

## Determining the rate of employee contributions

(see: Discretion 1 of the Town Council's Statement of Pension Discretions; regulations R9(1) & (3))

- 1) Employee salary scales are reviewed annually with effect from the new financial year of 1 April.
- 2) Employee pension contribution rates will ordinarily be assessed at this time, with any variations to the rate of contribution being applied from 1 April following any re-assessment of salary scales.
- 3) Employee pension contribution rates are ordinarily based on contractual annual pay.
- 4) The Council may choose to review the band and rate during a Scheme year if there is a material change in an employee's contractual pay. An employee's pay might change if they change jobs, they are promoted or demoted, their job is regraded, they receive a pay award or they change their contractual hours. If an employee receives a backdated pay award or re-grading, this could lead to a retrospective change in contribution band. The Council can decide only to apply the new rate from the date the pay award or re-grading is actioned on the payroll.
- 5) A material change as outlined above is determined as a variance of more than 25% of the existing total annual remuneration and the mid-year review would be subject to agreement from the Personnel Sub-Committee.
- 6) In accordance with S. 4.1 of the Employee Handbook, overtime payments should be authorised in advance by the Town Clerk.
- 7) Non-contractual overtime will **not** ordinarily be taken into account when determining employee pension contribution rates.
- 8) However, if, when the rate is reviewed at the end of the year, it is clear that the employee worked a significant amount of non-contractual overtime which would have placed them in the next band up and that **this is likely to continue on an ongoing basis**, the Council may choose to apply the rate applicable to that next band up for the following year.
- 9) Whenever the Council changes the band to which the employee is allocated, the Council must, as soon as is reasonably practicable notify the employee of the new contribution rate that is payable and the date from which it is to be applied (ideally in advance).

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