS(NI) service for the remedy period would depend on PCSPS(NI) service applying for the remedy period (i.e. for the service between 1 April 2015 and 31 March 2022 which was taken into account for purposes of determining the alpha ill-health retirement "underpin" pension). Therefore, if as a result of a decision by or on behalf of a member, alpha terms were applied for the remedy period, such underpin benefits would either not be payable (if the ill-health process begun before 1 April 2022 had still not been completed) or, if already paid, would be removed and replaced by the benefits that would be payable under the standard alpha scheme terms without an underpin. Excess benefits already paid would then be recoverable. In simple terms, **a member cannot avail of both underpinned benefits relating to PCSPS(NI) service and alpha benefits in respect of the remedy period.**

If the member does not meet the IHR criteria in alpha but meets the IHR criteria in the PCSPS(NI)

In the scenario where a member does not meet the IHR criteria in alpha but meets the IHR criteria in the PCSPS(NI), they could have earned benefits in alpha from 1 April 2022 until their leaving date. An alpha refund is not appropriate or necessary in this scenario. The member is entitled to alpha scheme benefits in relation to service from 1 April 2022 onwards, which includes the underpin. So all new alpha scheme service counts, including when an underpin applies. The underpin test is simply, for a member that is found to have been eligible for legacy IHR, whether their entitlement would have been greater had their IHR been determined on 31 March 2022. If so, they are awarded an underpin equivalent to the difference between their alpha scheme entitlement and what they would have been entitled to had they been awarded PCSPS(NI) IHR on 31 March 2022, which is awarded under the alpha scheme. By definition, they have a greater alpha scheme entitlement than would have been the case in the absence of the underpin.

An IHR underpin visual is attached at **Annex C** and customer journey illustrations are at **Annex D**.

Those Not in Scope for the IHR Underpin Arrangements

Ill-Health Retirement Applications Made After 1 April 2022

Applications or referrals made to OHS for ill-health retirement from 1 April 2022 onwards, which are outside the remedy period, will be assessed under the alpha pension scheme terms and therefore those members will be treated the same as all alpha scheme members. Providing actual PCSPS(NI) equivalent benefits in relation to service after 31 March 2022 would effectively be allowing an exception to further accrual in the legacy schemes which is explicitly prevented by the PSPJO Act and would prolong the discrimination identified by the McCloud judgment which the Act sets out to address. An updated version of the standard MR1 form to cover OHS assessments for alpha and Partnership only for IHR referrals received by OHS from 1 April 2022 onwards has been issued to employers in the Addendum to EPN 10-2022.

Members who left service on Ill-Health Retirement before 1 April 2022

Members who left service on ill-health grounds prior to 1 April 2022 and are in scope for remedy, including those who leave under the serious ill-health provisions, will be reassessed under the alternative scheme as part of the “retrospective remedy” which is currently under policy development. Scheme regulations to support the implementation of the retrospective remedy will be in place by 1 October 2023 at the latest.

Under the retrospective remedy phase, those members who are eligible for the remedy and who have already either left service for medical or other reasons or taken partial retirement during or after the remedy period will be included in the “Immediate Detriment” groups and be given their choice as soon as the legislation is in place and it is possible to do so. Members who fall into the serious ill-health category will be given utmost priority. Work has already commenced to identify ill-health cases (both awards and refusals) which will need to be revisited to determine outcomes in the alternative schemes. Further Office Memos will be issued in due course to cover the

retrospective remedy and how the remedy choice will be implemented for the various cohorts of members.

List of Annexes attached

Annex A	Flowchart to help determine if IHR underpin applies and MR1 requirements
Annex B	IHR Underpin - Step by Step Guide
Annex C	IHR Underpin Visual
Annex D	Customer Journey illustrations
Annex E	Remedy Underpin MR1

