

SCHOOLS FORUM – 17TH MARCH 2015**INCREASE IN NI EMPLOYER CONTRIBUTION RATE****Introduction**

The purpose of this report is to advise Schools Forum Members of an impending change to the above which will impact on their expenditure and will need to be managed within the schools overall budget allocation.

Background

In April 2016 a new single tier NI Employer pension rate will be introduced that will replace the current basic state pension and the State Second Pension (S2P).

The Local Government Pension Scheme and Teachers Pension scheme are contracted out which means that individuals who are members of these pension scheme are on NI Category D and a lower employer contribution rate applies. This will end in April 2016 and from then on contributions will be on NI Category A. The actual rates which will apply will be announced by the Government closer to the implementation date.

The below table demonstrates the impact in terms of the % rate applied if the change was implemented now:

Secondary contribution rates

This table shows how much employers pay towards employees' National Insurance for tax year 2014 to 2015.

Category letter	£111 to £153 a week	£153.01 to £770 a week	£770.01 to £805 a week	Over £805.01 a week
A	0%	13.8%	13.8%	13.8%
B	0%	13.8%	13.8%	13.8%
C	0%	13.8%	13.8%	13.8%
D	3.4% rebate	10.4%	13.8%	13.8%
E	3.4% rebate	10.4%	13.8%	13.8%
J	0%	13.8%	13.8%	13.8%
L	3.4% rebate	10.4%	13.8%	13.8%

An online calculator is available which would show the impact – those in the LGPS or TPS will be on NI Category D whereas those not in a pension scheme will be NI Category A.

Link to online calculator

<https://www.gov.uk/government/collections/how-to-manually-check-your-payroll-calculations>

- Click on: National Insurance contributions calculator.
- Choose : Monthly
- Enter Gross Ni-able pay:
- Choose Ni Cat letter D for current year
- Repeat but Choose Ni Cat A for proposed year.

Required Action

For maintained school the changes will be reflected in future updates of their budget plans. For academies the changes and their impact need to be reflected in their strategic budget planning.

Recommendation

It is recommended that Schools forum note the report,

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