



Local Government Pensions Committee  
Secretary, Jeff Houston

## LGPC Bulletin 155 – March 2017

This Bulletin sets out the rates and bands applicable from April 2017 for various purposes.

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## LGPS contribution bands and employee contribution rates – England and Wales

The following pay ranges and employee contribution rates will apply to the LGPS in England and Wales from 1 April 2017.

Contribution table 2017/18			
Band	Actual pensionable pay for an employment	Contribution rate for that employment	
		Main section	50/50 section
1	Up to £13,700	5.5%	2.75%
2	£13,701 to £21,400	5.8%	2.9%
3	£21,401 to £34,700	6.5%	3.25%
4	£34,701 to £43,900	6.8%	3.4%
5	£43,901 to £61,300	8.5%	4.25%
6	£61,301 to £86,800	9.9%	4.95%
7	£86,801 to £102,200	10.5%	5.25%
8	£102,201 to £153,300	11.4%	5.7%
9	£153,301 or more	12.5%	6.25%

Unless the process for allocating the appropriate contribution rate from the above bands has been automated on the payroll system, employers must determine the appropriate employee contribution rate for each employee from 1 April 2017 and notify this to payroll. Any reductions in pensionable pay at that time due to sickness, child related leave, reserve forces service leave or other absence from work are to be disregarded when determining the appropriate contribution rate.

Information on allocating employees to a band each April and on varying, during the course of a scheme year, the band to which an employee is allocated can be found in section 10 of the [HR Guide](#) and in section 5.1 of the [Payroll Guide](#).

## LGPS contribution bands and employee contribution rates – Scotland

The contribution rates applicable to specified pay bands are set out in [statutory guidance](#) issued by Scottish Ministers. The following pay ranges and employee contribution rates will apply to the LGPS in Scotland from 1 April 2017.

<b>Contribution rate</b>	<b>Actual Pay Min</b>	<b>Actual Pay Max</b>	<b>Contribution rate</b>	<b>Actual Pay Min</b>	<b>Actual Pay Max</b>
<b>5.5</b>	Up to	21,308	<b>8.4</b>	59,809	61,492
<b>5.6</b>	21,309	22,640	<b>8.5</b>	61,493	63,275
<b>5.7</b>	22,641	24,150	<b>8.6</b>	63,276	65,164
<b>5.8</b>	24,151	25,603	<b>8.7</b>	65,165	67,169
<b>5.9</b>	25,604	26,607	<b>8.8</b>	67,170	69,301
<b>6.0</b>	26,608	27,693	<b>8.9</b>	69,302	71,573
<b>6.1</b>	27,694	28,872	<b>9.0</b>	71,574	74,000
<b>6.2</b>	28,873	30,155	<b>9.1</b>	74,001	76,596
<b>6.3</b>	30,156	31,558	<b>9.2</b>	76,597	79,381
<b>6.4</b>	31,559	33,097	<b>9.3</b>	79,382	82,377
<b>6.5</b>	33,098	34,762	<b>9.4</b>	82,378	85,607
<b>6.6</b>	34,763	35,982	<b>9.5</b>	85,608	89,102
<b>6.7</b>	35,983	37,290	<b>9.6</b>	89,103	92,893
<b>6.8</b>	37,291	38,698	<b>9.7</b>	92,894	97,022
<b>6.9</b>	38,699	40,215	<b>9.8</b>	97,023	101,534
<b>7.0</b>	40,216	41,857	<b>9.9</b>	101,535	106,487
<b>7.1</b>	41,858	43,638	<b>10.0</b>	106,488	111,948
<b>7.2</b>	43,639	45,577	<b>10.1</b>	111,949	118,000
<b>7.3</b>	45,578	46,946	<b>10.2</b>	118,001	124,742
<b>7.4</b>	46,947	47,978	<b>10.3</b>	124,743	132,303
<b>7.5</b>	47,979	49,056	<b>10.4</b>	132,304	140,838
<b>7.6</b>	49,057	50,183	<b>10.5</b>	140,839	150,551
<b>7.7</b>	50,184	51,364	<b>10.6</b>	150,552	161,703
<b>7.8</b>	51,365	52,602	<b>10.7</b>	161,704	174,640
<b>7.9</b>	52,603	53,901	<b>10.8</b>	174,641	189,826
<b>8.0</b>	53,902	55,265	<b>10.9</b>	189,827	207,904
<b>8.1</b>	55,266	56,701	<b>11.0</b>	207,905	229,789
<b>8.2</b>	56,702	58,213	<b>11.1</b>	229,790	256,823
<b>8.3</b>	58,214	59,808	<b>11.2</b>	256,824	and above*

