



Local Government Pensions Committee
Secretary, Lorraine Bennett

LGPC Bulletin 221 – Annual update March 2022

This bulletin sets out the rates and bands that apply from April 2022 for various purposes. Please email rachel.abbey@local.gov.uk with any comments about the contents of this bulletin. You can find LGPC contacts at the end of this document.

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Employee contribution rates – England and Wales

The table below shows the pay ranges and corresponding employee contribution rates that apply to the LGPS in England and Wales from 1 April 2022.

Table 1: Employee contribution bands England and Wales 2022/23

Band	Actual pensionable pay for an employment	Main section contribution rate for that employment	50/50 section contribution rate for that employment
1	Up to £15,000	5.50%	2.75%
2	£15,001 to £23,600	5.80%	2.90%
3	£23,601 to £38,300	6.50%	3.25%
4	£38,301 to £48,500	6.80%	3.40%
5	£48,501 to £67,900	8.50%	4.25%
6	£67,901 to £96,200	9.90%	4.95%
7	£96,201 to £113,400	10.50%	5.25%
8	£113,401 to £170,100	11.40%	5.70%
9	£170,101 or more	12.50%	6.25%

Employers must determine the employee contribution rate for each employee from 1 April 2022 and inform payroll. The process for allocating contribution rates may have been automated on the payroll system. Employers must ignore any reduction in pensionable pay due to sickness, child related leave, reserve forces services leave or other absence from work when setting the employee contribution rate.

An employer may decide to change an employee's contribution rate during a Scheme year if their pay changes. You can read more about allocating an employee to a contribution rate each April and when their pay changes in section 10 of the HR guide and section 5.1 of the Payroll guide. You can find both guides on the [Employer guides and documents](http://www.lgpsregs.org) page of www.lgpsregs.org.

Employee average contribution rates – Scotland

Employers must determine the contribution rate for each of their employees and councillors. When doing so, the employer must have regard to statutory guidance. In an annex to the guidance, the Government sets out the average contribution rates. Table 2 below reproduces the average contribution rates to be used from 1 April 2022.

Table 2: Average contribution rates Scotland 2022/23

Contribution rate	Actual Pay Min	Actual Pay Max
5.5%	0	23,676
5.6%	23,677	25,156
5.7%	25,157	26,833
5.8%	26,834	28,443
5.9%	28,444	29,558
6.0%	29,559	30,765
6.1%	30,766	32,074
6.2%	32,075	33,500
6.3%	33,501	35,058
6.4%	35,059	36,768
6.5%	36,769	38,635
6.6%	38,636	39,991
6.7%	39,992	41,445
6.8%	41,446	43,009
6.9%	43,010	44,696
7.0%	44,697	46,520
7.1%	46,521	48,500
7.2%	48,501	50,655
7.3%	50,656	52,145
7.4%	52,146	53,291
7.5%	53,292	54,488
7.6%	54,489	55,741
7.7%	55,742	57,052
7.8%	57,053	58,427
7.9%	58,428	59,870
8.0%	59,871	61,386
8.1%	61,387	62,980
8.2%	62,981	64,660
8.3%	64,661	66,431
8.4%	66,432	68,302
8.5%	68,303	70,282
8.6%	70,283	72,380
8.7%	72,381	74,607
8.8%	74,608	76,976
8.9%	76,977	79,500
9.0%	79,501	82,194
9.1%	82,195	85,078

Contribution rate	Actual Pay Min	Actual Pay Max
9.2%	85,079	88,172
9.3%	88,173	91,500
9.4%	91,501	95,088
9.5%	95,089	98,969
9.6%	98,970	103,180
9.7%	103,181	107,766
9.8%	107,767	112,779
9.9%	112,780	118,280
10.0%	118,281	124,346
10.1%	124,347	131,067
10.2%	131,068	138,557
10.3%	138,558	146,954
10.4%	146,955	156,435
10.5%	156,436	167,224
10.6%	167,225	179,611
10.7%	179,612	193,980
10.8%	193,981	210,847
10.9%	210,848	230,928
11.0%	230,929	255,236
11.1%	255,237	285,264
11.2%	285,265	and above*

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

For members in the 50/50 section, divide the appropriate rate by two.

