



Local Government Pensions Committee
Secretary, Jeff Houston

LGPC Bulletin 125 – March 2015

This Bulletin sets out the rates and bands applicable from April 2015 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 2015.

Contribution table 2015/16			
Band	Actual pensionable pay for an employment	Contribution rate for that employment	
		Main section	50/50 section
1	Up to £13,600	5.5%	2.75%
2	£13,601 to £21,200	5.8%	2.9%
3	£21,201 to £34,400	6.5%	3.25%
4	£34,401 to £43,500	6.8%	3.4%
5	£43,501 to £60,700	8.5%	4.25%
6	£60,701 to £86,000	9.9%	4.95%
7	£86,001 to £101,200	10.5%	5.25%
8	£101,201 to £151,800	11.4%	5.7%
9	£151,801 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 2015 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

Those employees who are employed on 31 March 2015 and who are active members of the Scheme will, on 1 April 2015, automatically become active members of the main section of the 2015 Scheme unless they choose to opt out, or opt to join the 50/50 section, or they happen to cease to be eligible for membership on that date (for example, they attain age 75 on that date).

Unless the process for allocating the appropriate contribution rate has been automated on the payroll system, the employer must determine the

appropriate employee contribution rate for each employee moving into the 2015 Scheme on 1st April 2015 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.

The contribution rates applicable to specified pay bands are set out in the statutory guidance issued by Scottish Ministers. The rates for 2015/16 are as follows:

Contribution rate	Actual Pay Min	Actual Pay Max	Contribution rate	Actual Pay Min	Actual Pay Max
5.5	Up to	21,102	8.4	59,185	60,852
5.6	21,103	22,421	8.5	60,853	62,615
5.7	22,422	23,916	8.6	62,616	64,485
5.8	23,917	25,330	8.7	64,486	66,469
5.9	25,331	26,323	8.8	66,470	68,579
6.0	26,324	27,397	8.9	68,580	70,827
6.1	27,398	28,563	9.0	70,828	73,228
6.2	28,564	29,833	9.1	73,229	75,798
6.3	29,834	31,220	9.2	75,799	78,554
6.4	31,221	32,743	9.3	78,555	81,518
6.5	32,744	34,415	9.4	81,519	84,715
6.6	34,416	35,622	9.5	84,716	88,173
6.7	35,623	36,918	9.6	88,174	91,925
6.8	36,919	38,311	9.7	91,926	96,011
6.9	38,312	39,813	9.8	96,012	100,476
7.0	39,814	41,438	9.9	100,477	105,378
7.1	41,439	43,202	10.0	105,379	110,782
7.2	43,203	45,122	10.1	110,783	116,770
7.3	45,123	46,456	10.2	116,771	123,442
7.4	46,457	47,478	10.3	123,443	130,924
7.5	47,479	48,544	10.4	130,925	139,370
7.6	48,545	49,660	10.5	139,371	148,982
7.7	49,661	50,829	10.6	148,983	160,018
7.8	50,830	52,054	10.7	160,019	172,819
7.9	52,055	53,339	10.8	172,820	187,847
8.0	53,340	54,689	10.9	187,848	205,738
8.1	54,690	56,110	11.0	205,739	227,394
8.2	56,111	57,606	11.1	227,395	254,147
8.3	57,607	59,184	11.2	254,148	and above

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

In many cases the contribution rate from 1 April 2015 will be different to the rate that applied prior to that date because, from 1 April 2015, the rate will be determined by reference to the actual pensionable pay received (not the full-time equivalent rate of pay) and pensionable pay will, from 1 April 2015, include additional hours worked in excess of the contractual hours (up to a maximum of the hours of the standard full-time working week for the employee in that employment). Having determined the appropriate contribution rate (whether individually or by an automated process on payroll), the employer must (as soon as is reasonably practicable, but preferably

before 1 April 2015 to avoid complaints from those whose contribution rate increases, leading to a reduction in net pay and, potentially, difficulties for some members in meeting direct debit / standing order payments or leading to bank charges) notify the employee of the contribution rate to be deducted from the employee's pensionable pay and the date from which the rate is payable (i.e. 1 April 2015). It is for the employer to determine the method by which the notification is given to the employee but the notification must contain a conspicuous statement giving the address from which further information about the decision may be obtained; must notify the employee of the right to appeal to an adjudicator against the decision (which must be lodged within 6 months of being notified of the initial decision, or such longer period as the adjudicator may allow); must set out the job title and address of the adjudicator (i.e. the person who has been appointed to consider appeals); and must notify the employee that, if they are unhappy with the adjudicator's decision, they would have the right to ask the Scottish Ministers, within 6 months of the adjudicator's decision, to undertake a further review of the decision.

Full guidance on attributing employees to a contribution rate can be found in both the [HR Guide \(Scotland\)](#) and the [Payroll Guide \(Scotland\)](#).

