

 <b>Employment Committee March 25<sup>th</sup> 2015</b>		<b>Agenda Item No.</b>  <b>5</b>
<b>Title</b>	Pension Banding	
<b>For further information about this report please contact</b>	Chris Burrows, <a href="mailto:chris.burrows@warwickdc.gov.uk">chris.burrows@warwickdc.gov.uk</a> 01926 456634	
<b>Wards of the District directly affected</b>	None	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>	Not applicable	
<b>Background Papers</b>		

<b>Contrary to the policy framework:</b>	No
<b>Contrary to the budgetary framework:</b>	No
<b>Key Decision?</b>	No
<b>Included within the Forward Plan? (If yes include reference number)</b>	No
<b>Equality Impact Assessment Undertaken</b>	No

<b>Officer/Councillor Approval</b>		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive/Deputy Chief Executive		Chris Elliott & Andrew Jones
Head of Service		
CMT		
Section 151 Officer		
Monitoring Officer		Andrew Jones
Finance		Mike Snow
Portfolio Holder(s)		Andrew Mobbs
<b>Consultation &amp; Community Engagement</b>		
This report recommends a change from the annual banding of Employee Pension Contribution rates to monthly.		
<b>Final Decision?</b>	Yes	
<b>Suggested next steps (if not final decision please set out below)</b>		

## 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. Recommendation

- 2.1 That the Employment Committee approves the proposed change from Annual Banding of Pension Contribution rates to monthly banding.

## 3. Reasons for the Recommendation

- 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 1<sup>st</sup> April 2015 are given below:-

<b>Actual Pay</b>	<b>100% Scheme</b>	<b>50/50 Scheme</b>
Up to £13600	5.5%	2.75%
£13601-£21200	5.8%	2.9%
£21201-£34400	6.5%	3.25%
£34401-£43500	6.8%	3.4%
£43501-£60700	8.5%	4.25%
£60701-£86000	9.9%	4.95%
£86001-£101200	10.5%	5.25%
£10201-£151800	11.4%	5.7%
£15801 and above	12.5%	6.25%

- 3.2 At present, Warwick District Council undertakes a re-banding (where necessary) on an Annual Pay basis, based on pay levels in force in April of each year.
- 3.3 A move to monthly banding will mean that the pension contributions of employees more accurately reflects their earnings in any particular period, and it is easier for our new Payroll providers (Coventry City Council) to administer monthly banding.
- 3.4 There are no financial implications of this recommendation for Warwick District Council or for the Warwickshire LGPS.

## 4 Policy Framework

- 4.1 The Employment Committee agreed the current Pension discretions at its meeting in June 2014. Regulation 9 of the LGPS relates to Pension Banding, and it was agreed that we should, at that stage, continue to band on an annual basis. Under this policy, only employees changing employment during the year will currently have their banding re-assessed.

## 5. Budgetary Framework

- 5.1 As this proposed change relates to employee pension contributions, there are no financial implications for the Council.

## 6. Risks

6.1 There are no risks to the Council.

## **7. Alternative Option(s) considered**

7.1 Alternative options are to

1. Retain the existing pension banding arrangements.
2. Move to monthly pension banding.

## **8. Background**

- 8.1 Historically, the Council has 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 impending move of our payroll processing to Coventry City Council has prompted a review of a number of processes and policies, and this recommended change will be administratively more effective, and more accurate for employees going forward.