



Employer Contribution Policy Statement

January 2018

Douglas Borough Council Employer Contribution Policy Statement

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1. Contribution Rates

Pension contribution rates are determined dependent on the earnings band that an employee falls into.

Member contribution rates are tiered as follows with effect from April 2018:

| Band | Whole-time Equivalent Pay Range | Employee Contribution Rate (%) |
|-------------|--|---------------------------------------|
| 1 | £0 to £14,600 | 5.5 |
| 2 | £14,601 - £17,200 | 5.8 |
| 3 | £17,201 - £22,300 | 5.9 |
| 4 | £22,301 - £37,300 | 6.5 |
| 5 | £37,301 - £50,000 | 6.8 |
| 6 | £50,001 - £94,000 | 7.2 |
| 7 | More than £94,000 | 7.5 |

The ranges will be increased on an annual basis by inflation as applied by the scheme regulations.

2. Employee Contribution Rates

Employees are allocated to the new earnings bands to determine their contribution rate for the next financial year. They will be formally notified which band they have been assigned to.

i) Assessed Pensionable Pay

Assessed Pensionable Pay will consist of: -

- Annual basic pensionable pay plus any permanent pensionable allowances for existing employees, or
- Starting pensionable pay plus any permanent pensionable allowances for new starters.

In accordance with the scheme regulations: -

- Full time equivalent pensionable pay will be used to assess Part time employees.

Please Note

This calculation method is only applied when determining an employee's earnings band for the purpose of assigning a contribution rate. Contributions are deducted from all the pensionable pay and, it has no impact on how final pay is calculated when assessing what pension benefits are payable on retirement or leaving active membership of the scheme.

ii) Review of Contribution Rates

An annual review will take place for all employees each April to determine whether there needs to be a change to the contribution rate payable as from each 1st April.

A permanent change to an employee's contract of employment, which impacts on the employee's assessed pensionable pay, will trigger a review of the employee's pension contribution rate. The change could result in either an increase or a decrease to the amount of pension contributions that are payable. The new contribution rate will be applied from the effective date of the change.

3. Communications and Pay Statements for Employees

Every March a letter and fact sheet that outlines the changes associated with the increasing of the new earnings bands and pension contribution rates that apply to each band will be sent to all employees. This will also confirm the date of the next review.

The assessed pensionable pay is the basic salary plus permanent pensionable allowances, which has been used to determine the pension contribution rate that will be paid.

4. Appeals Procedure

The first point of contact for queries relating to the pay figures that have been used and what is or is not classed as pensionable pay is the Payroll Team.

There will be no separate appeal procedure outside of the statutory Internal Disputes Resolution Procedure (IDRP) and employees should use the internal grievance procedure in the first instance.

5. Timeline for Submitting a Complaint

Employees must lodge their application to appeal against the contribution rate assigned for the next year within 2 months from the date that the new contribution rate is applied.

If the issue cannot be resolved using the above process, employees will be advised that once other procedures have been exhausted they should use the IDRP for the scheme if they wish to take the complaint further.

6. Policy Approval and Review

The unions representing Council employees were consulted on this policy. Following consultation this Policy was adopted by Executive Committee on 29th June 2012. It will continue to be reviewed as required in the light of any changes to the scheme regulations after 1st April 2012.

APPENDIX 1

Pensionable Allowances

The table below includes generic titles of all permanent pensionable pay allowances that will be included in assessed pensionable pay, which will be used to determine an employee's pension contribution rate.

Contractual Standby

Shift Allowance

Backpay Basic

Contractual Overtime

Task And Finish

First Aid

Qualification Allowance

Scaffold Allowance

Dirt Money