



Effective from April 2019

PENSIONS POLICY – Local Government Pension Scheme

1. Policy Statement

- 1.1 The Local Government Pension Scheme (LGPS) is a statutory career average (defined benefit) pension scheme. The pension scheme forms a valuable part of the Council's employment package.
- 1.2 The LGSS Pensions website <http://pensions.northamptonshire.gov.uk> gives comprehensive information on the LGPS including details of:
- the benefits of the pension scheme
 - the process for opting in and opting out of the pension scheme
 - transferring benefits into the LGPS
 - normal retirement age
 - how to report changes in personal circumstances
- 1.3 Details of the scheme membership and the Council's auto enrolment requirements are given in **Appendix 1**.
- 1.4 There are a number of areas where the Council may exercise discretion under the legislation governing the LGPS. These are set out in the **LGPS Employer Discretion Policy**.

2. Assessing Employee Contribution Rates

- 2.1 Employee contribution rate is the percentage of pay which an employee pays into the LGPS - this is deducted from pay each month. Pension contributions are payable on all non-contractual overtime, additional hours payments and honoraria. Pension contributions are not payable on travel and subsistence payments, pay in lieu of notice or payments in relation to reserve forces leave.
- 2.2 There are nine employee contribution bands. The contribution bands and percentage contribution rates are reassessed by Central Government each year in line with the previous year's inflation changes.

The pensionable pay values are also reviewed annually; the table shows the **values for 2019/20**.

Contribution Band	Actual pensionable pay	Contribution rate	
		main scheme	50/50 section
1	Up to £14,400	5.50%	2.75%
2	£14,401 to £22,500	5.80%	2.90%
3	£22,501 to £36,500	6.50%	3.25%
4	£36,501 to £46,200	6.80%	3.40%
5	£46,201 to £64,600	8.50%	4.25%
6	£64,601 to £91,500	9.90%	4.95%
7	£91,501 to £107,700	10.50%	5.25%
8	£107,701 to £161,500	11.40%	5.70%
9	£161,501 or more	12.50%	6.25%

- 2.3 On the 1 April each year the Council will assess which contribution band an employee will be assigned to. Employees will be assigned to a contribution band based on their base salary and any fixed allowances that are received (i.e. a fixed annual amount or a % of salary).
- 2.4 Additional payments that are claimed for (e.g. on call and call out payments, enhancements and sleep-ins) and other one-off payments (e.g. honoraria) are not considered when in the annual assessment of the employee contribution band.
- 2.5 Where additional payments claimed for exceed 20% of basic salary, then the Council will reserve the right to include these when assessing the employee's contribution rate.
- 2.6 The contribution band for part time employees will be assessed based on their pro rata salary, for example:

Full time employee salary £30,000 pa	6.5%
Part time salary of £15,000 pa (working half time, 0.5fte)	5.8%

The contribution band for term time only employees will be assessed based on their actual salary plus any fixed allowances – this approach reflects the number of weeks per year that are actually paid for.

- 2.7 All zero hours employees will be assigned to band 1 (5.5%). The Council reserve the right to review a zero employee's contribution band where a significant number of hours are undertaken.
- 2.8 Employees who join the scheme part way through a year will be assigned to the appropriate contribution band based on their annual salary plus any fixed allowances at the point of joining the scheme.
- 2.9 Where there is a significant change to pensionable pay within the scheme year, the Council will reserve the right to reassign the employee to a new contribution band. An employee will be notified if this has taken place.
- 2.10 Where an employee has multiple pensionable employments, each one will be assessed separately; it is possible that different jobs could fall into different contribution bands. If the Council determines that a single employment relationship exists then the pay from each job will be combined to determine a single contribution rate.

3. Contribution Flexibility

- 3.1 Employees have an option to opt to join the 50/50 section of the LGPS. During a period in the 50/50 section an employee will pay half the normal contribution rate and build up half the normal pension (the employee will still get full life and ill health benefits). See the LGSS Pensions website for further information and to obtain the required form.
- 3.2 Applications to move to the 50/50 section should be sent to payroll by 12 noon on 5th of the month, these will be processed for the next pay period. Applications received after this date will not be processed until the following month (e.g. a form received by deadline on 5th April, will be processed to take effect on 1st May and the changes will show on the May payslip).
- 3.3 The council is required to re-enrol employees back into the main section at certain points to comply with the automatic enrolment provisions of the Pensions Act 2008. Employees will be required to make another election, if they wish to remain in the 50/50 section.

- 3.4 There are a number of ways employees can improve their retirement benefits, LGSS Pensions have further details.

4. Employer Contributions

- 4.1 The Council makes significant employer contributions for each LGPS scheme member. The employer continues to pay the full employer contribution rate for employees in the 50/50 section.
- 4.2 Every three years, an independent actuary calculates how much the Council should contribute to the scheme. The rate of employer contributions will vary, but generally employees contribute approximately one third of the scheme's costs and the employer contributes the rest.

