Pay queries

This document has been produced as a guide to the reasons why the Pensions Office will query a pay figure on a leaver document with an employer, the method we will use to send queries to you and how, as employers, you should respond. We also provide additional links to websites containing all pertinent information you may find useful in determining the pay information you supply is accurate.

All pay figures provided are used in calculating the amount of benefit payable to a member whether they are retiring immediately or in the future. With this in mind the information supplied on an early leaver P48 form is just as important as that provided on one of the retirement P71 forms.

This document has been divided into five sections.

Section 1 - Altair users

For those employers with access to the pension administration system we use called Altair, we expect you will have made certain checks to Altair before completing a leaver document (P48 if early leaver or the relevant P71 if a retirement). This makes the process easier both for employers and the Pensions Office, and avoids any unnecessary questions being asked, as you will have identified any potential discrepancies before completing the form.

We expect you to have checked:

- The current hours held on record are correctly recorded.
- All breaks in service are recorded.
- The previous year's final salary pay postings are correct to the record, and not higher than the pay you are to provide.
- For members with underpin protection and that you will have identified members who qualify (having run an estimate of benefits for the member).
- The relevant date and subsequent pay for those members with underpin protection.

Section 2 - Use of the comments box on leaver forms

This should be used in all cases where you think a query may be raised by the Pensions Office to provide an explanation as to the information you have provided.

Below are a few suggestions of standard text you may wish to consider using (or amending) to fit the various scenarios you may encounter. It is not an exhaustive list and should be used as a guidance tool only. We would ask that if you use abbreviations within the text that you ensure the Pensions Office will understand them.

1. 'Only last three years considered – no request received from member for earlier years pay to be considered'.
2. 'National pay freeze – no protection under regulations'.
3. 'Regulation 10 of the Benefits Regulations 2007 does not apply' *(please also supply a fuller explanation of imbalance between pay and postings)*.
4. 'Previous years pay has been used due to….' *(only use this when the record does not give an indicator of why this may apply).*
5. 'Previous years postings *(provide year)* include back dated pay award, final salary pay period provided is therefore the best'.
6. 'Part-time pay doesn't equate to full-time due to additional 'one off' payment of £… This is included in both part-time and full-time pay equally'.
7. 'Postings are low because………'
8. 'Member has received irregular enhancements which have been considered'.
9. 'Increase in pay due to promotion/pay award during the final salary pay period'.
10. 'The member has received a flat rate payment that is static for both part-time and full-time pay amounts. This is £….'
11. 'Pay includes overtime' *(again only include if the pay looks considerably different to previous years.)*

What to do if the enquiry is unclear or unnecessary
If the questions the Pensions Office has posed are unclear or you feel the question need not have been asked, then please make the relevant Team Leader aware of the case in question. It may be something that should be addressed on team (for example a training issue for a new team member) and the problem can be resolved without causing additional work for employers and the Pensions Office alike.

Section 3 - Pay

Please note there are two clear definitions of pay and these may well be very different in the amounts you quote. You must understand the 2008 definition of final salary pay (http://www.lgpsregs.org/timelineregs/LGPS2008Regs/SI20140044/20071166.htm#reg4) and the 2014 definition of pay (this can be found in Section 4.1 of the Payroll Guide at http://www.lgpslibrary.org/assets/gas/ew/Pv3.9c.pdf). We recommend you save to your favourites/bookmark or use the links supplied within this document to help you when calculating these figures.

The distinct difference between the 2008 and 2014 definitions relates to non-contractual overtime. The 2008 definition only allows for the inclusion of contractual overtime, whilst the 2014 definition accounts for non-contractual overtime. So if your organisations members regularly work overtime deemed non-contractual and they joined the scheme before 1.4.14, their final salary pay will always be lower than their career average pay, if they have worked overtime during their final salary pay period.

Final salary pay (pre 1.4.14 joiners including where member has aggregated pre-1.4.14 membership)
http://www.lgpsregs.org/timelineregs/LGPS2008Regs/SI20140044/20071166.htm#reg4

This relates only to members who joined the scheme before 1.4.14 (including where the member has aggregated pre-1.4.14 membership) and the pay you supply must comply with the 2008 definition of final salary pay.

