



Local Government Pensions Committee  
Secretary, Lorraine Bennett

## **LGPC Bulletin 195 – Annual Update March 2020**

This bulletin sets out the rates and bands that apply from April 2020 for various purposes. Please email [rachel.abbey@local.gov.uk](mailto:rachel.abbey@local.gov.uk) with any comments about the contents of this bulletin. You can find LGPC contacts at the end of this document.

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## Employee contribution rates – England and Wales

The table below shows the pay ranges and corresponding employee contribution rates that apply to the LGPS in England and Wales from 1 April 2020.

**Table 1: Employee contribution bands England and Wales 2020/21**

Band	Actual pensionable pay for an employment	Main section contribution rate for that employment	50/50 section contribution rate for that employment
1	Up to £14,600	5.50%	2.75%
2	£14,601 to £22,800	5.80%	2.90%
3	£22,801 to £37,100	6.50%	3.25%
4	£37,101 to £46,900	6.80%	3.40%
5	£46,901 to £65,600	8.50%	4.25%
6	£65,601 to £93,000	9.90%	4.95%
7	£93,001 to £109,500	10.50%	5.25%
8	£109,501 to £164,200	11.40%	5.70%
9	£164,201 or more	12.50%	6.25%

Employers must determine the employee contribution rate for each employee from 1 April 2020 and inform payroll. The process for allocating contribution rates may have been automated on the payroll system. Any reduction in pensionable pay due to sickness, child related leave, reserve forces services leave or other absence from work should be ignored when setting the employee contribution rate.

An employer may decide to change an employee's contribution band during a Scheme year if their pay changes. You can read more information about allocating an employee to a contribution band each April and when their pay changes in section 10 of the HR guide and section 5.1 of the Payroll guide. You can find both guides on the [Guides and sample documents page](#) of [www.lgpsregs.org](http://www.lgpsregs.org).

## Employee contribution rates – Scotland

The contribution rates applicable to specified pay bands are set out in statutory guidance issued by Scottish Ministers. The following pay ranges and employee contribution rates apply to the LGPS in Scotland from 1 April 2020.

**Table 2: Employee contribution rates Scotland 2020/21**

<b>Contribution rate</b>	<b>Actual Pay Min</b>	<b>Actual Pay Max</b>	<b>Contribution rate</b>	<b>Actual Pay Min</b>	<b>Actual Pay Max</b>
<b>5.5%</b>	Up to	22,852	<b>8.4%</b>	64,090	65,894
<b>5.6%</b>	22,853	24,281	<b>8.5%</b>	65,895	67,804
<b>5.7%</b>	24,282	25,900	<b>8.6%</b>	67,805	69,828
<b>5.8%</b>	25,901	27,443	<b>8.7%</b>	69,829	71,976
<b>5.9%</b>	27,444	28,519	<b>8.8%</b>	71,977	74,261
<b>6.0%</b>	28,520	29,683	<b>8.9%</b>	74,262	76,696
<b>6.1%</b>	29,684	30,946	<b>9.0%</b>	76,697	79,296
<b>6.2%</b>	30,947	32,322	<b>9.1%</b>	79,297	82,078
<b>6.3%</b>	32,323	33,825	<b>9.2%</b>	82,079	85,063
<b>6.4%</b>	33,826	35,475	<b>9.3%</b>	85,064	88,273
<b>6.5%</b>	35,476	37,262	<b>9.4%</b>	88,274	91,735
<b>6.6%</b>	37,263	38,570	<b>9.5%</b>	91,736	95,479
<b>6.7%</b>	38,571	39,972	<b>9.6%</b>	95,480	99,542
<b>6.8%</b>	39,973	41,481	<b>9.7%</b>	99,543	103,966
<b>6.9%</b>	41,482	43,107	<b>9.8%</b>	103,967	108,802
<b>7.0%</b>	43,108	44,867	<b>9.9%</b>	108,803	114,109
<b>7.1%</b>	44,868	46,776	<b>10.0%</b>	114,110	119,961
<b>7.2%</b>	46,777	48,855	<b>10.1%</b>	119,962	126,445
<b>7.3%</b>	48,856	50,306	<b>10.2%</b>	126,446	133,671
<b>7.4%</b>	50,307	51,412	<b>10.3%</b>	133,672	141,772
<b>7.5%</b>	51,413	52,567	<b>10.4%</b>	141,773	150,919
<b>7.6%</b>	52,568	53,775	<b>10.5%</b>	150,920	161,327
<b>7.7%</b>	53,776	55,041	<b>10.6%</b>	161,328	173,277
<b>7.8%</b>	55,042	56,367	<b>10.7%</b>	173,278	187,140
<b>7.9%</b>	56,368	57,759	<b>10.8%</b>	187,141	203,413
<b>8.0%</b>	57,760	59,221	<b>10.9%</b>	203,414	222,785
<b>8.1%</b>	59,222	60,759	<b>11.0%</b>	222,786	246,236
<b>8.2%</b>	60,760	62,380	<b>11.1%</b>	246,237	275,205
<b>8.3%</b>	62,381	64,089	<b>11.2%</b>	275,206	and above*

