



## Agenda Item: Additional Report

Employment Committee  
26<sup>th</sup> April 2021

**Title: Pension Banding**

**Lead Officer: Tracy Dolphin/Mike Snow/ Elaine Priestley**

**Portfolio Holder: Councillor Day**

**Public report / Confidential report: Public**

**Wards of the District directly affected: All**

Contrary to the policy framework: No

Contrary to the budgetary framework: No

Key Decision: No

Included within the Forward Plan: No

Equality Impact Assessment Undertaken: No

Consultation & Community Engagement: No

Final Decision: Yes

Accessibility checked: Yes

**Officer/Councillor Approval**

<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive/Deputy Chief Executive	13/4/21	Chris Elliot
CMT	13/4/21	Chris Elliott, Andrew Jones, Dave Barber
Section 151 Officer	13/4/21	Mike Snow
Monitoring Officer	13/4/21	Andrew Jones
Portfolio Holder(s)	13/4/21	Andrew Day

### **1. Summary**

- 1.1 This report details the current arrangements for calculating the Employee's pension contributions, and the proposed change to this calculation method.

### **2. Recommendations**

- 2.1 That the Employment Committee approves the proposed change from monthly banding of Employee Pension Contribution rates to annual banding. This would be determined in April of each year together with any temporary pensionable items from the previous financial year.

### **3. Reasons for the Recommendations**

- 3.1 The Local Government Pension Scheme (LGPS) requires that Employee Pension Contribution rates are amended, either Annually or monthly, in line with an employee's earnings. The Employee contribution rates from 1st April 2021 are given below:-

They are calculated by increasing the 2020/21 employee contribution bands by the September 2020 CPI figure of 0.5 per cent and then rounding down the result to the nearest £100.



- 3.2 At present, Warwick District Council undertakes a re-banding (where necessary) on a monthly basis, based on pay levels in force in realtime. This was agreed by the Employment Committee in 2015 to reflect the method used by the Council's payroll provider at that time.
- 3.3 The move to monthly banding meant that the pension contributions of employees more reflected earnings in any particular period. It has however created fluctuations in pension banding as a temporary increase in salary in

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one month may cause a higher pension banding for the entire salary for the year, whereas if it were looked at on an annual basis it would reflect the salary for any one year. Any temporary pensionable items from the previous year would be included but as part of an annual calculation as opposed to a monthly one.

- 3.3 The return to WCC payroll from April 2021 provides the opportunity to amend the basis for pension banding and is in keeping with WCC payroll systems thereby minimising the potential for error.
- 3.4 There are no financial implications of this recommendation for Warwick District Council or for the Warwickshire LGPS, but there will be rare occasions when an employee does not pay a higher rate for a one off payment.

### **4. Policy Framework**

#### **4.1 Fit for the Future**

- 4.1.1 The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit.
- 4.1.2 The FFF Strategy has 3 strands, People, Services and Money, and each has an external and internal element to it, the details of which can be found on the Council's website.

#### **4.2 FFF Strands**

##### 4.2.1 External impacts of proposal(s)

People - Health, Homes, Communities – The proposal could assist with the attainment of the Council's objectives across all its policy priorities.

Services - Green, Clean, Safe – The proposal could assist with the attainment of the Council's objectives across all its policy priorities.

Money- Infrastructure, Enterprise, Employment – The proposal could assist with the attainment of the Council's objectives across all its policy priorities.

##### 4.2.2 Internal impacts of the proposal(s)

People – Right People with Right Skills – The proposals will help to address further review of SMT and how we can deliver our services effectively

Services - Maintain or Improve Services -. It will enable the Council to further align its services

Money - Firm Financial Footing over the Longer Term – This would help the Council to address the unfolding financial issue arising from the Covid 19 emergency on top of the underlying pressures

### 4.3 **Supporting Strategies**

Each strand of the FFF Strategy has several supporting strategies and the relevant ones for this proposal are explained here.

#### 4.3.1 People Strategy

The People Strategy outlines the future needs of our workforce to enable us to attract, recruit and retain the right people; provide the development they need to allow them to grow and progress; manage potential and plan for the future. The way in which we lead and support our people is key to the successful delivery of quality services.

4.3.2 The report is not contrary to the aims of the Fit for the Future programme of work.

### 4.4 **Changes to Existing Policies**

None

### 4.5 **Impact Assessments**

This has been reviewed and is not necessary at this stage.

## 5. **Budgetary Framework**

There is not an impact on the Budgetary Framework. The pension bandings only apply to the pension contributions of employees.

## 6. **Risks**

There are no risks to the Council.

## 7. **Alternative Option Considered**

7.1 Alternative options are to  
1. Retain the existing pension banding arrangements.

## 8. **BACKGROUND**

8.1 Historically, the Council had calculated the pension band for employees on an annual basis. This has meant that the impact of any revised pension banding, either up or down, only takes effect from the beginning of the following financial year.

8.2 The move of our payroll processing to Coventry City Council in 2015 necessitated a number of changes. The impending move of our payroll processing back to Warwickshire County has prompted a review of a number of processes and policies, and this recommended change will be administratively more effective, and fairer for employees going forward.

9. **Conclusion**

- 9.1 In adopting these proposals, a fair and consistent basis will be applied to future staff pension banding.