Employers must determine the average contribution rate for each employee (including for councillors) from 1 April 2022 and inform payroll. The process for allocating contribution rates may have been automated on the payroll system. The employer must ignore any reduction in pensionable pay due to sickness, child related leave, reserve forces services leave or other absence from work when setting the employee contribution rate.

An employer must review an employee's or councillor's average contribution rate during a Scheme year if there is a permanent change to the terms and conditions of their employment that affects their pensionable pay.

You can access the current version of the statutory guidance on [the SPPA circulars and guidance](#) page of www.scotlgpsregs.org or on www.pensions.gov.scot. You can also find more information in section 10 of the HR

guide and section 5.1 of the Payroll guide. Both guides are available on the [Employer guides and documents](#) page of www.scotlgpsregs.org.

Additional pension limit for 2022/23 in England and Wales

Regulations 16(6) and 31(2) of the LGPS regulations 2013 state that the additional pension limit increases on 1 April each year as if it were a pension beginning on 1 April 2013 to which the Pensions (Increase) Act 1971 applied.

The increase due on 1 April 2022 is the increase that applied on 12 April 2021 (as the 2022 increase does not take effect until 11 April 2022). The additional pension limit of £7,316 that applied in 2021/22 is increased by 0.5% to £7,352 from 1 April 2022.

Additional pension limit for 2022/23 in Scotland

Regulations 16(6) and 30(2) of the LGPS (Scotland) Regulations 2018 state that the additional pension limit is increased on 1 April each year as if it were a pension beginning on 1 April 2015 to which the Pensions (Increase) Act 1971 applied. The pensions increase due on 1 April 2022 is that from 12 April 2021 (as the 2022 increase does not take effect until 11 April 2022).

The additional pension limit under regulation 16(6) of £7,040 is increased by 0.5% to £7,075 from 1 April 2022.

The additional pension limit under regulation 30(2) of £5,417 is increased by 0.5% to £5,444 from 1 April 2022.

Annual and lifetime allowance limits

The Chancellor of the Exchequer announced in the 2021 Budget that the lifetime allowance would remain at its current level of £1,073,100 until April 2026. Freezing the lifetime allowance is provided for in the [Finance Act 2021](#).

The standard annual allowance, defined in section 228 of the Finance Act 2004, is unchanged at £40,000 for 2022/23. There are no changes in the tapered annual allowance provisions as set out in section 228ZA of the Finance Act 2004 for the 2022/23 year. These are shown in the table overleaf.

Table 3: Tapered annual allowance (AA) limits

	Definition	Limit in 2022/23
Threshold income	Broadly, taxable income	£200,000
Adjusted income	Threshold income plus pension input amount	£240,000
Minimum AA	If AA is tapered, the minimum AA that can apply	£4,000

Automatic enrolment earnings bands

Employers will need to know the earnings bands that apply for 2022/23 for the purposes of automatic enrolment under the Pensions Act 2008. The Government announced in its [Review of the automatic enrolment earnings trigger for 2022/23](#) that the earnings trigger will remain at its current level of £10,000. This is unchanged since the 2015/16 year. The tables below show the position for the 2022/23 year.

Table 4: Automatic enrolment (AE) earnings bands 2022/23

Earnings*	Age 16-21	Age 22 to <SPA**	Age SPA** to <75
Under lower earnings threshold (£6,240***)	Entitled worker	Entitled worker	Entitled worker
Between £6,240*** and £10,000	Non-eligible jobholder	Non-eligible jobholder	Non-eligible jobholder
Over earnings trigger for automatic enrolment (£10,000)	Non-eligible jobholder	Eligible jobholder	Non-eligible jobholder

* Earnings: separate contracts are treated separately ** State Pension Age

*** The lower earnings threshold was aligned with the National Insurance contributions lower earnings limit in previous years. This is not the case for the 2022/23 year. The Government has instead frozen the lower earnings threshold at the 2021/22 level.