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 2015/16 will need to be aware of the increase in the earnings bands for 2015/16. These are contained in [The Automatic Enrolment \(Earnings Trigger and Qualifying Earnings Band\) Order 2015 \[SI 2015/468\]](#) and are reflected in the following tables.

2015/16	Age	16 - 21	22 - <SPA*	SPA* - <75
Earnings				
Under lower earnings threshold (£5,824♦)		<i>Entitled worker</i>		
Between £5,824♦ 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>
* State Pension Age				
♦ To align with National Insurance contributions lower earnings limit				

Pay reference period	Lower earnings threshold p.a.	Earnings trigger for automatic enrolment
Annual	£5,824.00	£10,000.00
6 months	£2,912.00	£4,998.00
3 months	£1,456.00	£2,499.00
1 Month	£486.00	£833.00
4 weeks	£448.00	£768.00
Fortnight	£224.00	£384.00
1 week	£112.00	£192.00

The LGPC [Automatic Enrolment Guide](#) has been updated to reflect the above figures.

National Insurance thresholds

The relevant NI limits and thresholds for 2015/16, as set out in [the Social Security \(Contributions\) \(Limits and Thresholds\) \(Amendment\) Regulations 2015 \[SI 2015/577\]](#) are shown in the table below:

From 6 April 2015	Lower Earnings Limit	Primary Threshold	Secondary Threshold	Upper Accruals Point	Upper Secondary Threshold (under 21)	Upper Earnings Limit
Weekly	Below £112	£155	£156	£770	£815	£815
Monthly	Below £486	£672	£676	£3,337	£3,532	£3,532
Yearly	Below £5,824	£8,060	£8,112	£40,040	£42,385	£42,385

The Contracted-Out and Not Contracted-Out NI Tables for 2015/16 are appended as an Annex to this Circular for your information.

Annual Revaluation Order

LGPS administering authorities in England and Wales should note that the full year increase to be applied at one second after midnight on 31 March 2015 to the Career Average pension earned during the 2014/15 Scheme year is 1.2%. This is set out in [the Public Service Pensions Revaluation Order 2015 \[SI 2015/769\]](#) which can be viewed at the “[Related and General Legislation](#)” page of the “[LGPS Regulations and Guidance](#)” website.

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 6 April 2015 to a qualifying pension which began (i.e. has a pensions increase date) before 7 April 2014 will be 1.2%. The percentage, and part year percentages, are detailed in the [Pensions Increase \(Review\) Order 2015 \[SI 2015/671\]](#) which, together with the appropriate multiplier tables, can be

viewed at the "[Related and General Legislation](#)" page of the "[LGPS Regulations and Guidance](#)" website.

Annual Post 5 April 1988 GMP Increase

LGPS administering authorities should note that the increase to be applied from 6 April 2015 to the post 5 April 1988 Guaranteed Minimum Pension element of a pension in payment is 1.2% (assuming the AP is not less than the GMP). This is set out in [the Guaranteed Minimum Pensions Increase Order 2015 \[SI 2015/470\]](#) which can be viewed at the "[Related and General Legislation](#)" page of the "[LGPS Regulations and Guidance](#)" website.

The Social Security Revaluation of Earnings Factors Order 2015

LGPS administering authorities may wish to note that the [Social Security Revaluation of Earnings Factors Order 2015 \[SI 2015/187\]](#) comes into force on 6 April 2015 (i.e. the earnings factors used to calculate a scheme member's GMP). The percentage increase for the tax year 2014/15 is 1.5% 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 at the "[Related and General Legislation](#)" page of the "[LGPS Regulations and Guidance](#)" website.

Redundancy Payments

The [Employment Rights \(Increase of Limits\) Order 2015 \[SI 2015/226\]](#) came into force on 6 April 2015. It increased the maximum "week's pay" for calculating a statutory redundancy payment from £464 per week to £475 per week where the appropriate date falls on or after 6 April 2015. 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 guides¹ 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.

¹ The standard LGPC leaflets and guides will be updated by the LGPC Secretariat.

Useful Links

[LGA Pensions page](#)

[LGPS members' website](#)

[LGPS 2014 members' website](#)

[LGPS Advisory Board website](#)

[LGPS 2014 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.

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

[The Timeline Regulations](#)

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Distribution sheet

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Class 1 - Contracted-out contribution rates - 2015/16

Category Letters D (Standard Contracted-out rate, employee 21 or over), I (Standard Contracted-out rate, employee under 21), E (Married Woman's Reduced Contracted-out rate) and L (Contracted-out deferment rate, employee 21 or over), K (Contracted-out deferment rate, employee under 21).

These rates should only be used where the employer operates a COSR occupational pension scheme.

