



Local Government Pensions Committee
Secretary, Lorraine Bennett

LGPC Bulletin 235 – Annual update March 2023

This bulletin sets out the rates and bands that apply from April 2023 for various purposes. Please email steven.moseley@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 2023.

Table 1: Employee contribution bands England and Wales 2023/24

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 £16,500	5.50%	2.75%
2	£16,501 to £25,900	5.80%	2.90%
3	£25,901 to £42,100	6.50%	3.25%
4	£42,101 to £53,300	6.80%	3.40%
5	£53,301 to £74,700	8.50%	4.25%
6	£74,701 to £105,900	9.90%	4.95%
7	£105,901 to £124,800	10.50%	5.25%
8	£124,801 to £187,200	11.40%	5.70%
9	£187,201 or more	12.50%	6.25%

Employers must determine the employee contribution rate for each employee from 1 April 2023 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 2023.

Table 2: Average contribution rates Scotland 2023/24

Contribution rate	Actual Pay Min	Actual Pay Max
5.5%	0	26,044
5.6%	26,045	27,671
5.7%	27,672	29,516
5.8%	29,517	31,330
5.9%	31,331	32,558
6.0%	32,559	33,887
6.1%	33,888	35,329
6.2%	35,330	36,900
6.3%	36,901	38,616
6.4%	38,617	40,500
6.5%	40,501	42,550
6.6%	42,551	44,043
6.7%	44,044	45,645
6.8%	45,646	47,367
6.9%	47,368	49,225
7.0%	49,226	51,234
7.1%	51,235	53,414
7.2%	53,415	55,788
7.3%	55,789	57,424
7.4%	57,425	58,686
7.5%	58,687	60,005
7.6%	60,006	61,385
7.7%	61,386	62,829
7.8%	62,830	64,343
7.9%	64,344	65,932
8.0%	65,933	67,601
8.1%	67,602	69,357
8.2%	69,358	71,206
8.3%	71,207	73,157
8.4%	73,158	75,218
8.5%	75,219	77,398
8.6%	77,399	79,708
8.7%	79,709	82,161
8.8%	82,162	84,769
8.9%	84,770	87,549
9.0%	87,550	90,516
9.1%	90,517	93,692

Contribution rate	Actual Pay Min	Actual Pay Max
9.2%	93,693	97,100
9.3%	97,101	100,764
9.4%	100,765	104,715
9.5%	104,716	108,989
9.6%	108,990	113,627
9.7%	113,628	118,677
9.8%	118,678	124,197
9.9%	124,198	130,256
10.0%	130,257	136,935
10.1%	136,936	144,337
10.2%	144,338	152,585
10.3%	152,586	161,833
10.4%	161,834	172,274
10.5%	172,275	184,155
10.6%	184,156	197,796
10.7%	197,797	213,620
10.8%	213,621	232,195
10.9%	232,196	254,309
11.0%	254,310	281,078
11.1%	281,079	314,147
11.2%	314,148	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 2023 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 material 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](https://www.scotlgpsregs.org) 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 2023/24 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 2023 is the increase that applied on 11 April 2022 (as the 2023 increase does not take effect until 10 April 2023). The additional pension limit of £7,352 that applied in 2022/23 is increased by 3.1% to £7,579 from 1 April 2023.

Additional pension limit for 2023/24 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 2023 is that from 11 April 2022 (as the 2023 increase does not take effect until 10 April 2023).

The additional pension limit under regulation 16(6) of £7,075 is increased by 3.1% to £7,294 from 1 April 2023.

The additional pension limit under regulation 30(2) of £5,444 is increased by 3.1% to £5,612 from 1 April 2023.

Annual and lifetime allowance limits

On 15 March 2023, the Chancellor of the Exchequer announced in [the 2023 Spring Budget](#) that, from 6 April 2023, the standard lifetime allowance will remain at £1,073,100 but nobody will face a lifetime allowance charge for 2023/24 onwards. From April 2024, the lifetime allowance will be abolished entirely. We will provide further information in due course.

The Chancellor also announced that, from 6 April 2023:

- the standard annual allowance will increase from £40,000 to £60,000
- the money purchase annual allowance will increase from £4,000 to £10,000
- the adjusted income for the tapered annual allowance will increase from £240,000 to £260,000
- the minimum tapered annual allowance will increase from £4,000 to £10,000.