Table 5: AE earnings bands per period

Pay reference period	Lower earnings threshold	Earnings trigger for automatic enrolment
Annual	£6,240.00	£10,000.00
6 months	£3,120.00	£4,998.00
3 months	£1,560.00	£2,499.00
1 month	£520.00	£833.00
4 weeks	£480.00	£768.00

Pay reference period	Lower earnings threshold	Earnings trigger for automatic enrolment
2 weeks	£240.00	£384.00
1 week	£120.00	£192.00

National Insurance (NI) thresholds

The NI limits and thresholds for 2022/23 are shown in the table below. The limits are set out in [The Social Security \(Contributions\) \(Rates, Limits and Thresholds Amendments and National Insurance Funds Payments\) Regulations 2022 \[2022/232\]](#) and take effect from 6 April 2022.

The Government announced in 2021 that the Upper Earnings Limit would remain unchanged for five years. See the [GAD Technical bulletin on Budget 2021](#) for more information.

Table 6: Class 1 National Insurance thresholds 2022/23

Class 1 National Insurance thresholds	Threshold per period
Lower earnings limit (LEL)	£123 per week £533 per month £6,396 per year
Primary threshold (PT)	£190 per week £823 per month £9,880 per year
Secondary threshold (ST)	£175 per week £758 per month £9,100 per year
Upper secondary threshold (under 21) (UST)	£967 per week £4,189 per month £50,270 per year
Apprentice upper secondary threshold (apprentice under 25) (AUST)	£967 per week £4,189 per month £50,270 per year
Upper earnings limit (UEL)	£967 per week £4,189 per month £50,270 per year

The Government announced further changes to National Insurance in the [Spring Statement 2022](#). The Primary Threshold will increase from £9,880 to £12,570 in July 2022.

Table 7:**Class 1 National Insurance rates, employee (primary) contribution rates**

National Insurance category letter	Earnings at or above LEL up to and including PT	Earnings above PT up to and including UEL	Balance of earnings above UEL
A	0%	13.25%	3.25%
B	0%	7.1%	3.25%
C	nil	nil	nil
H (Apprentice under 25)	0%	13.25%	3.25%
J	0%	3.25%	3.25%
M (under 21)	0%	13.25%	3.25%
Z (under 21 – deferment)	0%	3.25%	3.25%

Table 8:**Class 1 National insurance rates, employer (secondary) contribution rates**

National Insurance 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%	15.05%	15.05%
B	0%	15.05%	15.05%
C	0%	15.05%	15.05%
H (Apprentice under 25)	0%	0%	15.05%
J	0%	15.05%	15.05%
M (under 21)	0%	0%	15.05%
Z (under 21 – deferment)	0%	0%	15.05%

Annual Revaluation Order

The full year increase to be applied at one second after midnight on 31 March 2022 to the career average pension earned up to 31 March 2022 is 3.1%. This is set out in [The Public Service Pensions Revaluation Order 2022](#) [SI 2022/215]. You can view the Order on the:

- [Related legislation](#) page of www.lgpsregs.org – LGPS England & Wales, or
- [Related legislation](#) page of www.scotlgpsregs.org – LGPS Scotland.

Annual Pensions Increase

LGPS administering authorities must increase a qualifying pension from 11 April 2022. Employers who pay their own annual compensation benefits, which relate to historical awards of compensatory added years, must also increase qualifying pensions from 11 April 2022.

The increase that applies to a pension that began (ie has a pensions increase date) before 12 April 2021 is 3.1%. The percentage and part year percentage increases are detailed in [The Pensions Increase \(Review\) Order 2022](#) [SI2022/333]. You can find the Order and the multiplier tables on the:

- [Related legislation](#) page of www.lgpsregs.org – LGPS England & Wales, or
- [Related legislation](#) page of www.scotlgpsregs.org – LGPS Scotland.

Retail Prices Index (RPI) Increase

The annual increase that applies to any additional pension purchased under an Additional Regular Contributions contract that started between 1 April 2008 (2009 in Scotland) and 31 March 2012 is based on RPI in the previous September. The increase that applies on 11 April 2022 is 4.9%.

