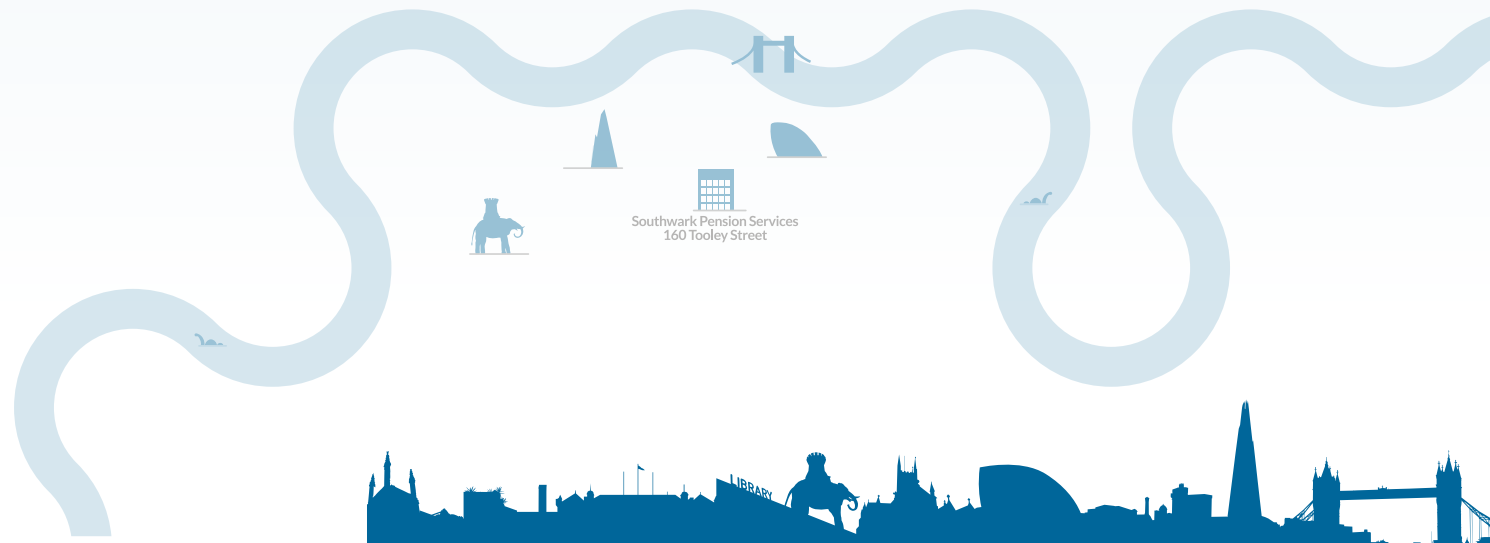
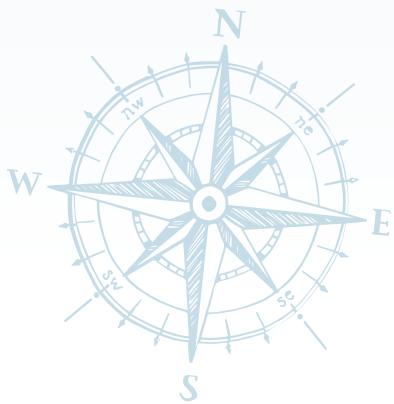


THE LONDON BOROUGH OF SOUTHWARK PENSION FUND

Employer responsibilities

Covering contractual, Automatic Enrolment, main scheme and 50/50 contributions, when to use and how to calculate Assumed Pensionable Pay and essential data requirements.

YOUR PENSION CONNECTION





This is a summary of Southwark Council's process of the employer responsibilities whilst looking after members of the Fund.

While the Fund has tried to ensure the accuracy of this guide, it is not a legal document and does not confer any rights to the benefits outlined within it. The Fund is subject to UK legislation, any changes to the legislation that come into effect after April 2021 may not be accurately reflected in this guide.