Reasons for the Pensions Office questioning final salary pay	
Part-time proportion/part-time changes not accounted for – The proportion of part-time pay to full-time pay does not equate to the part-time hours on the basic details record (taking account of any other hourly changes that have happened during the final salary pay period).	We will query where the member's hours has been the same throughout the final salary pay period and the part-time to full-time equation is more than £200. Where a change in hours has occurred, we will perform an average hour's calculation. We will allow for a difference of less than £200.
Lower than earlier pay – A previous year-end figure is unaccountably higher than the final salary pay on leaving.	We will query in all instances if there is no indication on the leaver documents as to the reason and the previous year's postings are higher by more than £200. We will not query if you have previously notified the Pensions Office that you will not invoke Regulation 10 of the Benefits Regulations 2007 for all members. The remarks you provide need to be clear and understandable to us, or we will query with you.
Possible post 1.4.2008 reduction in pay due to Benefits Regulation 10 (restrictions/reductions in pay) – Year-end postings figures suggest the member may have had a reduction in pay and the average of 3 years at 31 March may be used.	We will query in all instances if there is no indication of the reasons for the reduction on the leaver documents (comments box). The comments must clearly indicate that Benefits Regulation 10 has been considered and doesn't apply, that the change is due to the national pay freeze and doesn't apply,

Unless you have indicated you will not invoke Benefits Regulation 10 for all members.	OR that the member has not requested an earlier years pay to be considered, OR the previous postings on record are incorrect. In these cases you will not have issued a 'certificate of protection.'
Pay has increased by 5% or more – The final salary pay is considerably higher than the previous year-end figure.	We will query where there is a variance of 5% or more on the final salary pay figure that you provide, if there is no indication on the leaver documents as to the reason. The remarks you provide need to be clear and understandable to us, or we will query with you.
Part year – The pay provided does not account for the member only working part of a year with you.	On the leaver documents you must show the period of membership and the actual pay for that period, in the final salary pay section of the leaving form. Please state if member is term time only. The Pensions Office will then contact the former employer for any additional pay information, as required.
Excessively high final salary pay.	If the member is to receive a redundancy payment or payment in lieu of notice, this is NOT pensionable and should not be included in the final salary pay provided.

Career average pay (those who joined after 31.3.14)
(The definition of pensionable pay can be found in Section 4.1 of the Payroll Guide at http://www.lgpslibrary.org/assets/gas/ew/Pv3.9c.pdf).

This should be provided for all members who joined the scheme after 31.3.14 and must comply with the 2014 definition of pay.

As this section of pay can now include non-contractual overtime, we will not be able to make any comparison between final salary pay and the career average pay quoted. As the Administrator we are reliant on the career average pay you supply being accurate.

Occasionally we may ask a question if the information we hold looks substantially different to that you have provided.

Reasons for the Pensions Office questioning career average pay	
Career average pay substantially different to previous years – a previous year is significantly different (higher or	We accept this may be due to fluctuating overtime. We will only question if the difference is several thousand pounds.

lower) to that provided.	If you know that the member worked much less/more overtime in the final salary pay period, please indicate this on the leaver document (comments box) and a question will be avoided.
Breakdown of pay provided doesn't equate to information on the leaver documents – for example you have provided information suggesting the member has received static payments for a period, but the career average pay supplied doesn't account for this.	We will query where a breakdown provided does not substantiate the information you have included on the leaving documents. For example static payments for 6 months, yet the career average pay equates to more/ less than this amount. To avoid questions, please use the comments box on the form to explain why there appears to be a discrepancy.
Member has had a break in service – should you have included assumed pay (AP)? We will question if we believe that the career average pay is too low based on the information on record.	You have notified the Pensions Office about a break in service. The pay you have provided relates purely to the pay the member has received in the final salary pay period, you have included no AP on the leaving form. You should include AP on the form.

Assumed pay (Information about assumed pay can be found in Section 4.2 of the Payroll Guide at http://www.lgpslibrary.org/assets/gas/ew/Pv3.9c.pdf).

Assumed pay (**AP**) **replaces** the old 2008 **definition of 'notional'** pay. It is the amount of additional pay a member would have received if they received reduced or no contractual pay due to:

i) Sickness or injury; or
ii) Child related leave (maternity, paternity, adoption – see the LGA Payroll Guide for full explanation); or
iii) Reserve forces service leave (if the member has elected to remain a member of LGPS).

The pay an employer provides should **ALWAYS** account for any AP a member may have been entitled to during the relevant period. It should not simply be the actual pensionable pay they received, if they received anything at all. However, how AP is calculated differs to the 2008 definition of 'notional' pay and employers should familiarise themselves with the method of calculation.

Please refer to the LGA Payroll Guide to determine how AP should be calculated. (Please note, in this guide it is referred to as Assumed pensionable Pay – APP).This gives clear, concise information along with worked examples that you may find useful.

As an employer it is your responsibility to calculate and include any AP due for members who fit the criteria as detailed above. The Pensions Office may not always recognise that a member's career average pay should include an additional amount (for example we will be unaware of a member being off sick and receiving reduced pay). So, the only indication will be that the career average pay appears far too low for a given period.

Please refer to the table above for the reasons we may question career average pay and consider does the pay you have provided include the appropriate amount of AP.