5. Breaks In Service

- 5.1 All policies that relate to authorised unpaid leave (e.g. unpaid maternity, paternity, adoption leave, additional annual leave, unpaid sick leave) give full details of the impact on pension contributions.

6. Transferring benefits into the LGPS and combining previous LGPS benefits

- 6.1 Employees have the option of transferring benefits into LGPS and combining previous LGPS. Employees who wish to do this should contact LGSS Pensions directly within one year of commencement.

7. Internal dispute resolution procedures

- 7.1 An internal appeals procedure exists where individuals can raise their concerns over any employer decisions made (or not made) in respect of their pension rights. For example, this could include concerns regarding the:
- Assessment of employee contribution rate (have they been allocated to the right contribution band)
 - Have the rules been applied correctly
- 7.2 The procedure to be followed for raising concerns is:

Informal Stage	Individuals should raise their concerns via their line manager/supervisor e.g. to establish how the employee contribution band has been assessed
Formal Stage 1	Individuals should contact the Head of HR to discuss their concern and their particular circumstances.
Formal Stage 2	Where individuals are still not satisfied that the rules have been applied correctly, they should put their appeal in writing to the LGSS Director of Law and Governance or their nominated deputy.

On receipt of an appeal the relevant person will consider the individual's appeal and seek the advice and involvement of others as appropriate.

- 7.3 If the Pensions Fund makes a decision, you will always be given details of the appeals process that is applicable.

8. Employing Authority and Administering Authority Discretions

- 8.1 Within the pension regulations, Northamptonshire County Council is both the Employing Authority, and the Administering Authority and has to make decisions in respect of certain discretions available.
- 8.2 Northamptonshire Pension Fund Board publish Administering Authority discretions under the Governance section of the LGSS Pensions website <http://pensions.northamptonshire.gov.uk/>
- 8.3 The Northamptonshire County Council employer discretions and how these will be exercised are set out in the **LGPS Employer Discretion Policy**.

These discretions only apply at the time of application and are subject to change.

9. Policy Data Protection and Monitoring

- 9.1 This policy will be monitored and reviewed from time to time to ensure it reflects the provisions of the Local Government Pension Scheme and remains current. Changes to the Scheme will be notified to members by the Administering Authority.
- 9.2 Any data collected as part of employing and managing employee's is held securely. It is accessed by, and disclosed to, individuals only for the purposes of completing that specific procedure; process or activity.
- 9.3 Records are retained and destroyed in accordance with the organisations Retention Schedule.
- 9.4 Inappropriate access or disclosure of employee data constitutes a data breach and should be reported in accordance with the organisation's Data Protection Policy immediately. It may also constitute a disciplinary offence, which may be dealt with under this Disciplinary Procedure

10. Contact Information

- 10.1 You can contact the LGSS Pension Service at:

Tel: 01604 366537

Email: pensions@northamptonshire.gov.uk

Address: Northampton County Council, LGSS Pensions, One Angel Square, 4 Angel Street, Northampton NN1 1ED

Appendix 1 – Membership of the LGPS and Auto enrolment

The LGPS is available to all eligible local government employees under the age of 75. Employees who are eligible to join another statutory scheme are not eligible to join the LGPS (for example NFRS operational staff including fire control and most teachers).

Employees with contracts for 3 months or more will be brought into the scheme automatically from commencement.

Employees with contracts for less than 3 months will not be brought into the scheme automatically unless they meet the Automatic Enrolment criteria below. However, they may join the pension scheme at any time by “opting in”.

Automatic Enrolment is Government legislation that requires the Council to enrol certain people into a pension scheme automatically. If an employee has a contract of less than three months, the action taken depends on the category an individual falls into. The categories are:

Category	Definition	Action
Eligible jobholders	Age 22 - state pension age and earning above the earnings trigger for automatic enrolment, currently £10,000	Will be automatically enrolled
Non-eligible jobholders	Age 16 – 21 OR state pension age – age 74 and earning above the earnings trigger for automatic enrolment, currently £10,000 OR Age 16-74 and earning <u>above</u> the National Insurance contributions lower earnings limit <u>but below</u> the earnings trigger for automatic enrolment, currently £10,000	Have a right to opt in (will not be automatically enrolled).
Entitled workers	Age 16-74 and earning below the National Insurance contributions lower earnings limit	Have a right to join (will not be automatically enrolled).

If an employee has more than one job with the Council, each job is treated separately and they can choose for which jobs they wish to be a member of the scheme.

Members can choose to leave the scheme at any time by opting out, and have the right to opt to re-join from the beginning of the next available pay period after electing to re-join (subject to the normal eligibility requirements). There are no restrictions on the number of times this right can be exercised.

Employees that choose to opt out of the pension scheme will be automatically re-enrolled into the scheme on the Council’s ‘re-enrolment date’ (if they meet the ‘eligible jobholder’ criteria), unless they opted out within the previous 12 months.