In addition to the guide, the Fund website www.southwarkpensions.co.uk contains more information. Southwark Pension Services are also here to help. You can contact them on:

✉ lbspensions@southwark.gov.uk

☎ 020 7525 4924

🏠 Southwark Pension Services
Southwark Pension Fund
PO Box 7606
WS10 1EJ



Southwark Pension Services
160 Tooley Street

How to use this guide

You can navigate around this interactive guide by:

- Using the tabs at the bottom of each page to switch to the section that applies to you; or
- Clicking or tapping the previous and next buttons at the bottom of each page. You can also revisit this introduction by clicking on the home button.



Technically there are a range of 'scheme employers':

1 Schedule 2 Part 1 bodies must offer the scheme membership to its employees:

- E.g. County Councils, District Councils, London Boroughs, FRAs, P&CC or Academy Schools.

2 Schedule 2 Part 2 bodies can choose to offer the scheme through a designation:

- E.g. precepting authorities — Parish Councils, Town Council or entities 'connected' with a Part 1 body;
- Admission bodies; and
- Deemed employers.

What employees should be contractually enrolled?

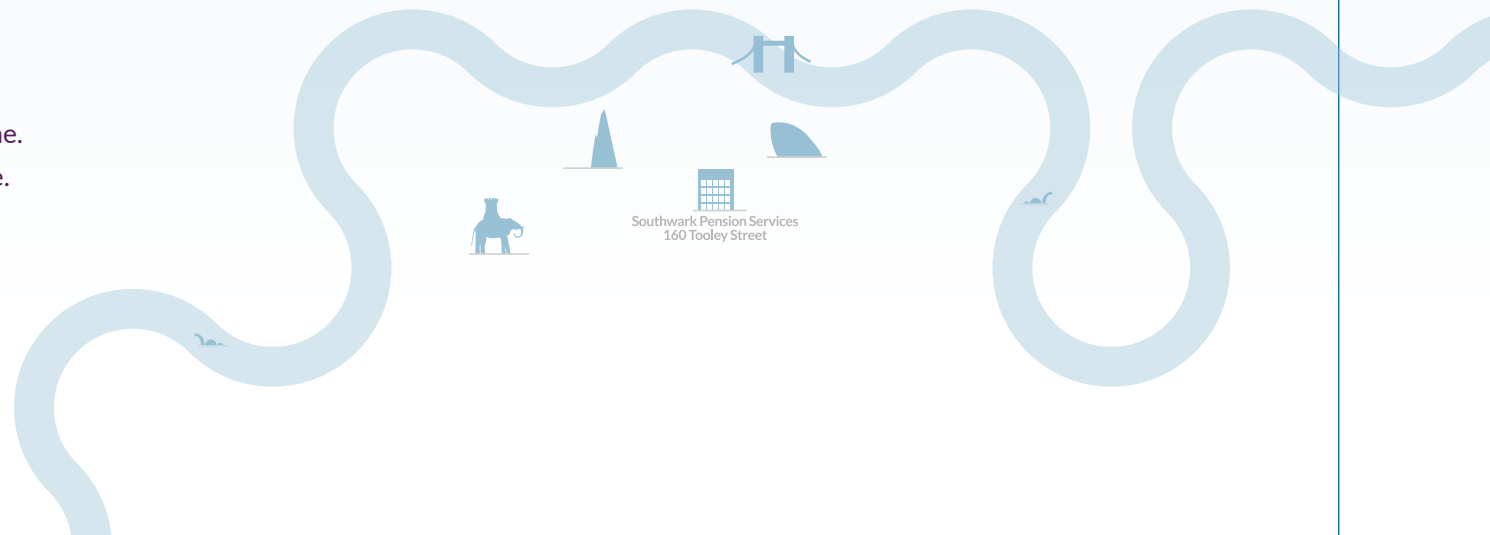
Eligible employees, enrolled contractually, to be eligible the employee must meet the following criteria:

1. Has three-month or more contract;
2. Is aged under 75; and
3. Isn't eligible for another public service pension scheme.

Note that Automatic Enrolment is different to the above.

Who should be Automatically Enrolled?