For members in the 50/50 section, divide the appropriate rate by two.

*\* Contribution rates will increase beyond 11.2% of pay for higher salaries, but SPPA were not asked to provide bands above 11.2%.*

Employers must determine the employee contribution rate for each employee from 1 April 2020 and inform payroll. The process for allocating contribution rates may have been automated on the payroll system. Any reduction in pensionable pay due to sickness, child related leave, reserve forces services leave or other absence from work should be ignored when setting the employee contribution rate.

An employer may decide to change an employee's contribution band during a Scheme year if their pay changes. You can read more information about allocating an employee to a band each April and when their pay changes in section 10 of the HR guide and section 5.1 of the Payroll guide. You can find both guides on the [Guides and sample documents](https://www.scotlgpsregs.org) page of [www.scotlgpsregs.org](https://www.scotlgpsregs.org).

## **Additional pension limit for 2020/21 in England and Wales**

Regulations 16(6) and 31(2) of the LGPS regulations 2013 state that the additional pension limit increases on 1 April each year as if it were a pension beginning on 1 April 2013 to which the Pensions (Increase) Act 1971 applied.

The increase due on 1 April 2020 is the increase that applied on 8 April 2019 (as the 2020 increase does not take effect until 6 April 2020). The additional pension limit of £7,026 that applied in 2019/20 is increased by 2.4% to £7,194 from 1 April 2020.

## **Additional pension limit for 2020/21 in Scotland**

Regulations 16(6) and 30(2) of the LGPS (Scotland) Regulations 2018 state that the additional pension limit is increased on 1 April each year as if it were a pension beginning on 1 April 2015 to which the Pensions (Increase) Act 1971 applied.

The pensions increase due on 1 April 2020 is that from 8 April 2019 (as the 2020 increase does not take effect until 6 April 2020). The additional pension limit of £6,761 is increased by 2.4% to £6,923 from 1 April 2020.

## **Annual and lifetime allowance limits from 6 April 2020**

[The Finance Act 2004 \(Standard Lifetime Allowance\) Regulations 2020](#) [SI 2020/342] amend the lifetime allowance limit to £1,073,100 from 6 April 2020.

The standard annual allowance, defined in section 228 of the Finance Act 2004, is unchanged at £40,000 for 2020/21.

Annual allowance taper provisions will change from 6 April 2020. From that date, a member's pension growth will be measured against a tapered annual allowance if their Threshold income is more than £200,000 and their Adjusted income is more than £240,000.

The minimum tapered annual allowance will reduce from £10,000 to £4,000. This means that a member with Adjusted income of £312,000 or more will have their pension growth measured against the new minimum annual allowance of £4,000.

These changes were announced in the Budget 2020 and are contained in [The Finance Bill 2019-21](#) which was given its first reading in the House of Commons on 17 March 2020.

## Automatic enrolment earnings bands

All employers will need to know the earnings bands that apply for 2020/21 for the purposes of automatic enrolment under the Pensions Act 2008. The Department for Work and Pensions (DWP) published [Automatic enrolment: review of the earnings trigger and qualifying earnings band for 2020/21](#) on 27 February 2020. The tables below show the limits that apply for the 2020/21 year. Please note that the earnings trigger of £10,000 is unchanged since the 2015/16 year.