The Pensions Office recognises that as an employer you may rely on your payroll system to extract the data you need to include on leaver forms. However, we are also aware that some payroll software providers have not incorporated all relevant proportions and would therefore recommend that you take some extra time to manually check the amount of AP that should be included.

Assumed pay for a Tier 1 or Tier 2 ill health retirement and Death in service
(Information about assumed pay can be found in Section 4.2 of the Payroll Guide at http://www.lgpslibrary.org/assets/gas/ew/Pv3.9c.pdf).

Your payroll software will not be able to determine the AP for a member who retires with the award of a Tier 1 or Tier 2 ill health enhancement, or who dies whilst an active member of the Fund. This will equally apply were the member to retire with the award of a Tier 3 ill health pension and later has this 'uplifted' to a Tier 2.

This AP is used to determine the amount of pension the member is due from the enhancement awarded on retiring/ passing away.

The AP is calculated using the same method as other AP **BUT** using the **average** of the pensionable pay for a **12 week/3 month complete pay period** before the employment ending (retirement/death). The **average pay must include** any 'normal' AP the member would have received had they not received reduced/ no pay during the 12 week/ 3 month period. The **average is then equated to a yearly figure**. You can then add back any lump sums paid in the 12 months before retirement, if at your discretion, feel there was a 'reasonable expectation' the member would have received this on a regular basis.

The Independent Registered Medical Practitioner (IRMP) must determine whether the member was **working reduced hours during** the relevant 12 weeks/3 month pay period due wholly or in part to the condition that caused the ill health retirement. If the doctor determines this is the case, then the **reduction in hours** must be **ignored when calculating the AP.**

Useful information sources

Further information about the LGPS is available from the Local Government Association (LGA). The LGA has produced a number of guides to assist employers and administering authorities. These can be found at the LGPS Regulations and Guidance website at http://lgpsregs.webdigi.co.uk, under LGPC administration resources, Guides and sample documents.

Of note are the LGA HR Guide and Payroll
Guide.

The notes for guidance accompanying the leaver forms on the Employers website are also a useful source of information about pay (See section 5 for details about accessing forms from the Employers' website).

And there is a 'Pensionable Pay – An Explanation' document on the Employers' website that you may find useful.

Section 4 - When you can expect to receive a pay query from teams in the Pensions Office

In all cases the Pensions Office will question a pay figure if it falls within any of the areas as set out in the tables in Section 3, and you have not provided an explanation in the comments box on the P71 or P48 forms.

Retirements' team

The Retirements team will query a final salary pay by either ringing or emailing you, as the employer. The method of querying will be dependant on the member's retirement date.

This type of query is a high priority one and the paragraph 3.14 of the Pension Administration Strategy quotes:

'3.14 The employer will reply:

- *i.* *to postings queries raised by the Office by 6 July each year[7];*
- *ii.* *to queries about pay (excluding retirements[8]), within 15 working days; and*
- ***iii.*** ***other queries, especially those raised at the point of retirement, as soon as possible.***

8. Pay queries in relation to retirements should be responded to as soon as possible from the date the query was made by GMPF and by no later than 15 working days.'

Reminders
Where a response hasn't been received, we will chase with you after **2** working days. These should be treated as urgent. If we have had no response within **4** working days, we will contact you again. At this time we will inform you that the figures ***still need to be reviewed but that the retirement offer will be sent to the member, and directing the member to you, as the employer, should they have any queries relating to the pay figure.***

Early Leavers team

Work Flow users (applies if you have a link into Altair)

When the Early Leavers team need to query a final salary pay, this will be raised via Work Flow. A procedure called 'Final Pay Query' PFINPYQ1 will be created and allocated to your Work Flow group. There should be comments present in the 'comments' box confirming why the final salary pay is being queried.

This type of query is a high priority one and the paragraph 3.14 of the Pension Administration Strategy quotes:

'3.14 The employer will reply:

1. *to postings queries raised by the Office by 6 July each year[7];*
2. ***to queries about pay (excluding retirements[8]), within 15 working days; and***
3. *other queries, especially those raised at the point of retirement, as soon as possible.*

Details about the format we will accept the revised information in are available in Section 5.

Non-Work Flow users
When the Early Leavers team need to query a final salary pay, we will send a request for this information by email. The email will confirm why the final salary pay is being queried.

This type of query is a high priority one and the paragraph 3.14 of the Pension Administration Strategy quotes:

'3.14 The employer will reply:

1. *to postings queries raised by the Office by 6 July each year[7];*
2. ***to queries about pay (excluding retirements[8]), within 15 working days; and***
3. *other queries, especially those raised at the point of retirement, as soon as possible.*

Details about the format we will accept the revised information in are available in Section 5.

Both teams
Both teams will contact you in a similar way and your response should follow the list as set out in Section 5.