Queries about the content of this Office Memo

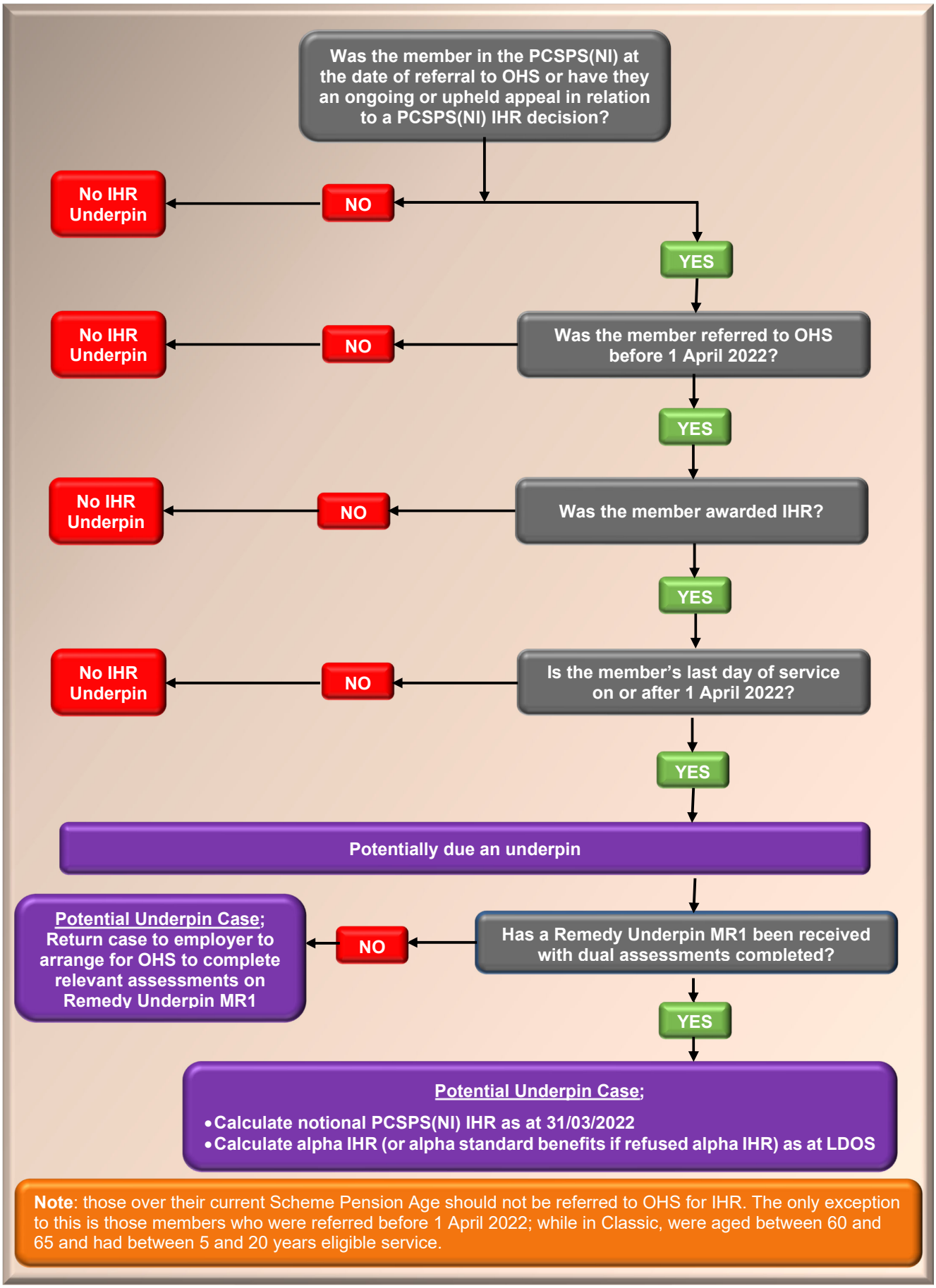
Staff should refer any queries or IHR underpin questions about specific cases to their Line Manager in the first instance. The Policy & Legislation Team and the McCloud Implementation Team will also be available to support staff in determining whether the underpin applies to a specific case or provide further clarity if required.



Peter Philip
Civil Service Pensions
Policy, Legislation and Communications Branch

Annex A

FLOWCHART TO DETERMINE POTENTIAL IHR UNDERPIN CASES



Annex B

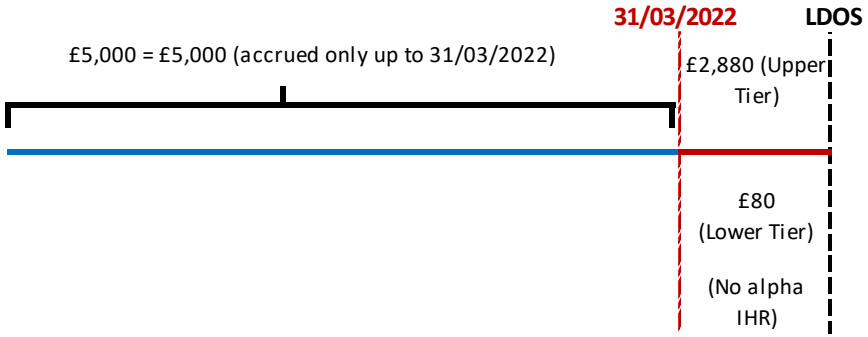
Ill-Health Retirement Underpin Step by Step Guide

