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Assumed Pensionable Pay (APP)

APP is a notional pay figure to be reported when an employee's pay is reduced during a period of sick leave, reserve forces leave, or relevant child related leave. This ensures that an employee's pension builds up as if they were at work receiving their normal pay.

Member contributions are based on what the member is actually paid. Employer contributions are based on what they would have been paid if they weren't absent.

Calculating APP

Employers can use one of two methods to calculate APP; **average pay** or **current pay**.

Average pay is the last 3 full months' pay, including any regular additional payments, but removing any one-off lump sum or non-regular payments and uprating the figure to a full year. The employer has the discretion to add back into the APP one-off or annual lump sum payments if they expect the APP to continue until the next time when such payments would be due.

Current pay can be used if you consider the average pay figure to be lower than the pay the member would have received had they been at work.

APP for maternity or adoption leave

For the first 26 weeks of maternity or adoption leave, APP should be applied even if the member is receiving no pay.

For weeks 27 to 39, APP should be applied when a member is on paid additional maternity or adoption leave. But if the member is receiving no pay while on additional maternity/adoption leave then APP does not apply.

APP for sick leave

APP should be applied when the member is off sick, even when they are receiving no pay.

If you have an employee off sick for some time, there is a chance that the APP annual rate needs to be increased with the cost of living.

The annual APP rate should be adjusted if the reduced pay absence continues for a period that crosses two 31 March dates. If an employee is on long term sick leave, APP is adjusted at midnight on the second 31 March following the date APP commenced.

For example, an employee off sick continually from before 31 March 2022 until after 31 March 2023, should have had their APP annual rate increased by the Consumer Prices Index of 10.1% from 1 April 2023.

Tier 1 & 2 ill health retirement and death in service

Where an employee is retired on the grounds of tier 1 or tier 2 ill health, or an active member dies in service, an APP figure is needed for us to calculate the amount of enhancement added to the pension benefits.

APP for this purpose must be calculated using the employee's last three months' pay, including APP if was applied in the period, and grossed up to an annual figure.

APP resources

The LGA has published [bite-size training](#) modules to help employers with APP.

Comprehensive guidance can be also be found in the [LGA payroll guidance notes](#).



Queries from the Pension Fund

Processing details about LGPS leavers often involves complex pension calculations. When we need to contact you with queries about details provided, it is important that you respond promptly.

Delays in replying to queries may cause retirement payments to your employees to be held up. Where we incur additional administration costs due to chasing responses to queries for late or missing data, LGPS regulations allow costs to be charged directly to the employer. Details about these charges are included in the [Pension Administration Strategy](#).



LGPS employer training sessions

Training sessions are available to all our employers, covering various LGPS topics including:

- Employer responsibilities
- Appeals and adjudicator responsibilities
- Employers guide to ill health decisions
- General scheme training to help you understand the LGPS and your role

If you think that your team or colleagues would benefit from any training or presentations regarding the LGPS, you can go to our [Employer training page](#) or contact us at pensions.regs@derbyshire.gov.uk to arrange a suitable session.

Employee details changes

It's important that you let us know as soon as possible when an employee's details change, for example, title, name, address. This helps us to minimise the risk of data breaches occurring.

If you're not using i-Connect yet, please remember to notify us using the C1 Form when any of your LGPS members change their personal and contact details. The C1 Form is available on the [Forms for employers](#) section of our website.

Email addresses

A quick reminder of our email addresses and what they should be used for:

dpf.employers@derbyshire.gov.uk - For submitting member notification forms such as the S1, L1, C1 and estimate requests. [All found here](#).

pensions.tech@derbyshire.gov.uk - For submitting contribution returns (CR1), data and payment queries.

pensions.regs@derbyshire.gov.uk - For queries relating to LGPS regulations, employer training, events and communications.

pensions.iconnect@derbyshire.gov.uk – For employer queries about i-Connect.

For queries and requests from members of the LGPS, please direct them to the [enquiry form](#) on our website.

If you have any queries about the information provided in this Newsletter, or about the LGPS in general, please contact us at:

Derbyshire Pension Fund, County Hall, Matlock, DE4 3AH

Tel: 01629 538900

Email: pensions.regs@derbyshire.gov.uk

Website: www.derbyshirepensionfund.org.uk

The logo for the Local Government Pension Scheme (LGPS) in Derbyshire, featuring the lowercase letters 'lgps' in a bold, orange, sans-serif font.

Local Government
Pension Scheme