Why the timescales for responding to queries are important

- **Pension Administration Strategy** (PAS)- This is a document stating the main duties and responsibilities of both the Employer and Administering Authority as either stated in the regulations or as agreed between both parties. This document contains the main target times and standards that both are to work to.
- **The Occupational Pension Schemes (Preservation of Benefit) Regulations 1991 [SI 1991/167]** contain provisions to the effect that early leavers' rights and options must be notified to them automatically within two 2 months of member or employer notifying the scheme administrator of the termination of active member status. Failure to do so can result in a fine of up

to £1,000 against an individual, or up to £10,000 otherwise. See 3.5 iii of PAS.

- **The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 [SI 2013/2734]** stipulate that on a benefit becoming payable, the member/beneficiary must be provided with details of:-
  - the amount of the benefit(s) payable,
  - the conditions on which periodic payments will continue,
  - the provisions under which periodic payments may be altered, and
  - the rights and options available on the death of a member/beneficiary and the procedures for exercising them.

  The required information is to be given automatically within one month following the date the benefit becomes payable, extended to two months where retirement occurs prior to normal pension age. Again, failure to do so can result in a fine of up to £1,000 against an individual, or up to £10,000 otherwise. See 3.5 v, vi and ix of PAS.

GMPF escalation procedure for pay queries
We operate an escalation procedure within the Pensions Office whereby if you have not responded to our queries in the allotted timescale, we will escalate the issue to your Manager. Throughout this process we will have offered assistance and training to resolve the problem and prevent any recurrence.

Section 5 - Format the Pensions Office will accept the revised information in

Both the employer and the Pensions Office must consider data protection and audit requirements when communicating about a specific member of the Fund. Therefore all information must be relevant and secure.

With this in mind and in order to ensure cases are completed within the timescales expected of us by The Pensions Regulator (TPR) and our own Pension Administration Strategy, we have listed below the various forms of communication we will accept and under what conditions:

Verbally
Confirmation only that information already held on the record is correct.

Work Flow comments (if accessible to the employer)

- To improve the service to members, from 6.3.17 we can accept changes to pay or other leaver information via work flow, instead of a P76 form.
- Only authorised signatories should have access to work flow.
- Update the task comments box with your response.
- Ensure you initial and date your entry.
- Confirmation that information already held on the record is correct.
- Amendments to personal details on record.
- Service breaks.
- COE / contributions for refunds, deferred refunds or unclaimed benefit (UCB).
- Change of any date on leaver form.
- Change of part-time pay on leaver form.

The above is only intended for cases where GMPF have queried information with you and we are awaiting a response to process the leaver forms you have sent in. You will still need to use the P76 form to notify us of changes in information for cases where GMPF have not raised a query.

Use of comments box on both P71 and P48 forms

- Amendments to personal details on record.
- Amendments to hours on record.
- Service breaks.

Email (from an authorised signatories account only)

To improve the service to members, from 6.3.17 we can accept changes to pay or other leaver information via email, instead of a P76 form.

In order to continue to comply with data protection and audit requirements, we must ensure that:

- there is no identifiable personal information in the email
- the email is sent to and the reply is from an authorised signatory
- additional personal information is not supplied in the email that could contravene data protection laws, and
- member's records on Altair are updated to include all email exchanges.

To ensure that we are all compliant with the above, we will:

- only include the initial, surname, partial payroll reference e.g. 123*** and partial NI number e.g. AB12****A in our email title
- only liaise with an authorised signatory
- add the following standard data protection text in our first email to you as a reminder to all: *"**For data protection reasons, please only reply with the information we have requested and do not include any additional personal details relating to this member in your response such as date of birth, full name, pay reference or NI number**."*

Information we will accept by email:

- Confirmation that information already held on the record is correct.
- Amendments to personal details on record.
- Amendments to hours on record.
- Service breaks.
- COE / contributions for refunds, deferred refunds or UCB (for P48 only).
- Change of any date on leaver form.
- Change of part-time pay on leaver form.
- Change to start date.

The above is only intended for cases where GMPF have queried information with you and we are awaiting a response to process the leaver forms you have sent in. You will still need to use the P76 form to notify us of changes in information for cases where GMPF have not raised a query.

P5 (Change in member details) form (can be sent via post or GCSX secure email address)

- Amendments to personal details on record.
- Amendments to pension scheme membership details.
- Amendments to hours on record.
- Service breaks.

Amended P71 or P48 form (should be received via post or GCSX secure email address, and marked amendment to original)

- COE / contributions for refunds, deferred refunds or UCB (P48 only).
- Change of any date on leaver form.
- Change of part-time pay on leaver form.

P76 form (should be received via post or GCSX secure mail address only)

- Change of final salary pay or career average pay.
- Change of pay dates.
- Change of part-time pay on leaver form.

The P48, P71, P5 and P76 forms and any accompanying notes for guidance can all be found in the Online Forms section of the employers' website.