- Eligible jobholders will be automatically enrolled into the LGPS if they're not already active members of a workplace pension scheme that meets a set of minimum standards.
- The employer must make pension contributions to the pension scheme and the eligible worker eligible to join the LGPS also have to contribute.
- Workers who don't want to join the scheme may opt-out for a three year period. However, employers are required to continue automatically enrolling eligible workers who've opted out, every three years.
- Eligible jobholders are workers who:
 - Are aged between 22 and State Pension Age;
 - Earn over the earnings threshold, and
 - Work, or ordinarily work in the UK and have a contract of employment (i.e. so is a worker and not a self-employed contractor), or who have a contract to provide work and/or services personally (so can't sub-contract to a third party).





WHAT IS THE EARNINGS THRESHOLD FOR AUTOMATIC ENROLMENT?

- The earnings threshold is currently set at £10,000 per year, but employees will be assessed for eligibility at each pay period.
- The earnings threshold will be pro-rated meaning the actual earnings threshold amount will differ if they're paid monthly, four-weekly, fortnightly or weekly. As they're assessed for eligibility at each pay period, they may find that they're automatically enrolled if their earnings increase, if only for a short period.
- For example, if employees are paid monthly, they'll be deemed to meet the earnings threshold if their monthly earnings reach at least £833. If they're paid weekly, they'll be deemed to meet the earnings threshold if their weekly earnings reach at least £192.

	Age 16-21	Age 22 – SPA*	* SPA – 74
Less than £833 per month (Less than £192 per week)	Non-Eligible (Type 2 Employee)	Non-Eligible (Type 2 Employee)	Non-Eligible (Type 2 Employee)
More than £833 per month (More than £192 per week)	Non-Eligible (Type 2 Employee)	Eligible (Type 1 Employee)	Non-Eligible (Type 2 Employee)

Type 1 Employees – must be put into the pension scheme. Both employer and employee contributions must be deducted from the employees' pay.

Type 2 Employees – you don't need to put them in the pension scheme. However these employees may elect to opt-in.

* SPA – if you're unsure what this is for any given employee, check on the SPA calculator at www.gov.uk/state-pension-age

Providing information



- The Administering Authority must provide basic LGPS information within two months.
- On Automatic Enrolment, that time limit is reduced to one month from the date you, the employer, tell the Administering Authority of the new member of the scheme.
- On Automatic Enrolment, the employee job holder information should be provided to the Administering Authority (Southwark Council Pensions Section) within **six weeks** of enrolment into the LGPS. See the essential data requirement page for further information.
- **Each newly enrolled member of the scheme should complete a Starter form and a Death Grant – Expression of Wish form.**

Opting into the scheme or re-joining



- Anyone not in the scheme, but eligible to be, can apply to join by writing to their scheme employer and in doing so they'll join the 'main section' from the first day of the next pay period.
- Opted-out members can be automatically re-enrolled into the scheme (though check TPR guidance if a transitional delay was applied).



- There's the main scheme with 1/49th accrual rate or the 50/50 section is a low cost alternative option which means employees basically pay half the contribution rate of the main scheme to receive half the benefits (with the exception of death benefits, dependant's benefits and death in service benefits).
- Members must elect to switch to the 50/50 section by completing the 50/50 election form.
- Employee contributions are reduced to half from the 1st of next pay period.
- The accrual rate is halved from the date the 50/50 membership started.
- The Pensionable Pay still needs to be recorded in 50/50 section.
- It's the employer's responsibility to give the member information on the effect on their benefits.
- If a member was paying whole cost APCs, this would have to cease as it's not available in the 50/50 section.
- All other additional contributions remain payable in full.

Note that...



- The 50/50 section was never designed to be a permanent replacement of the main scheme.
- Therefore after three years, the employee should be reinstated back into the main scheme and employer and employee contributions should be taken based on the main scheme full contribution rate.
- However, the member may elect to return back to the 50/50 section by completing another 50/50 election form.

