



## Pension Banding Policy

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Originator: Tina Beech

Owner: Anica Goodwin

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**Approved by Corporate Management Team / Appointments and Staffing**

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Classification: SEC1 - Routine

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## Document Location

This document is held by Tamworth Borough Council, and the document owner is Director of Transformation & Corporate Performance.

## Revision History

| Revision Date | Version Control | Summary of changes |
|---------------|-----------------|--------------------|
| February 2014 | Draft           |                    |
|               |                 |                    |
|               |                 |                    |

## Key Signatories

### Approvals Creation and Major Change

| Name | Title | Approved |
|------|-------|----------|
|      |       |          |
|      |       |          |

### Approvals Minor Change and Scheduled Review

| Name | Title | Approved |
|------|-------|----------|
|      |       |          |
|      |       |          |

## Approval Path

### Major Change

Originator  
Owner  
Trade Unions & LGPS  
CMT  
Appointments & Staffing Committee

### Action

Tina Beech  
Anica Goodwin  
Consultative group  
Corporate Approval  
Council Approval

### Minor Change

Originator  
LGPS  
John Wheatley

### Action

Tina Beech  
Consultative Group  
Delegated Approval

## Document Review Plans

This document is subject to a scheduled annual review. Updates shall be made in accordance with business requirements and changes and will be with agreement with the document owner.

## Distribution

The document will be distributed through NETConsent as a NON MANDATORY policy and will also be available on the Intranet and paper based copies.

## Security Classification

This document is classified as SEC 1 Routine with access restricted to Tamworth Borough Council Staff and business partners.

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## **Pension Banding Policy**

### **1. Introduction**

From April 2014 the New LGPS 2014 pension regulations will come into force. Due to these changes, Tamworth Borough Council has developed this policy to set out how it will deal with banding and re banding employee pension rates.

This policy does not apply to Members pension scheme.

### **2. Employee rates**

Employees will pay contribution rates depending upon their actual level of pensionable pay for the year including any overtime or additional temporary pensionable payments received. This replaces the previous full time equivalent arrangements

### **3. New Employees**

New employees will be banded on their actual permanent pensionable pay known at their start date. They will then fall in line with the annual re banding in April of each year, based on their pensionable payments received

### **4. Casuals**

New casuals joining the Council will be put onto the lowest band of 5.5% if they opt into the pension scheme upon commencing employment. They will be assessed by Payroll after 6 months to ensure they are in the correct band.

Current casuals who opt into the pension scheme will be assessed on their previous 12 months earnings.

### **5. Change of hours, job or grade**

Employees who have a change of hours, grade or job will be re banded when the change occurs on an individual basis.

### **6. Non contractual overtime and other temporary payments**

From 1<sup>st</sup> April 2014 non contractual overtime and other temporary payments will be pensionable and will include :-

- a) Additional hours, overtime and casual hours at plain time
- b) Overtime and time and half
- c) Overtime at double time

- d) Standby overtime
- e) Call out payment and call out overtime
- f) Leaflet delivery
- g) Canvass payments
- h) Sleep in allowance (Castle)
- i) New temporary payments

## 7. New 50 / 50 scheme

Employees can temporarily opt to pay 50% contributions for 50% benefits. Employees will automatically be put back into the main scheme at the 3 year anniversary of Tamworth's staging date (1.01.2014) and every 3 years thereafter. Employees who go onto reduced or nil pay when sick will automatically be put back into the main scheme.

The employer contributions will remain at the full rate in the 50/50 scheme.

Employees can not opt into this scheme prior to becoming a member of the main scheme.

