

2 July 2010

**To:** Chief Executives of District Councils

**Copy to:** Members of the NIJC  
Local Government Staff Commission for NI

Dear Chief Executive

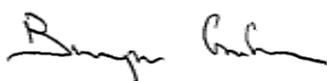
**CIRCULAR NIJC 05 - Issued July 2010**  
**NORTHERN IRELAND JOINT COUNCIL FOR LOCAL GOVERNMENT SERVICES**

**PENSION POLICY FOR EMPLOYEES WHO ARE MEMBERS**  
**OF THE LOCAL GOVERNMENT PENSION SCHEME (NI)**

The Northern Ireland Joint Council have agreed the attached Policy for issue to councils.

One of the features of the new look scheme is the requirement for members to pay different contribution rates in accordance with their pay band as determined by their Employer. This Policy specifies how and when contribution bands will be allocated by the Employing Authority and appeals procedures.

Yours sincerely



**BUMPER GRAHAM**  
Lead Trade Union Side Secretary



**JOHN ADAMS**  
Employers' Side Secretary

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## **CIRCULAR NIJC 05 - Issued July 2010**

### **PENSION POLICY FOR EMPLOYEES WHO ARE MEMBERS OF THE LOCAL GOVERNMENT PENSION SCHEME (NI)**

#### **1. Introduction**

On 1 April 2009 the Local Government Pension Scheme LGPS (NI) was updated. One of the features of the new look scheme is the requirement for members to pay different contribution rates in accordance with their pay band as determined by their Employer. This policy specifies how and when contribution bands will be allocated by the Employing Authority.

#### **2. Joining the Local Government Pension Scheme (NI) and Contribution Rates**

Employees will be eligible to join the pension scheme, providing they are employed under a contract of employment lasting for at least 3 months. If a contract extends beyond 3 months then the individual would be eligible to join and backdate to the start of the original contract unless they have opted out.

Employees who have previously opted out of the old scheme will be provided with an opportunity to opt into the new scheme.

Employees who opt out of the 'new look' scheme more than once and later apply to rejoin the scheme will be admitted in accordance with the criteria set out in this policy.

#### **3. Banding**

The banding rates applicable will be as determined by the Department of Environment annually. The contribution band will be assessed using the full-time pensionable pay plus any permanent extra payments.

Any appeal against a decision regarding an employee's pension contribution banding, or any other decision relating to an employee's rights or liabilities under the scheme, will be as detailed in paragraph 13.

#### **4. Changes to Working Hours**

All assessments with regard to banding are based on the whole time equivalent pay rate for the post so reductions in working hours, changes to working patterns, flexible working, job share etc do not affect the employee's contribution band.

In the event of an employee moving from a 52 week contract to a term-time contract the rate will be reassessed.

#### **5. Part-Time Members**

The contribution band to which a part-time member will be allocated will be assessed by reference to their full-time equivalent (FTE) salary. For example based on 2009 bandings:

A part-time member who holds a half-time post whose FTE salary is £20,000 will receive £10,000 in pay and will also pay a contribution rate of 6.5%.

Family Friendly patterns are treated as part-time and not term-time e.g. where an employee works 11 months out of 12.

#### **6. Multiple Job Members**

Employees with more than one contract of employment have the right to choose which posts they wish to be pensionable and may opt out in all or some of their employments.

Where a member has more than one contract of employment their contribution band will be assessed separately based on the full-time equivalent pensionable pay of each contract or the rules governing term-time or retainer fee employees.

#### **7. Maternity/Paternity/Adoption/Sick Leave and Career Breaks**

Members on maternity, paternity, adoption, half/no/SSP sick leave or career breaks who go on reduced pay during the year must continue to pay contributions on their allocated band but on the reduced amount of pensionable pay they receive. When determining a contribution rate for employees already on half pay or no pay at 31 March, their contribution rate will be based on the full-time equivalent rate of pay that would have been received.

Members paying Additional Regular Contributions, contributions to purchase Added Years or Additional Voluntary Contributions (AVCs) for life cover must continue these contributions during any periods of maternity/paternity/adoption/sick leave or career breaks.

#### **8. Keep in Touch Days (KIT)**

Pension contributions on Keep in Touch (KIT) days are payable based on the pay received.

If a KIT day is taken then it is deemed to be pensionable at whatever stage of the maternity leave period it is received.