Earnings Bands	Employee's contribution: Category letters			Employer's contribution: Category letters		Employee's NIC Rebate on earnings above the LEL, up to and including the PT (applies to category letters D, I, L & K only)	Employer's NIC Rebate on earnings above the LEL, up to and including the ST (applies to category letters D, E & L only)	Employer's NIC Rebate on earnings above the LEL, up to and including the UAP (applies to category letters I & K only)
	D / I	E	L / K	D, E & L	I & K			
Below £112.00 weekly, Below £486.00 monthly, Below £5,824.00 yearly	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
£112.00 to £155.00 weekly, or £486.00 to £672.00 monthly or £5,824.00 to £8,060.00 yearly	0%	0%	0%	0%	0%	1.4% on earnings from £112.01 up to and including £155.00	3.4% on earnings from £112.01 up to and including	3.4% on earnings from £112.01 up to and including

£155.01 to £156.00 weekly, or £672.01 to £676.00 monthly or £8,060.01 to £8,112.00 yearly	10.6% on earnings above the PT	5.85% on earnings above the PT	2% on earnings above the PT	0%	0%	(or monthly or annual equivalents)	£156.00 (or monthly or annual equivalents)	£770.00 (or monthly or annual equivalents)
£156.01 to £770.00 weekly, or £676.01 to £3,337.00 monthly, or £8,112.01 to £40,040.00 yearly	10.6% on earnings above the PT	5.85% on earnings above the PT	2% on earnings above the PT	10.4% on earnings above the ST	0%			
£770.01 to £815.00 weekly, or £3,337.01 to £3,532.00 monthly, or £40,040.01 to £42,385.00 yearly	10.6% on earnings above the PT, up to and including the UAP, then 12% on earnings above the UAP	5.85% on earnings above the PT	2% on earnings above the PT	10.4% on earnings above the ST, up to and including the UAP, then 13.8% on all earnings above the UAP	0%			

<p>Over £815.00 weekly, or over £3,532.00 monthly, or over £42,385.00 yearly</p>	<p>10.6% on earnings above the PT, up to and including the UAP, then 12% on earnings above the UAP, up to and including the UEL/UST, then 2% on all earnings above the UEL/UST</p>	<p>5.85% on earnings above the PT, up to and including the UEL/UST, then 2% on all earnings above the UEL/UST</p>	<p>2% on all earnings above the PT</p>	<p>10.4% on earnings above the ST, up to and including the UAP, then 13.8% on all earnings above the UAP</p>	<p>0% on earnings up to and including the UEL/UST, then 13.8% on all earnings above the UEL/UST</p>			
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Weekly LEL = £112; Weekly PT = £155; Weekly ST = £156; Weekly UAP = £770; Weekly UEL = £815; Weekly UST = £815.

Class 1 contribution - Not contracted-out rates - 2015/2016

Category Letters A (standard rate, employee 21 or over), M (standard rate, employee under 21) B (Married Woman's Reduced Rate), C (Employer only rate), J (not contracted-out deferment rate, employee 21 or over), Z (not contracted-out deferment rate, employee under 21)

Earnings Bands	Employee's contribution: Category letters				Employer's contribution: Category letters	
	A / M	B	C	J / Z	A, B, C & J	M & Z
Below £112.00 weekly, Below £486.00 monthly, Below £5,824.00 yearly	Nil	Nil	Nil	Nil	Nil	Nil
£112.00 to £155.00 weekly, or £486.00 to £672.00 monthly or £5,824.00 to £8,060.00 yearly	0%	0%	Nil	0%	0%	0%
£155.01 to £156.00 weekly, or £672.01 to £676.00 monthly or £8,060.01 to £8,112.00 yearly	12% on earnings above the PT	5.85% on earnings above the PT	Nil	2% on earnings above the PT	0%	0%
£156.01 to £770.00 weekly, or £676.01 to £3,337.00 monthly, or £8,112.01 to £40,040.00 yearly	12% on earnings above the PT	5.85% on earnings above the PT	Nil	2% on earnings above the PT	13.8% on earnings above the ST	0%
£770.01 to £815.00 weekly, or £3,337.01 to £3,532.00 monthly, or £40,040.01 to £42,385.00 yearly	12% on earnings above the PT	5.85% on earnings above the PT	Nil	2% on earnings above the PT	13.8% on earnings above the ST	0%

Over £815.00 weekly, or over £3,532.00 monthly, or over £42,385.00 yearly	12% on earnings above the PT, up to and including the UEL/UST, then 2% on all earnings above the UEL/UST	5.85% on earnings above the PT, up to and including the UEL/UST, then 2% on all earnings above the UEL/UST	Nil	2% on all earnings above the PT	13.8% on all earnings above the ST	0% on earnings above the ST, up to and including the UEL/UST, then 13.8% on all earnings above the UEL/UST
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Weekly LEL = £112; Weekly PT = £155; Weekly ST = £156; Weekly UAP = £770; Weekly UEL = £815; Weekly UST = £815.