Step Number	Description	Next Step
1.	Employer decides on IHR application	IHR approved go to Step 2 IHR refused go to Step 15
2.	MR1 received by CSP	Go to Step 3
3.	CSP check – was the member in the PCSPS(NI) when the referral was made to OHS?	Yes go to Step 4 Unsure go to Step 5 No go to Step 6
4.	Is the MR1 completed with a single OHS assessment?	Yes go to Step 7 No go to Step 8
5.	CSP contacts the employer/Employee Relations to establish the date the referral for IHR was submitted to OHS.	Referral < 01/04/22 go to Step 4 Referral =>01/04/22 go to Step 6
6.	No underpin applies. IHR award calculated under the alpha pension scheme terms - treat as BAU case.	End
7.	Refer the case back to the employer/Employee Relations for them to urgently arrange for OHS to complete dual assessments on a Remedy Underpin MR1 as at the original assessment/MR1 date.	Await Remedy Underpin MR1 with dual assessments, then go to Step 8
8.	Does the Remedy Underpin MR1 show the member qualifies for PCSPS(NI) IHR but does not meet the alpha IHR criteria?	Yes go to Step 9 No go to Step 10
9.	Calculate notional PCSPS(NI) arrangement IHR as at 31/03/2022 and alpha standard scheme benefits as at LDOS for underpin purposes.	Go to Step 12
10.	Does the Remedy Underpin MR1 show the member qualifies for both their PCSPS(NI) arrangement and alpha IHR?	Yes go to step 11 No go to step 9
11.	Calculate PCSPS(NI) arrangement IHR as at 31/03/2022 and alpha IHR as at LDOS for underpin purposes.	Go to Step 12
12.	Is underpin top-up required?	Yes go to Step 13 No go to Step 14
13.	Add underpin top-up to alpha award as enhancement	End
14.	Award alpha benefits only	End
15.	Has member lodged an appeal?	Yes go to Step 16 No End
16.	Is the appeal against a PCSPS(NI) IHR decision?	Yes go to Step 17 No treat as BAU case
17.	Was the appeal successful?	Yes go to Step 2 No end

Ill-Health Retirement Process Spanning alpha Transition - Visual

Important note: this visual is for illustrative purposes only (fictitious amounts)

£5,000 + £1,000 = **£6,000 PCSPS(NI)** as if LDOS was 31/03/2022
(£1k is enhancement)



IHR Outcome	Full PCSPS(NI) IHR at 31/03/2022		Full alpha benefits	alpha	PCSPS(NI) to 31/03 exc. Enh.	Underpin payable?		alpha (underpin)	PCSPS(NI) as at 31/03/2022	alpha IHR	Post 01/04/2022 alpha accrual	TOTAL pension paid
alpha upper tier	£6,000pa	VS	£7,880pa	£2,880pa +	£5,000pa	**No**	Benefits consist of:	£0pa +	£5,000pa +	£2,800pa +	£80pa =	**£7,880pa**
alpha lower tier	£6,000pa	VS	£5,080pa	£80pa +	£5,000pa	**Yes**	Benefits consist of:	£920pa +	£5,000pa +	£0pa +	£80pa (alpha LT) =	**£6,000pa**
Does not meet either alpha IHR criteria/ meets Classic, PCSPS(NI)	£6,000pa	VS	£5,080pa	£80pa (ARR) +	£5,000pa	**Yes**	Benefits consist of:	£929.60pa +	£5,000pa +	£0pa +	£80 x 0.88 = £70.40pa alpha ARR =	**£6,000pa**

Alpha Transition Customer Journey Illustrations

Lens



Ben

Aged 55 - 59

Scenario 1

New alpha Transitional member IHR application received and claim awarded

- alpha transition member

Experience:

- Member feels unable to perform in their current role due to Ill Health
- Member believes their ill-health will not improve

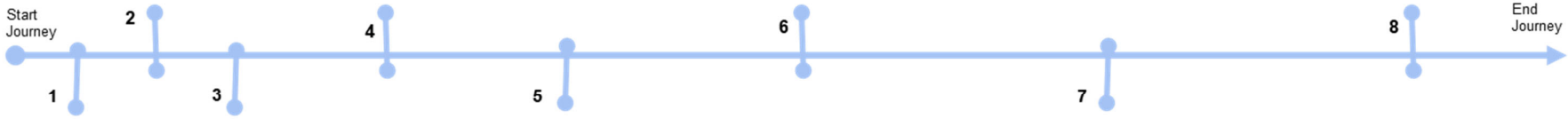
Goals:

- To be awarded Ill-Health
- To be supported throughout the process
- Member understands each step

Activity

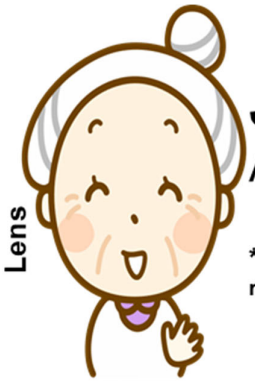
Employer Refers to OHS	OHS Assessment	Employer Decision	CSP consider underpin	Outcome
1. Employer refers IHR consideration to OHS requesting dual assessments for underpin purposes	2. Complete dual assessments on Remedy Underpin MR1 for both appropriate PCSPS(NI) and alpha 3. OHS report and completed MR1 provided to employer copied to member as appropriate	4. LDOS agreed as 03/06/2022 5. MR1, LDOS and IHR referral date forwarded to CSP highlighting as potential underpin case	6. CSP undertake validation step 7. PCSPS(NI) and alpha quote calculated 8. CSP considers underpin 9. Quotation and letter provided to member	10.Final cover letter to member 11.Payments commence

Customer Experience



1. What is the process **2. Do I want to see the OHS report** **3. When will I hear anything**	**4. What does my OHS report mean** **5. What happens now**	**6. How do I agree my LDOS**	**7. Do I understand cover letter with quotes and my next steps**	**8. Do I understand my statement and final letter**

Lens



Jane

Aged 60 – 74*

*Potential for retrospective referral/appeal

Scenario 2

Part processed alpha transitional application, intercepted by OHS: claim awarded

- Alpha Transition member

Experience:

- Members health has recently deteriorated and will not improve
- Member feels unable to perform current role or comparable

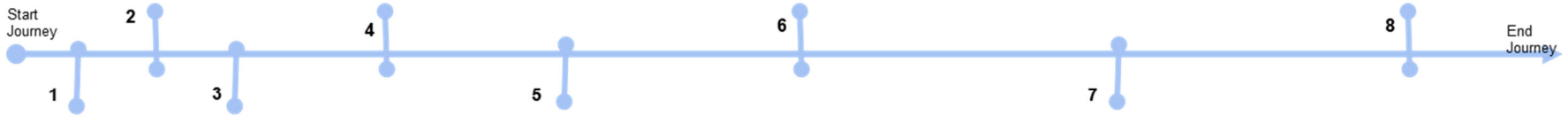
Goals:

- To be awarded Ill-Health
- To be supported throughout the process
- Member understands each step

Activity

Employer Refers to OHS	OHS Assessment	Employer Decision	CSP consider underpin	Outcome
1. Employer refers IHR consideration to OHS	2. OHS complete PCSPS(NI) assessment 3. OHS identify dual assessment required 4. OHS complete dual assessments on Remedy Underpin MR1 5. OHS report and completed MR1 provided to employer copied to member as appropriate	6. LDOS agreed as 06/05/2022 7. MR1, LDOS and IHR referral date forwarded to CSP highlighting as potential underpin case	8. CSP undertake validation step 9. PCSPS(NI) and alpha quote calculated 10. CSP considers underpin 11. Quotation and letter provided to member	12. Final cover letter to member 13. Payments commence

Customer Experience



1. What is the process **2. Do I want to see the OHS report** **3. When will I hear anything**	**4. What does my OHS report mean** **5. What happens now**	**6. How do I agree my LDOS**	**7. Do I understand cover letter with quotes and my next steps**	**8. Do I understand my statement and final letter**

Annex D

Lens



Mary

Aged 55 - 59

Scenario 3

Part processed alpha transitional application, intercepted by CSP: Claim awarded

- Alpha Transition member

Experience:

- Member feels unable to perform current role due to deteriorating health
- Member believes their Ill-health will not improve

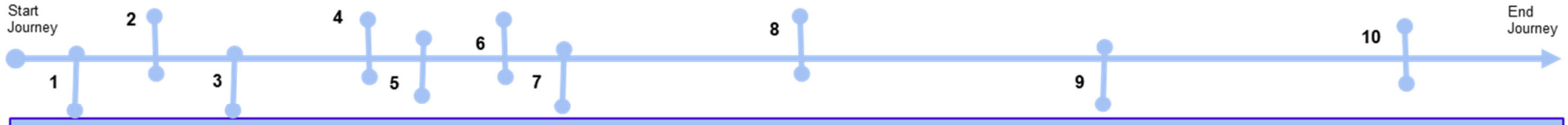
Goals:

- To be awarded Ill-Health
- To be supported throughout the process
- Member understands each step

Activity

Employer Refers to OHS	OHS Assessment	Employer Decision	CSP consider underpin	Outcome
1. Employer refers IHR consideration to OHS	2. OHS complete PCSPS(NI) assessment 3. OHS report and completed standard MR1 provided to employer copied to member as appropriate	4. LDOS agreed as 28/04/2022 5. MR1, LDOS and IHR referral date forwarded to CSP	6. CSP undertake validation step 7. CSP returns case for employer to request OHS dual assessments on Remedy Underpin MR1	
8. Employer contacts OHS and requests urgent completion of dual assessments on a Remedy Underpin MR1	9. OHS complete dual assessments on Remedy Underpin MR1 as at the original MR1 date. 10. OHS updated report and Remedy Underpin MR1 provided to employer copied to member as appropriate	11. Remedy Underpin MR1, LDOS and initial IHR referral date forwarded to CSP highlighting as potential underpin case	12. PCSPS(NI) and alpha quote calculated 13. CSP considers underpin 14. Quotation and letter provided to member	15. Final cover letter to member 16. Payments commence

Customer Experience



1. What is the process **2. Do I want to see the OHS report** **3. When will I hear anything**	**4. What does my OHS report mean** **5. What happens now** **6. Why was my OHS report amended/reissued** **7. What happens now**	**8. How do I agree my LDOS**	**9. Do I understand cover letter with quotes and my next steps**	**10. Do I understand my statement and final letter**

CSP(NI)
Civil Service Pensions (Northern Ireland)

(REMEDY UNDERPIN) RETIREMENT ON MEDICAL GROUNDS

Department of Finance
An Roinn Airgeadais
www.finance-ni.gov.uk

Employee's name: NI Number:

Grade: Dept Ref No: Date of Birth: / /

FOR OHS USE ONLY:

Underpin cases require Dual Assessments. Please refer to guidance notes on page 3 for further information.

Section 1 - classic

(a) Under **classic** the member is prevented by ill-health from discharging his/her duties and it is likely to be permanent *. Yes ☐ No ☐

Section 2 - classic plus, premium and nuvos

Under **classic plus** ☐ **premium** ☐ **or nuvos** ☐ **(Please check relevant box)** the member has suffered a permanent * breakdown in health preventing them from:

(a) Any form of employment. Yes ☐ No ☐

(b) Doing own job or or similar job. Yes ☐ No ☐

(c) Unable to form an opinion as to whether (a) or (b) applies.
Recommend medical retirement provisionally under (a) / (b) (delete as appropriate).
Case must be reviewed any time up to 5 years from the original decision.

Please give date for review. Due for review in months/years (delete as appropriate)

Note: At time of review decision must be made to confirm original opinion or change it.

(d) If medical opinion (a) above applies, the case must be reviewed subsequently at intervals not exceeding 5 years.

Please give date for review. Due for review in months/years (delete as appropriate)

** See page 3 for details of permanency in classic, classic plus, premium, nuvos and alpha, and members above the scheme pension age.*

Section 3 - alpha

Under **alpha** the member has suffered a permanent * breakdown in health preventing them from:

(a) Any form of employment. Yes ☐ No ☐

(b) Doing own job or or similar job. Yes ☐ No ☐

(c) Unable to form an opinion as to whether (a) or (b) applies.
Recommend medical retirement provisionally under (a) / (b) (delete as appropriate).
Case must be reviewed any time up to 5 years from the original decision.

Please give date for review. Due for review in _____ months/years (delete as appropriate)

Note: At time of review decision must be made to confirm original opinion or change it.

(d) If medical opinion (a) above applies, the case must be reviewed subsequently at intervals not exceeding 5 years.

Please give date for review. Due for review in _____ months/years (delete as appropriate)

Section 4 - All members

(a) Serious Ill Health Commutation
The member has a medically assessed life expectancy of less than 12 months. Yes ☐ No ☐

(b) **HMRC Pension Tax Restriction**
The individual is suffering from ill-health which makes the individual unlikely to be able (otherwise than to an insignificant extent) to undertake gainful work (in any capacity) before reaching their State Pension age. Yes ☐ No ☐

Doctor's Name : _____

Signed: _____

Date: / /

(To be completed by signing doctor)

Clinical Code W/R (Circle One) - N - Y - P - U

_____

_____

See page 3 for details of permanency in classic, classic plus, premium, nuvos and alpha, and members above the scheme pension age.