

To: Chief Executives
 Salaries and Wages
 Human Resources
 Pension Contacts

Circular 06/2014
 16 May 2014

At: All Councils

Dear Colleagues,

Admission of Councillors of the new Councils to the Pension Scheme

This circular advises councils of the process for automatically enrolling newly elected councillors into the Local Government Pension Scheme (Northern Ireland) (the Scheme) with effect from 26 May 2014.

The content outlines the Scheme benefits that will apply to councillors and the administrative requirements to enrol into or opt out new councillors from the Scheme.

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1. The Regulatory Framework

The Local Government Pension Scheme (Councillors) (Amendment) Regulations (Northern Ireland) 2011 (SRNI 2011 No. 117) provide the regulatory framework that allowed councillors to participate in a career average Scheme from 9 May 2011.

These regulations, as amended, continue to operate although it is expected that the newly elected councillors will automatically be moved to the new LGPS (NI) 2015 Scheme on 1 April 2015. I understand that the Department of Environment will shortly be making the LGPS (NI) 2015 regulations (The Local Government Pension Scheme Regulations (Northern Ireland) 2014), which will confirm this position.

2. A Summary of the Councillors' Scheme

The Councillors' Scheme is a tax approved, defined benefit occupational pension scheme administered by the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC).

The purpose of the Scheme is to provide a councillor with a pension in retirement. The benefits paid under the Scheme will be based on the length of a councillor's membership and his/her **career average pensionable pay**. The pensionable pay of a councillor will consist of the Basic Allowance and Special Responsibility Allowance payments only. Each year's pensionable pay is increased in line with inflation and added before being divided by the length of membership to give a career average pay.

It should be noted that the following elements of the main Scheme do not apply to councillors:

- Shared Cost Additional Voluntary Contributions
- Awards of additional membership or pension
- Flexible retirement
- Redundancy retirement
- Efficiency retirement
- Transfers in

The benefits of the Scheme are summarised at Appendix 1.

3. The new Councils

The newly elected councillors will be admitted to the Scheme as councillors of the new councils and NOT the lead councils. Table 1 sets out the names of the new councils and the NILGOSC reference number for each new council. This new reference number must be used in any returns to NILGOSC and councillors elected to the new councils should not be included in any predecessor council returns to NILGOSC. For pension purposes these are treated as eleven new employing authorities.

Table 1- New Councils

Name of Council	Employer number
Antrim and Newtownabbey District Council	00375
Armagh, Banbridge and Craigavon District Council	00376
Belfast City Council	00377
Causeway Coast and Glens District Council	00378
Derry and Strabane District Council	00379
Fermanagh and Omagh District Council	00380
Lisburn and Castlereagh District Council	00381
Mid and East Antrim District Council	00382
Mid Ulster District Council	00383
Newry, Mourne and Down District Council	00384
North Down and Ards District Council	00385

4. Administration of the Councillors' Scheme

4.1 Enrolling new councillors

All newly elected councillors must be brought into the Scheme. A brief [councillor's membership form](#) is available on the NILGOSC website for councils to download. Councils may wish to use this form to gather personal information from the councillor to enable councils to forward collective information to NILGOSC. However, if a councillor fails to return this form councils must still enrol the councillor in the Scheme with effect from 26 May 2014.

NILGOSC should be advised of the new councillors using the normal [new member spreadsheet](#) which can be downloaded from our website (click on *Forms for Employing Authorities (Councillors)*). This spreadsheet, once completed, should be sent *securely* to NILGOSC at autoenrolment@nilgosc.org.uk . It should be received by 26 June 2014.

When NILGOSC registers a new councillor on its software system we will issue a new member pack to the councillor's home address. This new member pack will include a copy of the Councillors' Guide, which has just been updated.

4.2 Opting out

Once admitted a councillor has the right to opt out of the Scheme, If he/she wishes to do so an opt out form should be completed. This form is available on the councillors' section of the website for councillors to download. As with non-councillor members this form is in two parts. [Section A](#) should be completed by the councillor and returned directly to the council. [Sections B and C](#) (the monitoring sections), should be returned directly to NILGOSC.

The normal template [MS Excel spreadsheet for notification of optants out](#) is available on the NILGOSC website (click on *Forms for Employing Authorities (Councillors)*). NILGOSC should be advised of optants out within one month of the opt out date. This spreadsheet should be completed and forwarded *securely* to NILGOSC at autoenrolment@nilgosc.org.uk.