**[Note: For members in the 50/50 section divide the appropriate rate by 2]**

**\* Contribution rates will increase beyond 11.2% of pay for higher salaries, but SPPA were not asked to provide bands above 11.2%.**

Unless the process for allocating the appropriate contribution rate from the above bands has been automated on the payroll system, employers must determine the appropriate employee contribution rate for each employee from 1 April 2017 and notify this to payroll. Any reductions in pensionable pay at that time due to sickness, child related leave, reserve forces service leave or other absence from work are to be disregarded when determining the appropriate contribution rate.

Information on allocating employees to a band each April and on varying, during the course of a scheme year, the band to which an employee is allocated can be found in section 10 of the [HR Guide](#) and in section 5.1 of the [Payroll Guide](#).

### Automatic Enrolment Earnings Bands

Those employers who have already passed their staging date for the purposes of automatic enrolment under the Pensions Act 2008 or whose staging date will fall in 2017/18 will need to be aware of the earnings bands for 2017/18. These are contained in [The Automatic Enrolment \(Earnings Trigger and Qualifying Earnings Band\) Order 2017 \[SI 2017/394\]](#) and are reflected in the following tables. It should be noted that the earnings trigger for 2017/18 (£10,000) is the same as the earnings trigger for both 2015/16 and 2016/17.

2017/18 Age <i>Earnings</i> **	16 - 21	22 - <SPA*	SPA* - <75
Under lower earnings threshold (£5,876***)	<i>Entitled worker</i>		
Between £5,876*** and £10,000	<i>Non-eligible jobholder</i>		
Over earnings trigger for automatic enrolment (£10,000)	<i>Non-eligible jobholder</i>	<i>Eligible jobholder</i>	<i>Non-eligible jobholder</i>
<p>* <i>State Pension Age</i></p> <p>** <i>Earnings</i>: separate contracts treated separately</p> <p>*** To align with National Insurance contributions lower earnings limit</p>			

Pay reference period	Lower earnings threshold p.a.	Earnings trigger for automatic enrolment
Annual	£5,876.00	£10,000.00
6 months	£2,938.00	£4,998.00
3 months	£1,469.00	£2,499.00
1 Month	£490.00	£833.00
4 weeks	£452.00	£768.00
Fortnight	£226.00	£384.00
1 week	£113.00	£192.00

The LGPC's [Automatic Enrolment Guide](#) will be updated to reflect the above figures in due course.

### National Insurance thresholds

The relevant NI limits and thresholds for 2017/18, as set out in [the Social Security \(Contributions\) \(Rates, Limits and Thresholds Amendments and National Insurance Fund Payments\) Regulations 2017 \[SI 2017/415\]](#) are shown in the tables below:

## Class 1 National Insurance thresholds

Class 1 NI thresholds	2017 to 2018
Lower Earnings Limit (LEL)	£113 per week £490 per month £5,876 per year
Primary Threshold (PT)	£157 per week £680 per month £8,164 per year
Secondary Threshold (ST)	£157 per week £680 per month £8,164 per year
Upper Secondary Threshold (under 21) (UST)	£866 per week £3,750 per month £45,000 per year
Apprentice Upper Secondary Threshold (apprentice under 25) (AUST)	£866 per week £3,750 per month £45,000 per year
Upper Earnings Limit (UEL)	£866 per week £3,750 per month £45,000 per year

## Class 1 National Insurance rates

### Employee (primary) contribution rates

NI category letter	Earnings at or above LEL up to and including PT	Earnings above the PT up to and including UEL	Balance of earnings above UEL
A	0%	12%	2%
B	0%	5.85%	2%
C	NIL	NIL	NIL
H (Apprentice under 25)	0%	12%	2%
J	0%	2%	2%
M (under 21)	0%	12%	2%
Z (under 21 - deferment)	0%	2%	2%

### Employer (secondary) contribution rates

NI category letter	Earnings at or above LEL up to and including ST	Earnings above ST up to and including UEL/UST/AUST	Balance of earnings above UEL/UST/AUST
A	0%	13.80%	13.80%
B	0%	13.80%	13.80 %
C	0%	13.80%	13.80%
H (Apprentice under 25)	0%	0%	13.80%
J	0%	13.80%	13.80%
M (under 21)	0%	0%	13.80%
Z (under 21 - deferment)	0%	0%	13.80%

### Annual Revaluation Order

LGPS administering authorities should note that the full year increase to be applied at one second after midnight on 31 March 2017 to the career average pension earned up to 31 March 2017 is 1.0%. This is set out in [the Public Service Pensions Revaluation Order 2017 \[SI 2017/242\]](#), which can be viewed on the [Related and General Legislation](#) page of [www.lgpsregs.org](http://www.lgpsregs.org).