## 8. Pensionable pay band ranges for employee contribution rates as at 1<sup>st</sup> April 2014.

| Normal scheme        |       | 50/50 scheme |
|----------------------|-------|--------------|
| Up to £13500         | 5.5%  | 2.75%        |
| £13501 to £21000     | 5.8%  | 2.90%        |
| £21001 to £34000     | 6.5%  | 3.25%        |
| £34001 to £43000     | 6.8%  | 3.40%        |
| £43001 to £60000     | 8.5%  | 4.25%        |
| £60000 to £85000     | 9.9%  | 4.95%        |
| £85001 to £100,000   | 10.5% | 5.25%        |
| £100,001 to £150,000 | 11.4% | 5.70%        |
| More than £150,000   | 12.5% | 6.25%        |

## 9. Re banding

The appropriate contribution rate is to be determined by the employer estimating the annual equivalent of the actual pay received in a full scheme year. Each employer should assess the appropriate rate in a reasonable and consistent manner.

Re banding will occur in April of each year unless a change of circumstance has occurred detailed in 5. This will take into account all permanent pensionable pay, plus the previous 12 months overtime and other temporary pensionable payments detailed in 6.

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Re banding will not occur in the event of late pay award. In the event of a late pay award re banding will only occur the following April.

Tamworth policy is to re band annually unless an individual change occurs

#### **10. Opting Out**

Qualifying period for benefits is increased to 2 years. Employee's who opt out within 2 years can receive a refund from Staffordshire County Council

#### **11. Additional hours paid in April 2014**

Any hours worked in March but paid in April 2014 will be under the old rules and not pensionable. Any hours worked in April and paid in May 2014 will be the new rules and pensionable.

#### **12. Single employment relationships**

If a person holds more than one employment with Tamworth Borough Council and no single employment relationship exists, they will be treated separately for pension purposes and assessed separately when determining the contribution rate for each job. Separate records of cumulative amounts will need to be maintained on the payroll system.

If a person holds more than one employment with Tamworth Borough Council and a single employment relationship exists records will be held together for both jobs and added together when determining the contribution rate.

Care must be taken to establish if a single employment relationship exists for employees who have more than one employment with Tamworth Borough Council and for employees who transfer from one job to another or promotion.

Payroll will need to be advised if a single employment relationship exists so that they can assess, record correct pension records on the payroll system and return correct pension records to Staffordshire County Council on a monthly basis.

System changes will be required to ensure we are compliant with the LGPS regulations.

#### **13. Pension returns to Staffordshire County Council**

There will be a requirement for payroll to send monthly pension returns to Staffordshire County Council as well as the usual year end pension return. Staffordshire County Council still require payroll to send electronic notifications for starters, leavers and changes so that they can update

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employee pension records. Pension records must be kept in line with the Retention schedule.

#### **14. Unpaid Leave**

Employees will have to opt to pay pension if they so wish from day 1 of any unpaid leave period (previously it was mandatory to pay on the first 30 days)

#### **15. Employees right to appeal**

An employee has the right to appeal against the decision of their rate. In the first instance they should contact the Payroll Manager Tina Beech, however if they are not happy with the decision they have the right to appeal via an internal appointed adjudicator. Employees will have 6 months of being notified of the rate to appeal against the decision. If they are still not happy with the decision they have the right to ask the administering authority, namely Staffordshire County Council, within 6 months of the adjudicator's decision to undertake a further review of the decision.

Payroll will notify employees their rate for each job each April and how to appeal. Details of pension rate for new starters and employees who have changes to hours, grade or job will be notified via the HR letter that is sent out to them informing them of their change.