Annual GMP increase

An increase of 3% should be applied on 6 April 2022 to the post-5 April 1988 GMP element of a pension in payment.

Some members will be entitled to a further increase to the post-5 April 1988 GMP on 11 April 2022 under the Pensions Increase (Review) Order 2022 if they reached State Pension age after 5 April 2016. If the Pensions Increase date is 26 April 2021 or earlier, a further increase of 0.1% is due to bring the total increase on the post-5 April 1988 GMP to 3.1%. The increase on 11 April 2022 is 0.1% of the post-5 April 1988 GMP in payment on 5 April 2022. The same increase will apply to the post-5 April 1988 GMP on 11 April 2022 if the individual reached State Pension age before 6 April 2016 and AC is less than GMP, ie paragraphs 3 to 6 of the [HMT Direction on section 59A of the Social Security Pensions Act 1975](#) apply.

If the individual reached State Pension age after 5 April 2016, a 3.1% increase applies on 11 April 2022 to the pre-6 April 1988 GMP element of the pension in payment. A pro-rata increase will apply if the member's PI date is after 26 April 2021. The same increase will apply to the pre-6 April 1988 GMP on 11 April 2022 if the individual reached State Pension age before 6 April 2016 and AC is less than

GMP, ie paragraphs 3 to 6 of the [HMT Direction on section 59A of the Social Security Pensions Act 1975](#) apply.

The post 5 April 1988 GMP increase is set out in [The Guaranteed Minimum Pension Increase Order 2022](#) [SI2022/297]. You can view the Order on the:

- [Related legislation](#) page of www.lgpsregs.org – LGPS England & Wales, or
- [Related legislation](#) page of www.scotlgpsregs.org – LGPS Scotland.

You can find out more about how increases are applied to pensions in payment in the Pensions Increase Technical guide published by the LGPC. You can find the guide on the:

- [Administrator guides and documents](#) page of www.lgpsregs.org, and
- [Administrator guides and documents](#) page of www.scotlgpsregs.org.

The Social Security Revaluation of Earnings Factors Order 2022

The [Social Security Revaluation of Earnings Factors Order 2022](#) [SI 2022/216] comes into force on 6 April 2022. The earnings factors are used to calculate a Scheme member's GMP. The percentage increase for the tax year 2022/23 is 4.5%. The increase is based on the increase in the general level of earnings in Great Britain. You can view the Statutory Instrument on the:

- [Related legislation](#) page of www.lgpsregs.org – LGPS England & Wales, or
- [Related legislation](#) page of www.scotlgpsregs.org – LGPS Scotland.

Redundancy payments

[The Employment Rights \(Increase of Limits\) Order 2022](#) [SI 2022/182] comes into force on 6 April 2022. It increases the maximum week's pay for calculating a statutory redundancy payment from £544 to £571 per week if the appropriate date is after 5 April 2022. In the case of entitlement to a redundancy payment by virtue of section 135(1)(a) of the Employment Rights Act 1996 (dismissal by reason of redundancy), the appropriate date means the relevant date as defined by section 145 or 153 of that Act.

Actions for administering authorities

Administering authorities may wish to update Scheme literature and guides for employees and employers to reflect the updates in this bulletin. The LGPC leaflets and guides will be updated in the coming weeks. Administering authorities may also wish to send this bulletin to Scheme employers, or direct them to the:

- [LGPC bulletins page](#) of www.lgpsregs.org – LGPS England and Wales, or
- [LGPC bulletins page](#) of www.scotlgpsregs.org – LGPS Scotland.

Other information

Useful links

[LGA Pensions page](#)

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

[LGPS Advisory Board website](#) – England and Wales

[LGPS Regulations and Guidance website](#) – England and Wales

[LGPS Regulations and Guidance website](#) – Scotland

[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

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

[The Timeline Regulations for the current scheme in England and Wales](#)

[The Timeline Regulations for the current scheme in Scotland](#)

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