Table 3: Tapered annual allowance (AA) limits

	Definition	Limit in 2023/24
Threshold income	Broadly, taxable income	£200,000
Adjusted income	Threshold income plus pension input amount	£260,000
Minimum AA	If AA is tapered, the minimum AA that can apply	£10,000

Automatic enrolment earnings bands

Employers will need to know the earnings bands that apply for 2023/24 for the purposes of automatic enrolment under the Pensions Act 2008. The Government announced in its [review of the automatic enrolment earnings trigger for 2023/24](#) that the earnings trigger will remain at its current level of £10,000. This is unchanged since the 2014/15 year. The tables below show the position for the 2023/24 year.

Table 4: Automatic enrolment (AE) earnings bands 2023/24

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

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
2 weeks	£240.00	£384.00
1 week	£120.00	£192.00

National Insurance (NI) thresholds

The NI limits and thresholds for 2023/24 are shown in the table below.

The Government announced at [Autumn Statement 2022](#) that:

- the lower earnings limit (LEL) will be fixed at its current rate for 2023/24, and
- the rest of the thresholds in Table 6 are fixed at their current rate until April 2028.

Table 6: Class 1 National Insurance thresholds 2023/24

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)	£242 per week £1,048 per month £12,570 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

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%	12%	2%
B	0%	5.85%	2%
C	nil	nil	nil
H (Apprentice under 25)	0%	12%	2%

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
J	0%	2%	2%
M (under 21)	0%	12%	2%
Z (under 21 – deferment)	0%	2%	2%

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%	13.8%	13.8%
B	0%	13.8%	13.8%
C	0%	13.8%	13.8%
H (Apprentice under 25)	0%	0%	13.8%
J	0%	13.8%	13.8%
M (under 21)	0%	0%	13.8%
Z (under 21 – deferment)	0%	0%	13.8%

Annual Revaluation Order

The full year increase to be applied at one second after midnight on 5 April 2023 to the career average pension earned up to 31 March 2023 is 10.1%. This is set out in [The Public Service Pensions Revaluation Order 2023](#) [SI 2023/252]. 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.

The LGPS (Amendment) Regulations 2023 move the annual revaluation date from 1 to 6 April in England and Wales. The regulations take effect from 31 March 2023.

SPPA is currently consulting on moving the annual revaluation date from 1 to 6 April. The consultation closes on 27 March 2023. If they proceed, the regulations will come into force in May with backdated effect to 31 March 2023.

Annual Pensions Increase

LGPS administering authorities must increase a qualifying pension from 10 April 2023. Employers who pay their own annual compensation benefits, which relate to historical awards of compensatory added years, must also increase qualifying pensions from 10 April 2023.

The increase that applies to a pension that began (ie has a pensions increase date) before 11 April 2022 is 10.1%. The percentage and part year percentage increases are detailed in [The Pensions Increase \(Review\) Order 2023](#) [SI2023/338]. 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 10 April 2023 is 12.6%.

Annual GMP increase

An increase of 3% should be applied on 6 April 2023 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 10 April 2023 under the Pensions Increase (Review) Order 2023 if they reached State Pension age after 5 April 2016. If the Pensions Increase date is 25 April 2022 or earlier, a further increase of 7.1% is due to bring the total increase on the post-5 April 1988 GMP to 10.1%. The increase on 10 April 2023 is 7.1% of the post-5 April 1988 GMP in payment on 5 April 2023. The same increase will apply to the post-5 April 1988 GMP on 10 April 2023 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 10.1% increase applies on 10 April 2023 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 25 April 2022. The same increase will apply to the pre-6 April 1988 GMP on 10 April 2023 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 2023](#) [SI2023/270]. 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 2023

The [Social Security Revaluation of Earnings Factors Order 2023](#) [SI 2023/266] comes into force on 6 April 2023. The earnings factors are used to calculate a Scheme member's GMP. The percentage increase for the tax year 2023/24 is 7.0%. 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 2023 \[SI 2023/318\]](#) comes into force on 6 April 2023. It increases the maximum week's pay for calculating a statutory redundancy payment from £571 to £643 per week if the appropriate date is after 5 April 2023. 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

[LGPS member website \(England and Wales\)](#)

[LGPS member website \(Scotland\)](#)

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

[LGPS Advisory Board website \(Scotland\)](#)

[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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