#### **9. Overtime/Additional Hours**

Contractual overtime/additional hours are included in pensionable pay. Non contractual overtime/ additional hours are excluded.

The Employing Authority will undertake a review of employees who have undertaken additional hours up to and including 31 March 2009 to determine if the additional hours are contractual and update records to ensure that employees can continue to pay contributions where appropriate. Where it is determined that the overtime is not contractual the employee will be informed that they can no longer pay contributions on the additional hours. Up to 31 March 2009 the Employing Authority will have informed NILGOSC on an annual basis of the total annual hours worked by each employee and scheme service will have been adjusted accordingly.

As from 1 April 2009 extra hours worked by employees outside their normal contracts will no longer be pensionable unless they have a separate contract for 3 months or more.

The Employing Authority will regularly review additional hours worked to ensure that employees are provided with an opportunity to pay contributions on additional hours where they are contractual and for a period of 3 months or more.

#### **10. Acting Up/Secondment/Honorarium**

Since an acting up/secondment/honorarium is normally temporary, the member's contribution rate will not be adjusted during the year although contributions will be based on actual earnings.

#### **11. Former Manual Workers**

Former manual workers who previously retained the right to pay a 5% contribution will have their contribution rate increased on a phased basis. From 1 April 2009 they will pay 5.25%; from 1 April 2010 they will pay 5.5% and from 1 April 2011 they will pay 6.5% or the rate applicable to their pay range at the time (whichever is lower). From 1 April 2012 they will pay the rate applicable to their pay range.

## **12. Reassessment of Banding**

The Employing Authority will re-assess bandings for all members every March unless there is a permanent change to the contract which results in a promotion/demotion in which case an immediate reassessment will take place.

The Employing Authority will not re-assess pension contribution bandings after a back-dated pay award.

A backdated pay increase due to Job Evaluation is a permanent material change which affects pensionable pay however, while the pay increase may be backdated, the revised contribution rate will not be backdated but will be changed at the next payroll date. In instances where a pay increase is backdated over previous years the contribution due on arrears will be deducted at the rate already set for the year (i.e. the rate the member was paying in the year of payment).

All employees who are members of the scheme shall be informed of their current new pension contribution banding after every reassessment.

## **13. Appeals**

An employee is entitled to appeal against the Employing Authority's decision with regard to contribution banding, by giving notice, setting out the grounds for the appeal, normally within 10 working days of the decision, or as soon as is reasonably practical following receipt of the decision.

The written notice of appeal should be sent to the Head of Human Resources/Personnel Section within the Employing Authority.

Appeals will be dealt with by the relevant Director or his/her nominee. The employee will be invited to attend a meeting to consider the appeal. The employee will be informed of the right to be accompanied by a trade union representative or a work colleague at that meeting. Appeals will be held within 10 working days of receipt of written correspondence from the employee or as soon as possible thereafter if a suitable date can be agreed between the parties within 10 working days.

The employee will be informed of the outcome of the meeting within 5 working days.

If the employee remains dissatisfied, he/she may refer the matter to the County Court.

## **14. Further information**

Attention is drawn to the following information and guidance on these matters:

Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations (Northern Ireland) 2009: [http://www.opsi.gov.uk/sr/sr2009/nisr\\_20090032\\_en\\_1](http://www.opsi.gov.uk/sr/sr2009/nisr_20090032_en_1)

Local Government Pension Scheme (Administration) Regulations (Northern Ireland) 2009: [http://www.opsi.gov.uk/sr/sr2009/nisr\\_20090033\\_en\\_1](http://www.opsi.gov.uk/sr/sr2009/nisr_20090033_en_1)

Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2009: [http://www.opsi.gov.uk/sr/sr2009/nisr\\_20090034\\_en\\_1](http://www.opsi.gov.uk/sr/sr2009/nisr_20090034_en_1)

NILGOSC Summary of The Local Government Pension Scheme (LGPS (NI)) in Northern Ireland: [http://www.nilgosc.org.uk/Summary%20of%202008%20Scheme/Summary\\_of\\_2008\\_Scheme.htm](http://www.nilgosc.org.uk/Summary%20of%202008%20Scheme/Summary_of_2008_Scheme.htm)

NILGOSC Short Guide to the Local Government Pension Scheme (Northern Ireland): <http://www.nilgosc.org.uk/Short%20Guide-Final.pdf>