Employee contribution rates of main scheme and 50/50 section for England and Wales 2022/2023

Band	Actual Pensionable Pay	Main scheme	50/50 section
1	Up to £15,000	5.5%	2.75%
2	£15,001 to £23,600	5.8%	2.90%
3	£23,001 to £38,300	6.5%	3.25%
4	£38,301 to £48,500	6.8%	3.40%
5	£48,501 to £67,900	8.5%	4.25%
6	£67,901 to £96,200	9.9%	4.95%
7	£96,201 to £113,400	10.5%	5.25%
8	£113,401 to £170,100	11.4%	5.70%
9	£170,101 or more	12.5%	6.25%

Note that these contribution pay bandings and rates are reviewed annually. Always check on www.lgpsmember.org/index.php for updates.

Actual pay, rather than full-time equivalent is used in the assessment.
Note that reductions in pay due to sickness, child related leave etc. are ignored.

Contribution rates

- These are set based on all Pensionable Pay components.
- If an employee has more than one position, the rate is set in accordance to the actual pay bandings per position so it's possible to pay contributions at different rates. *Make sure your payroll system deducts these at the correct rates.*
- Any underpayments of contributions due must be repaid.

Employer contribution rates

- These rates set by the Administering Authority every three years using the results of the triennial valuation.
- Inaccurate data can result in higher rates payable.



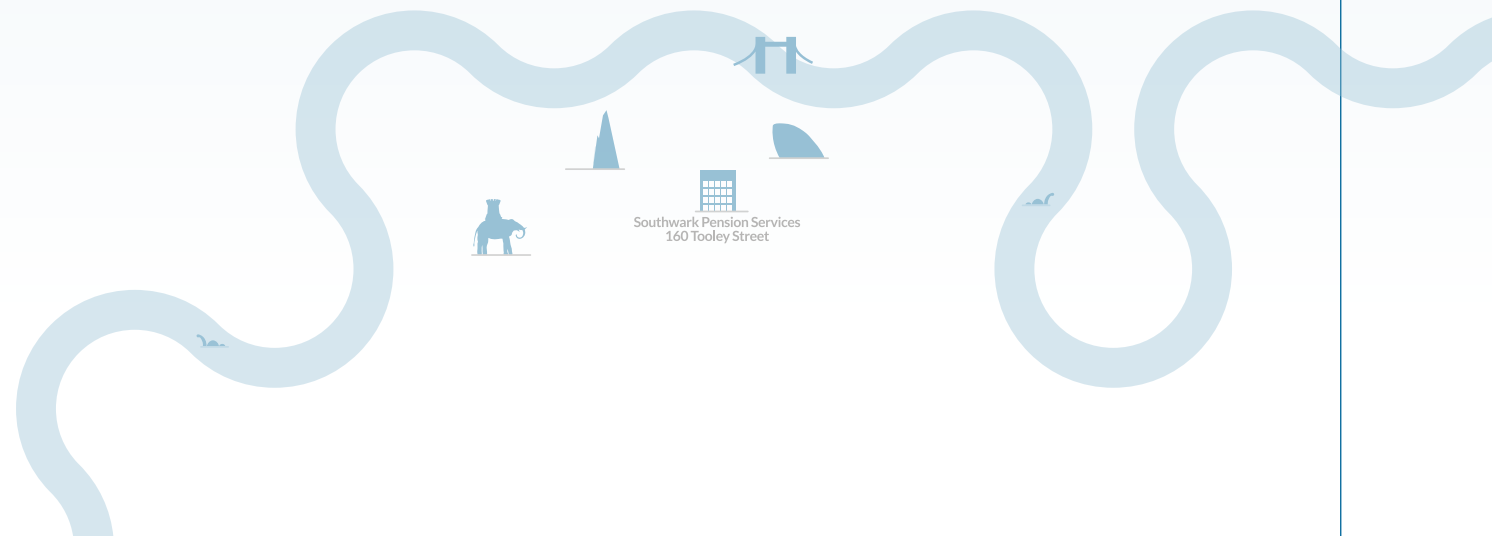
When a pension scheme members' pay is reduced due to either:



- Reduced contractual pay or no pay due to sickness or is on relevant child-related leave;
- Ordinary adoption/maternity;
- Additional adoption/maternity or shared parental leave, receiving some pay;
- Paternity; or
- Reserve Forces leave;

The APP drops into the cumulative rather than the Actual Pensionable Pay (if any) BUT on a KIT day if the Actual is higher, the Actual drops into the cumulative.