**Table 3: Automatic enrolment (AE) earnings bands 2020/21**

Earnings**	Age 16-21	Age 22 to <SPA*	Age SPA* to <75
Under lower earnings threshold (£6,240***)	Entitled worker	Entitled worker	Entitled worker
Between £6,240*** and £10,000	Non-eligible jobholder	Non-eligible jobholder	Non-eligible jobholder
Over earnings trigger for automatic enrolment (£10,000)	Non-eligible jobholder	Eligible jobholder	Non-eligible jobholder

\* State Pension Age

\*\* Earnings: separate contracts are treated separately

\*\*\* To align with National Insurance contributions lower earnings limit

**Table 4: AE earnings bands per period**

Pay reference period	Lower earnings threshold	Earnings trigger for automatic enrolment
Annual	£6,240.00	£10,000.00
6 months	£3,120.00	£4,998.00
3 months	£1,560.00	£2,499.00
1 month	£520.00	£833.00
4 weeks	£480.00	£768.00
2 weeks	£240.00	£384.00
1 week	£120.00	£192.00

[The Automatic Enrolment \(Earnings Trigger and Qualifying Earnings Band\) Order 2020](#) [SI2020/372] was laid on 1 April 2020.

## National Insurance thresholds

The NI limits and thresholds for 2020/21 are shown in the table below. The limits are set out in [The Social Security \(Contributions\) \(Rates, Limits and Thresholds Amendments and National Insurance Funds Payments\) Regulations 2020 \[2020/299\]](#) and take effect from 6 April 2020.

**Table 5: Class 1 National Insurance thresholds 2020/21**

Class 1 National Insurance thresholds	Threshold per period
Lower earnings limit (LEL)	£120 per week £520 per month £6,240 per year
Primary threshold (PT)	£183 per week £792 per month £9,500 per year
Secondary threshold (ST)	£169 per week £732 per month £8,788 per year
Upper secondary threshold (under 21) (UST)	£962 per week £4,167 per month £50,000 per year
Apprentice upper secondary threshold (apprentice under 25) (AUST)	£962 per week £4,167 per month £50,000 per year
Upper earnings limit (UEL)	£962 per week £4,167 per month £50,000 per year

**Table 6:  
Class 1 National Insurance rates, Employee (primary) contribution rates**

National Insurance category letter	Earnings at or above LEL up to and including PT	Earnings above PT up to and including UEL	Balance of earnings above UEL
A	0%	12%	2%
B	0%	5.85%	2%
C	nil	nil	nil
H (Apprentice under 25)	0%	12%	2%
J	0%	2%	2%
M (under 21)	0%	12%	2%
Z (under 21 – deferment)	0%	2%	2%

**Table 7:**  
**Class 1 National insurance rates, employer (secondary) contribution rates**

National Insurance category letter	Earnings at or above LEL up to and including ST	Earnings above ST up to and including UEL/UST/AUST	Balance of earnings above UEL/UST/AUST
A	0%	13.80%	13.80%
B	0%	13.80%	13.80%
C	0%	13.80%	13.80%
H (Apprentice under 25)	0%	0%	13.80%
J	0%	13.80%	13.80%
M (under 21)	0%	0%	13.80%
Z (under 21 – deferment)	0%	0%	13.80%

## Annual Revaluation Order

The full year increase to be applied at one second after midnight on 31 March 2020 to the career average pension earned up to 31 March 2020 is 1.7%. This is set out in [The Public Service Pensions Revaluation Order 2020](#) [SI 2020/230]. You can view the Order on the:

- [Related legislation](#) page of [www.lgpsregs.org](http://www.lgpsregs.org) – LGPS England & Wales, or
- [Related legislation](#) page of [www.scotlgpsregs.org](http://www.scotlgpsregs.org) – LGPS Scotland

## Annual Pensions Increase

LGPS administering authorities must increase a qualifying pension from 6 April 2020. Employers who pay their own annual compensation benefits, which relate to historical awards of compensatory added years, must also increase qualifying pensions from 6 April 2020. The increase that applies to pension that began (ie has a pensions increase date) before 8 April 2019 is 1.7%. The percentage and part year percentage increases are detailed in [The Pensions Increase \(Review\) Order 2020](#) [SI2020/290]. You can find the Order and the multiplier tables on the:

- [Related legislation](#) page of [www.lgpsregs.org](http://www.lgpsregs.org) – LGPS England & Wales, or
- [Related legislation](#) page of [www.scotlgpsregs.org](http://www.scotlgpsregs.org) – LGPS Scotland

## Retail Prices Index (RPI) Increase

The annual increase that applies to any additional pension purchased under an Additional Regular Contributions contract that started between 1 April 2008 and 31 March 2012 is based on RPI in the previous September. The increase that applies on 6 April 2020 is 2.4%.