### Annual Pensions Increase

LGPS administering authorities and those employers who pay their own annual compensation benefits (relating to an historical award of

compensatory added years) should note that the increase to be applied from 10 April 2017 to a qualifying pension which began (i.e. has a pensions increase date) before 11 April 2016 will be 1.0%. The percentage, and part year percentages, are detailed in [the Pensions Increase \(Review\) Order 2017 \[SI 2017/417\]](#) which, together with the appropriate multiplier tables, can be viewed on the [Related and General Legislation](#) page of [www.lgpsregs.org](http://www.lgpsregs.org).

In addition, the Government have issued [the Pensions Increase \(Modification\) Regulations 2017 \[SI 2017/418\]](#) to ensure that members will receive the full 1.0% increase where their pension began before 11 April 2016 and that only those pensions beginning on or after 11 April 2016 will get a proportionate fraction of the increase. The issue of this SI was necessary due to the fact there was no Pensions Increase (Review) Order in 2016.

### **Annual Post 5 April 1988 GMP Increase**

LGPS administering authorities should note that the increase to be applied from 6 April 2017 to:

- the post 5 April 1988 GMP element of a pension in payment where the individual reached state pension age before 6 April 2016 (assuming AP is not less than GMP), or
- the entire GMP element of a pension in payment where the individual reached state pension age on or after 6 April 2016,

is 1.0%.

This is set out in [the Guaranteed Minimum Pensions Increase Order 2017 \[SI 2017/220\]](#) which can be viewed on the [Related and General Legislation](#) page of [www.lgpsregs.org](http://www.lgpsregs.org)

### **The Social Security Revaluation of Earnings Factors Order 2016**

LGPS administering authorities may wish to note that the [Social Security Revaluation of Earnings Factors Order 2017 \[SI 2017/287\]](#) comes into force on 6 April 2017 (i.e. the earnings factors used to calculate a scheme member's GMP). The percentage increase for the tax year 2016/17 is 2.6% and is based on the measure of the increase in the general level of earnings obtaining in Great Britain. The Statutory Instrument may be viewed on the [Related and General Legislation](#) page of [www.lgpsregs.org](http://www.lgpsregs.org).

### **Redundancy Payments**

The [Employment Rights \(Increase of Limits\) Order 2017 \[SI 2017/175\]](#) came into force on 6 April 2017. It increased the maximum “week’s pay” for calculating a statutory redundancy payment from £479 per week to £489 per week where the appropriate date falls on or after 6 April 2017. In the case of entitlement to a redundancy payment by virtue of section 135(1)(a) [dismissal by reason of redundancy] or section 135(1)(b) [lay-off or short time] of the

Employment Rights Act 1996, the appropriate date means the relevant date as defined by, respectively, sections 145 or 153 of that Act.

### **Actions for administering authorities**

In consequence of some of the items in this Bulletin, administering authorities may wish to update relevant scheme literature and guides<sup>1</sup> issued to employees and employers participating in their Fund. They may also wish to consider copying this Bulletin to employers in their Fund or bring the Bulletin to the attention of employers by directing them to the [Bulletin](#) on the "[LGPS Regulations and Guidance](#)" website.

### **Useful Links**

[LGA Pensions page](#)

[LGPS members' website](#) – England and Wales

[LGPS 2015 members' website](#) - Scotland

[LGPS Advisory Board website](#)

[LGPS Regulations and Guidance website](#)

[LGPS Discretions](#) lists all the potential discretions available within the LGPS in England and Wales.

[LGPS Discretions](#) lists all the potential discretions available within the LGPS in Scotland.

[Recognised Overseas Pension Schemes](#) approved by HMRC and who agreed to have their details published.

[The Timeline Regulations](#) for Final Salary Scheme

[The Timeline Regulations](#) for Career Average in England and Wales

[The Timeline Regulations](#) for Career Average in Scotland

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<sup>1</sup> The standard LGPC leaflets and guides will be updated by the LGPC Secretariat.

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