- The employer pays contributions on the APP.



Southwark Pension Services
160 Tooley Street



HOW TO CALCULATE ASSUMED PENSIONABLE PAY (APP) DUE TO SICKNESS, INJURY OR RELEVANT CHILD-RELATED LEAVE OR RESERVE FORCES LEAVE

- APP is a notional Pensionable Pay figure that is used to ensure that the pension benefits aren't affected by any reduction of pay due to a period of sickness, injury, or any reduction due to relevant child-related leave or Reserve Forces leave.
- The employer is required to calculate the assumed pay for the period of absence as detailed below. To do this, the employer would normally calculate the average of the Pensionable Pay received for the three months (or 12 weeks if the member is paid weekly) before the pay period in which the pay is reduced.

For example...

A member's Pensionable Pay is reduced due to half pay for the period 1 July to 31 December due to sickness absence. The employer calculates the APP by calculating the average of the three complete months' pensionable pay received before the pay period in which the pay is reduced.

April	+	May	+	June	=	£3,700	÷ 3	£1,233.33
								per month
£1,200		£1,200		£1,300				

(In this case the member's pay increased from 1 June to £1,300 per month (£15,600 per year) due to an annual pay award)

The employer would inform the member's pension fund that the APP for the period 1 July to 31 December is

$$£1,233.33 \times \begin{matrix} \text{Calendar icon} \\ 6 \text{ (months)} \end{matrix} = £7,399.98$$

- **Note the member only pays their basic pension contributions on the reduced pay they actually receive and not the APP.**
- When calculating the average Pensionable Pay received for the three-month period (or 12 weeks if they're paid weekly) before the pay reduced, any reduction in pay due to an authorised absence or a trade dispute is ignored.

What happens if an employee takes industrial action?



- Once the pension scheme members return to work, they can pay an APC if they wish to replace the lost pension.
- The employer would need to calculate the lost Pensionable Pay whilst on strike.
- The employer doesn't pay pension contributions during strike action taken.
- No employer contributions are due if the member 'buys back' the lost pension via an APC as the employee pays the full cost!