## Annual GMP increase

An increase of 1.7% should be applied from 6 April 2020 to:

- the post-5 April 1988 GMP element of a pension in payment, and
- the pre-6 April 1988 GMP element of a pension in payment if the individual reached SPA after 5 April 2016, provided the member's pension increase (PI) date is 8 April 2019 or earlier.

If the individual reached SPA after 5 April 2016 and their PI date is after 8 April 2019, then a pro-rata increase will apply to the pre-6 April 1988 GMP element of their pension in payment.

The GMP increase is set out in [The Guaranteed Minimum Pension Increase Order 2020](#) [SI2020/235]. You can view the Order on the:

- [Related legislation](#) page of [www.lgpsregs.org](http://www.lgpsregs.org) – LGPS England & Wales, or
- [Related legislation](#) page of [www.scotlgpsregs.org](http://www.scotlgpsregs.org) – LGPS Scotland.

You can find out more about how increases are applied to pensions in payment in the Pensions Increase Technical guide published by the LGPC. You can find the guide on the:

- [Guides and sample documents](#) page of [www.lgpsregs.org](http://www.lgpsregs.org), and
- [Guides and sample documents](#) page of [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

## The Social Security Revaluation of Earnings Factors Order 2020

[The Social Security Revaluation of Earnings Factors Order 2020](#) [SI 2020/193] comes into force on 6 April 2020. The earnings factors are used to calculate a Scheme member's GMP. The percentage increase for the tax year 2020/21 is 4.0%. The increase is based on the increase in the general level of earnings in Great Britain. You can view the Statutory Instrument on the:

- [Related legislation](#) page of [www.lgpsregs.org](http://www.lgpsregs.org) – LGPS England & Wales, or
- [Related legislation](#) page of [www.scotlgpsregs.org](http://www.scotlgpsregs.org) – LGPS Scotland.

## Redundancy payments

[The Employment Rights \(Increase of Limits\) Order 2020](#) [SI 2020/205] comes into force on 6 April 2020. It increases the maximum week's pay for calculating a statutory redundancy payment from £525 to £538 per week if the appropriate date is after 5 April 2020. In the case of entitlement to a redundancy payment by virtue of section 135(1)(a) of the Employment Rights Act 1996 (dismissal by reason of redundancy), the appropriate date means the relevant date as defined by sections 145 or 153 of that Act.



## **Actions for administering authorities**

Administering authorities may wish to update Scheme literature and guides for employees and employers to reflect the updates in this bulletin. The LGPC leaflets and guides will be updated in the coming weeks. Administering authorities may also wish to send this bulletin to Scheme employers, or direct them to the:

- [LGPC bulletins page](#) of [www.lgpsregs.org](http://www.lgpsregs.org) – LGPS England and Wales, or
- [LGPC bulletins page](#) of [www.scotlgpsregs.org](http://www.scotlgpsregs.org) – LGPS Scotland.

## **Other information**

### **Useful links**

[LGA Pensions page](#)

[LGPS members' website](#) – England and Wales

[LGPS 2015 members' website](#) – Scotland

[LGPS Advisory Board website](#) – England and Wales

[LGPS Regulations and Guidance website](#) – England and Wales

[LGPS Regulations and Guidance website](#) – Scotland

[LGPS Discretions](#) lists all the potential discretions available within the LGPS in England and Wales.

[LGPS Discretions](#) lists all the potential discretions available within the LGPS in Scotland.

[Recognised Overseas Pension Schemes](#) approved by HMRC and who agreed to have their details published.

[The Timeline Regulations](#) for Final Salary Scheme

[The Timeline Regulations](#) for Career Average in England and Wales

[The Timeline Regulations](#) for Career Average in Scotland

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