

## PENSIONS POLICY (Local Government Pension Scheme)

### 1.0 Policy Statement

- 1.1 From 1 April 2014 the Local Government Pension Scheme (LGPS) is a statutory career average (defined benefit) pension scheme. The pension scheme forms a valuable part of Huntingdonshire District Council's (the Council) employment package.
- 1.2 The Council is an Employing Authority for the Cambridgeshire County Council Pension Fund, which is managed by LGSS Pensions. The LGSS Pensions website <http://pensions.cambridgeshire.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. Appendix 2 details the Council's policy position in relation to these discretions.

### 2.0 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. From 1 April 2014 pension contributions will be payable on all non-contractual overtime and additional hours payments. Pension contributions are not payable on travel and subsistence payments, pay in lieu of notice or payment in relation to reserve forces leave.
- 2.2 There are 9 employee contribution bands. The contribution bands that apply from 1 April 2014 are:

Band	Actual pay	Contribution rate
1	£0 - £13,500	5.5%
2	£13,501 and up to £21,000	5.8%
3	£21,001 and up to £34,000	6.5%
4	£34,001 and up to £43,000	6.8%
5	£43,001 and up to £60,000	8.5%
6	£60,001 and up to £85,000	9.9%
7	£85,001 and up to £100,000	10.5%
8	£100,001 and up to £150,000	11.4%
9	More than £150,000	12.5%

The bands will be reviewed every 3 years to maintain an average employee contribution rate of 6.5%.

- 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 a total sum, made up of:
- their base salary for the forthcoming year; plus
  - any fixed allowances and additional payments (Examples of these include overtime, shift allowance, performance bonus, standby payments) that have been received during the previous year. Where an employee has joined partway through a year, the sum will be adjusted to reflect a “years worth” of allowances.
- 2.4 One-off payments (e.g. honoraria and acting-up payments) that have been paid during a year (April to March) will not be considered when assessing the employee contribution band.
- 2.5 Where an employee mid year commences/ceases undertaking work that results in a significant amount of additional payments, then the Council reserves the right to include these and reassess the employee’s contribution rate mid year.
- 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)	5.8%

- 2.7 All employees who have a zero hours contract will be assigned to the contribution band based on their average hours.
- 2.8 Employees who join the scheme part way through a year will be assigned to the appropriate contribution band based on an assumed salary for a whole year (basic plus any fixed allowances but excluding variable payments such as overtime).
- 2.9 An employee’s contribution band will normally remain constant throughout the scheme year. However if there are contractual changes to their grade (via a re-evaluation or change in position) and or change in hours worked (excluding temporary changes of 6 months or less), the Council will recalculate an employee’s contribution band when the change occurs. 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.

### **3.0 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 the end of the calendar 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 the deadline on 31<sup>st</sup> May, will be processed to take effect on 1st June and the changes will show on the June 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 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.

### **4.0 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. 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.

### **5.0 Authorised Unpaid Leave & Pension Contributions**

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

### **6.0 Transferring benefits into the LGPS and combining previous LGPS benefits Leave**

- 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.

### **7.0 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 Resources 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 Corporate Director (Services) 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, employees will always be given details of the appeals process that is applicable.

## 8.0 Employing Authority Discretions

8.1 Within the pension regulations, the Council is the Employing Authority and has to make decisions in respect of certain discretions available.

8.2 The discretions and how they will be applied are detailed in appendix 2.

## 9.0 Review and Policy Monitoring

9.1 This policy will be monitored and reviewed from time to time and its effectiveness evaluated periodically. The Council retains the discretion to review it at any time and consult as appropriate.

## 10.0 Contact Information

10.1 You can contact LGSS Pension Service at telephone: 01604 366537 or email [pensions@cambridgeshire.gov.uk](mailto:pensions@cambridgeshire.gov.uk) or LGSS Pensions, PO Box 202, John Dryden House, 8-10 The Lakes, Northamptonshire, NN4 7YD.

10.2 Changes to the Scheme will be notified to members by the Administering Authority.

Name of Policy	Pensions Policy
Person/posts responsible	HR Business Partner (LGSS) Policy
Date approved/adopted	DRAFT v1 @ 13.6.14
Approved by	Employment Panel (due to be considered July 2014)

## 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 (this includes fire fighters and most teachers).

The Council is required by law to enrol certain into a pension scheme automatically – this is known as auto enrolment. The action taken depends on the category an individual falls into, the categories are:

Category	Definition	Action
Entitled workers	Aged 16-74 earning below the National Insurance contributions lower earnings limit	Can opt in (will not be automatically enrolled).
Eligible jobholders	Aged 22 - state pension age earning above the PAYE threshold.	Will be automatically enrolled
Non-eligible jobholders	Aged 16-21 or state pension age 74 and earning above the PAYE threshold OR, aged 16-74 earning above the National Insurance contributions lower earnings limit but below the national insurance contributions lower earnings limit.	Can opt in (will not be automatically enrolled).

Employees with contracts for less than 3 months may join the pension scheme by “opting in”. Employees with contracts for 3 months or more will be brought into the scheme automatically from commencement.

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’ unless they had opted out within the previous 12 months. Re-enrolment will next take place in October 2016 and every three years thereafter.

## Appendix 2 – Discretions (LGPS)

Within the pension regulations, Huntingdonshire District Council (the Council), as the Employing Authority has to make decisions in respect of certain discretions available.

The following details the discretions and the policies on how they will be exercised as decided by the Council.

*(To follow when discretions agreed)*

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