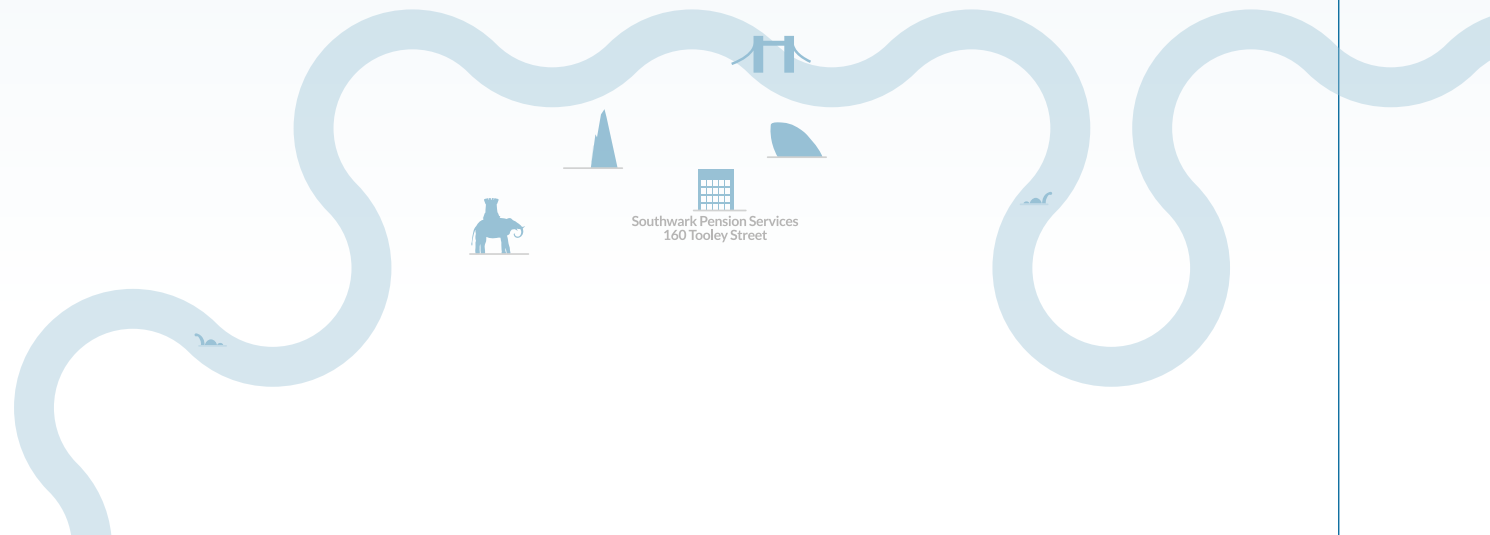
- Employers must pay across both the employer (ER) and employee contributions based on the Administering Authority's set timescale.
- Every pay-over should be checked thoroughly to ensure that it's paid correctly and be accompanied by a statement!
- From April 2015 late pay-over of employee contributions are reportable to The Pension Regulator (if material).
 - Including, where relevant, contributions towards administration costs in consequence of poor performance in the Administering Authority's opinion.



Essential data requirements

Accurate timely information is required on:

- The employee's name and gender;
- The employee's date of birth and National Insurance number;
- A unique reference number relating to each employment in which the employee has been an active member;
- The dates of active membership and section at year end;
- The Pensionable Pay in the main scheme;
- The Pensionable Pay in the 50/50 section;
- The employee contributions paid while in the main scheme;
- The employee contributions paid while in the 50/50 section;
- The employer contributions paid on the employee's Pensionable Pay;
- The employee additional pension contributions (APCs);
- If applicable, the employer APCs;
- The employee in-house additional voluntary contributions (AVCs);
- If applicable, employer in-house AVCs; and
- Details of any service breaks.





There's more help out there if you need it. There are a number of organisations that can provide you with help and advice about your pension savings. Some of these are listed below:

The Pensions Advisory Service (TPAS)

TPAS is an independent voluntary body that provides free help and advice to members and other beneficiaries of occupational and personal pension schemes. TPAS is available at any time to assist members and beneficiaries with any pension query they may have or any difficulty they have failed to resolve with the trustees or administrators of a scheme.

0800 011 3797

You can complete an enquiry form at www.pensionsadvisoryservice.org.uk/contacting-us/online-enquiry-form

www.pensionsadvisoryservice.org.uk

lbpensions@southwark.gov.uk

The Pensions Ombudsman (TPO)

TPO deals with all complaints and disputes. If TPAS guidance cannot resolve your problem, you can make a formal application to TPO setting out your complaint. Please note, anyone using TPO's 'Early Resolution Service' will not be expected to have first used the LGPS' IDRPs if the parties are happy with that.

TPO is impartial and looks at all the facts without taking sides. It has legal powers to make decisions that are final, and binding and enforceable in Court. There is no charge for using TPO as it is funded by grant-in-aid, paid by the DWP.

0800 917 4487

10 South Colonnade
Canary Wharf
London
E14 4PU

www.pensions-ombudsman.org.uk

Local Government Pension Scheme (LGPS) regulations

All LGPS regulations are available for inspection upon request.

Pension Services
2nd Floor
160 Tooley Street
London
SE1 2QH

www.lgpsmember.org

Useful LGPS websites:

- www.lgpsmember.org/index.php
- www.gov.uk/state-pension-age
- www.thepensionsregulator.gov.uk
- www.lgpsmember.org/glossary.php
- www.southwarkpensions.co.uk
– click on the Employer area box