



Local Government Pensions Committee
Secretary, Jeff Houston

LGPC Bulletin 142 – March 2016

This Bulletin sets out the rates and bands applicable from April 2016 for various purposes.

Contents

- [the LGPS contribution bands and employee contribution rates applicable for 2016/17 in England and Wales;](#)
- [the LGPS contribution bands and employee contribution rates applicable for 2016/17 in Scotland;](#)
- [the earnings bands applicable for 2016/17 for the purposes of the automatic enrolment provisions under the Pensions Act 2008;](#)
- [the National Insurance contribution thresholds that apply from 6 April 2015;](#)
- [the annual revaluation adjustment to be applied at one second after midnight on 31 March 2016 to CARE pensions;](#)
- [the annual increase to be applied to qualifying pensions from 11 April 2016;](#)
- [the annual increase to be applied from 6 April 2016 to the post 5 April 1988 Guaranteed Minimum Pension element of a pension in payment;](#)
- [the earnings factors to be used, from 6 April 2016, in the calculation of a scheme member's Guaranteed Minimum Pension;](#)
- [the maximum "week's pay" that applies from 6 April 2016 for calculating a statutory redundancy payment; and](#)
- [actions for administering authorities.](#)

LGPS contribution bands and employee contribution rates – England and Wales

There is no change to the table that applied in 2015/16. Therefore, the following pay ranges and employee contribution rates will apply to the LGPS in England and Wales from 1 April 2016.

Contribution table 2016/17			
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 2016 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 the statutory guidance issued by Scottish Ministers. There is no change to the table that applied in 2015/16. Therefore, the following pay ranges and employee contribution rates will apply to the LGPS in Scotland from 1 April 2016.

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]

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 2016 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 2016/17 will need to be aware of the earnings bands for 2016/17. These are contained in [The Automatic Enrolment \(Earnings Trigger and Qualifying Earnings Band\) Order 2016 \[SI 2016/435\]](#) and are reflected in the following tables. Note that the figures in the table below are the same as those that applied in 2015/16 (i.e. there is no change).

2016/17	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

Although the figures in the above table are the same as those that applied in 2015/16 the LGPC's [Automatic Enrolment Guide](#) will nevertheless be updated to take account of other changes from April 2016 (e.g. the cessation of contracting-out). The updated Guide will be able to be viewed on the [Administration Guides](#) page for England and Wales and the [Administration Guides](#) page for Scotland.

National Insurance thresholds

Contracting-out ceases with effect from 6 April 2016 and the contracted-out National Insurance rates cease to apply.

The relevant NI limits and thresholds for 2016/17, as set out in the [Social Security \(Contributions\) \(Limits and Thresholds Amendments and National Insurance Fund Payments\) Regulations 2016 \[SI 2016/343\]](#) are shown in the tables below:

Class 1 National Insurance thresholds

Class 1 NI thresholds	2016 to 2017
Lower Earnings Limit (LEL)	£112 per week £486 per month £5,824 per year
Primary Threshold (PT)	£155 per week £672 per month £8,060 per year
Secondary Threshold (ST)	£156 per week £676 per month £8,112 per year
Upper Secondary Threshold (under 21) (UST)	£827 per week £3,583 per month £43,000 per year
Apprentice Upper Secondary Threshold (apprentice under 25) (AUST)	£827 per week £3,583 per month £43,000 per year
Upper Earnings Limit (UEL)	£827 per week £3,583 per month £43,000 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 revaluation adjustment to be applied at one second after midnight on 31 March 2016 to the Career Average pension earned up to 31 March 2016 for Schemes (such as the LGPS) that revalue by reference to the change in prices is a negative figure i.e. -0.1%¹. This is set out in [the Public Service Pensions Revaluation Order 2016 \[SI 2016/438\]](#) which can be viewed at “[Related and General Legislation](#)”.

Following concerns that applying the negative Revaluation Order to pensioners who left active service during the 2015/16 Scheme year would result in unauthorised payments being made, **the Government clarified on 29th March 2016 that the 2016 Revaluation Order should not be applied to pensions in payment.** Scheme Regulations will be changed to correct the position for future years.

This means that for the 2015/16 Scheme year negative revaluation of -0.1% will apply to only the following LGPS members in line with the 2016 Revaluation Order:

- active pension accounts,
- any intervening periods between aggregated periods of membership where the break was less than 5 years,

¹ A different Order applies to Schemes that revalue by reference to the change in earnings (see the [Public Service Pensions Revaluation Order 2016 \[SI 2016/95\]](#)). That Order applies a 2% increase.

- deferred, deferred pension where the member ceased to be an active member between 1 April 2015 and 31 March 2016.

We await further information on how the negative revaluation will need to be applied to mid-year leavers who become deferred.

The full guidance from the Government is available [here](#).

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 there is no pensions increase to be applied from 11 April 2016 to qualifying pensions.

Annual Post 5 April 1988 GMP Increase

LGPS administering authorities should note that there is no increase to be applied from 6 April 2016 to the post 5 April 1988 Guaranteed Minimum Pension element of a pension in payment.

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 2016 \[SI 2016/205\]](#) comes into force on 6 April 2016 (i.e. the earnings factors used to calculate a scheme member's GMP). The percentage increase for the tax year 2015/16 is 2.0% 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 "[Related and General Legislation](#)".

Redundancy Payments

The [Employment Rights \(Increase of Limits\) Order 2016 \[SI 2016/288\]](#) came into force on 6 April 2016. It increased the maximum "week's pay" for calculating a statutory redundancy payment from £475 per week to £479 per week where the appropriate date falls on or after 6 April 2016. 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 guides² issued to employees and employers participating in their Fund. They may also wish to

² The standard LGPC leaflets and guides will be updated by the LGPC Secretariat.

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](#)

[LGPS 2014 members' website](#)

[LGPS 2015 members' website](#)

[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

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