## Equality Impact Assessment

|   |  |   |   |
|---|--|---|---|
| Is this a new or existing policy?   | NEW  |   |   |
| 1. Briefly describe the aims, objectives and purpose of the policy?   | To ensure TBC fulfils its aims for statutory pension banding and re banding.   |   |   |
| 2. Are there any associated policy/ procedure/ practice which should be considered whilst carrying out this equality impact assessment? | LGPS 2014 pension regulations<br>TBC policies associated with pension regulations.   |   |   |
| 3. Who is intended to benefit from this policy and in what way?   | All employees who are in the LGPS pension scheme.  |   |   |
| 4. What are the desired outcomes from this policy?  | That all employees currently in the pension scheme and who opt to join are assessed in a reasonable and consistent manner. |   |   |
| 5. What factors/ forces could contribute/ detract from the outcomes?  | Waiting for software development   |   |   |
| 6. Who are the main stakeholders in relation to the policy?   | Employees, trade unions, DWP, LGPS   |   |   |
| 7. Which individuals/ groups have been/ will be consulted with on this policy?  | Trade unions and LGPS  |   |   |
| 8. Are there concerns that the policy <u>could</u> have a differential impact on racial groups?   |  | N | Please explain  |
| 9. Are there concerns that the policy/ procedure/ practice <u>could</u> have a differential impact due to gender?                       | Y  |   | Higher proportion of female staff are part time, under the new regulations these employees will pay rates based on actual pay instead of full time equivalents which will probably result in a lower contribution rate. |
| 10. Are there concerns that the policy <u>could</u> have a differential impact due to them being transgender or transsexual?            |  | N | Please explain  |
| 11. Are there concerns that the policy <u>could</u> have a differential impact due to disability?                                       |  | N | Please explain  |
| 12. Are there concerns that the policy <u>could</u> have a differential impact due to sexual orientation?                               |  | N | Please explain  |
| 13. Are there concerns that the policy <u>could</u> have a differential impact due to age?  |  | N | Please explain  |
| 14. Are there concerns that the policy <u>could</u> have a differential impact due to religious belief?                                 |  | N | Please explain  |
| 15. Are there concerns that the policy <u>could</u> have a differential impact on Gypsies/ Travellers?                                  |  | N | Please explain  |
| 16. Are there concerns that the policy <u>could</u> have a differential   |  | N | Please explain  |

|   |   |   |   |
|---|---|---|---|
| impact due to dependant/caring responsibilities?  |   |   |   |
| 17. Are there concerns that the policy <u>could</u> have a differential impact due to them having an offending past?  |   | N | Please explain  |
| 18. Are there concerns that the policy could have an impact on children or vulnerable adults?   | Y |   | Stress related to having to opt-out of the pension fund at frequent intervals |
| 19. Does any of the differential impact identified cut across the equality strands (e.g. elder BME groups)?   |   | N | Please explain  |
| 20. Could the differential impact identified in 8 – 19 amount to there being the potential for adverse impact in this policy/ procedure/ practice?  |   | N | Please explain  |
| 21. Can this adverse impact be justified: <ul style="list-style-type: none"> <li>• on the grounds of promoting equality of opportunity for one group?</li> <li>• For any other reason?</li> </ul> | Y |   | Application of Statutory guidance   |
| 22. As a result of carrying out the equality impact assessment is there a requirement for further consultation?   | Y |   | Please explain  |
| 23. As a result of this EIA should this policy be recommended for implementation in it's current state?   | Y | N | Please explain  |



**PLEASE COMPLETE THE FOLLOWING ACTION PLAN FOR ALL IMPACT ASSESSMENTS**  
**Equality Impact Assessment Action Plan**

Complete the action plan demonstrating the changes required in order to meet TBC's commitment to equality and diversity. The action plan must contain monitoring arrangements, the publishing of results and the review period required for this policy.

| ACTION/ ACTIVITY                | RESPONSIBILITY | TARGET   | PROGRESS |
|---------------------------------|----------------|--|----------|
|                                 |                |  |          |
|                                 |                |  |          |
|                                 |                |  |          |
|                                 |                |  |          |
|                                 |                |  |          |
| <b>Monitoring arrangements:</b> |                | <b>Data collected quarterly</b>                    |          |
| <b>Publication:</b>             |                |  |          |
| <b>Review Period:</b>           |                | <b>Reviewed 12 monthly unless otherwise stated</b> |          |

End of Document

Classified: SEC1 Routine