4.3 Allocation to councillor contribution bands

It will be necessary for councils to determine the contribution band that applies to each councillor and inform him/her of the applicable contribution rate. The same contribution band table applies to councillors as normal Scheme members. Only the Basic Allowance and Special Responsibility Allowance are taken into account to set a councillor's contribution rate. The contribution band table for 2014/15 is shown in Table 2.

Table 2 - Councillors' Contribution Rates

Band	Pensionable Pay	Employee contribution rate
1	Up to £14,000	5.5%
2	£14,001 to £16,500	5.8%
3	£16,501 to £21,300	5.9%
4	£21,301 to £35,600	6.5%
5	£35,601 to £47,700	6.8%
6	£47,701 to £89,400	7.2%
7	More than £89,400	7.5%

4.4 Maintenance of councillor records

Any general amendments such as change of address, surname, marital status etc. should be advised to NILGOSC using the normal methods.

4.5 Annual Return requirements

Due to the different pension calculations that apply to councillors a separate annual return must be provided by each new council for the year to 31 March 2015. NILGOSC will need to be advised at year end of the pensionable allowances and AVCs paid during the year for each councillor. Please ensure that this information is recorded throughout the year.

4.6 Pension Benefit Statements

Councillors have bespoke pension benefit statements and these will be issued to councillors' home addresses in September/October 2015.

4.7 Aggregation of Benefits

Councillors may aggregate deferred councillor benefits with active councillor benefits but may not aggregate main Scheme benefits with Councillor benefits. Both Schemes are treated separately under the current regulations. NILGOSC will advise councillors directly of any options to aggregate and, if possible, councillors must elect to aggregate benefits within 12 months of joining the Scheme.

4.8 Information for councillors

The Councillors' Guide has been updated and will be issued to all new councillors as part of their new member pack. An up-to-date copy is available on our website.

There is also a section on the website specifically for councillors.

Please do not hesitate to contact me if you have any queries.

Yours sincerely

A handwritten signature in black ink that reads "Zena Kee". The signature is written in a cursive, slightly slanted style.

Zena Kee
Pensions Manager

Appendix 1

Summary of the Councillors' Scheme in Northern Ireland

Condition	Application
Joining	Automatic enrolment i.e. a councillor is automatically brought into the Scheme but may opt out.
Age restrictions	Councillors must be younger than age 75 to join and pension benefits must be paid out before age 75.
Contribution Rate	The contributions rate is determined by the employer based on pensionable pay. Contribution rates are in the range 5.5%-7.5% (7 tiers)
Pensionable pay	Pensionable pay is the total of all Basic and Special Responsibility Allowance. This is the pay on which contributions are paid.
How pension is calculated	Pension is calculated as: $1/60 \times \text{Career average pay} \times \text{membership}$ Career average pay is: Total of pays (increased by CPI as below) for each year or part year divided by total years or part years
Rate at which pension builds up	$1/60^{\text{th}}$ of career average pay for each year of membership is built up.
Calculation/Revaluation of pay	Pay for any year other than final year shall be increased in proportion to the increase in the Consumer Price Index (CPI) from the last day of that year up to the last day of the month in which the membership ends.
Additional Voluntary Contributions	AVCs can be paid through the in-house AVC provider, Prudential.

Condition	Application
Ill-health Retirement	<p>To qualify for ill-health benefits a councillor must:</p> <ul style="list-style-type: none"> • have one year's membership • be permanently incapable of discharging the duties of the office • have a reduced likelihood of being capable of undertaking gainful employment • be assessed by the Committee's doctor. <p>If there is no reasonable prospect of being capable of undertaking any gainful employment before age 65 – accrued pension benefits are payable plus an enhancement of 100% of potential membership to age 65.</p> <p>If there is a reasonable prospect of being capable of undertaking any gainful employment before age 65 – accrued benefits are payable plus an enhancement of 25% of potential membership to age 65.</p>
Pension to Lump sum conversion	The rate of conversion on retirement is £12 of lump sum for every £1 of pension given up.
Re-employed and rejoining deferred members	Councillors may only combine councillor membership with councillor membership. Requests to combine councillor memberships must be made within 12 months of rejoining and there is only one opportunity to combine pension records.
Transfer in requests	Not applicable
Transfer out requests	Yes, by application when the councillor has left active membership.
Death grants	Active Councillor member – death grant is an amount of: 3 x career average pay

Condition	Application
	<p>Deferred Councillor member – death grant is an amount of: 5 x current value of pension</p> <p>Councillor Pensioner member – death grant is an amount of: 10 x annual pension less the amount of pension already paid</p>
Survivors' pensions	Survivors' pensions are payable to eligible spouses, civil partners, nominated cohabiting partners and children.