

 Executive 17 April 2013		Agenda Item No. 12B
Title	Auto Enrolment – Pension Scheme	
For further information about this report please contact	Mike Snow Catherine Bick	
Wards of the District directly affected	N/A	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	Yes	
Date and meeting when issue was last considered and relevant minute number		
Background Papers		

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	Yes 499
Equality & Sustainability Impact Assessment Undertaken	No

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	28/03/2013	Chris Elliott/Andy Jones
Head of Service	28/03/2013	Mike Snow
CMT	28/03/2013	
Section 151 Officer	28/03/2013	Mike Snow
Monitoring Officer	28/03/2013	Andy Jones
Finance	28/03/2013	Mike Snow
Portfolio Holder(s)	28/03/2013	Andrew Mobbs
Consultation & Community Engagement		
Insert details of any consultation undertaken or proposed to be undertaken with regard to this report.		
HR Manager Head of Development Services Head of Culture Head of Corporate & Community Services Unison & GMB Union		
Final Decision?		Yes/No
Suggested next steps (if not final decision please set out below)		

1. **SUMMARY**

- 1.1 This report updates members on the new legislation on employer duties for Staff not in a workplace pension scheme and recommends postponement of existing staff into the pension scheme under the new terms of auto enrolment.

2. **RECOMMENDATION**

- 2.1 That the Executive agrees to defer the enrolment date to non- members of the current scheme to 1st October 2017.
- 2.2 That Executive agree to update the Medium Term Financial Strategy and HRA Business Plan with the forecast associated costs in 5.1 and 5.2, subject to agreeing Recommendation 2.1.

3. **REASONS FOR THE RECOMMENDATION**

- 3.1 Workplace pension law has changed. Every employer has new legal duties to help their workers in the UK save for retirement. They will have to automatically enrol employees into a qualifying workplace pension scheme and make contributions towards it. This will result in a cost to WDC.
- 3.2 WDC's date for automatic enrolment (staging date) is the 1st October 2013. The Council will need to auto enrol anyone who isn't already in the scheme on the 1st October 2013 or who joins the Council on or after that date. The Council has the option of delaying the staging date for existing employees to October 2017, which would allow for us to budget for this additional cost. For the Council, the maximum additional cost is estimated to be around £200,000 per annum.
- 3.3 By choosing to defer the enrolment date until October 2017, it will allow staff to decide if they wish to join the current scheme or not. This is the current situation. It will also delay the revenue costs to the Council.

4. **POLICY FRAMEWORK**

- 4.1 **Policy Framework** – the report does not bring forward changes to the policies listed below:

- Development Plan Documents
- Fit for the Future
- Food Law Enforcement Service Plan
- The plan and strategy which comprise the Housing Investment Programme

5. BUDGETARY FRAMEWORK

- 5.1 From our records we have been able to ascertain that approximately 80% of staff are currently in the Local Government Pension Scheme (LGPS). The remaining 20% have chosen not to join the LGPS. These staff will need to be given the option of being enrolled on the 1st October 2013 or deferring until 2017 if the decision to defer is taken by Executive. If the decision to delay is taken, staff will still have the option of joining the LGPS before 2017 if they wish to do so.
- 5.1 Based on existing staff numbers at the time of writing this report, we estimate that the maximum cost of enrolling all non-members to the current LGPS pension scheme is approximately £200k per annum (£170k General fund and £30k Housing Revenue Account).
- 5.2 Within the Council's General Fund financial projections £131,500 per annum has been provided for from 1 October 2013. There would also be additional costs for the Housing Revenue Account Business Plan as described in paragraph 5.1 above. Members should note that a decision to defer the auto-enrolment scheme until 2017 would defer the savings required during 2013-14 and 2014-15 by this sum, but increase the overall on-going savings by 2017-18 and 2018-19 by a further £40,000 (as a worst case should all employees not opt out of the scheme).
- 5.3 There is also a costs associated to our casual staff. Whilst casuals are not defined as a 'worker' under the scheme they qualify as 'non-eligible jobholders' and some of them will meet certain criteria that is set against the scheme. Because they are not considered a worker they are not eligible to be enrolled into the LGPS scheme and the Council will have to set up a National Employment Savings Trust (NEST) or equivalent scheme to enroll them and make contributions.
- 5.4 An assessment has been carried out on our casual population and currently 9 meet the salary threshold of over £9,440 per annum and would be auto-enrolled in the NEST scheme at a maximum cost of £2.8k if we contribute 3% to the scheme. 24 casuals currently have the option of joining the scheme (those earning between £5,668 and £9,439 per annum) at a further maximum cost of £5.2k
- 5.5 Below is the employer contribution table for the casual base as set by the Government:

Timing	Minimum that has to be contributed by the employer
October 2012 to September 2017	1%
October 2017 to September 2018	2%
October 2018 onwards	3%

Employee contributions are also set on a sliding scale with a minimum of 1% in 2012-2017 rising to 3% by 2018.

6. **BACKGROUND**

6.1 A number of new employer duties have been introduced under the pension regulations 2012 that will give millions of workers access to pension provision, many for the first time. Employers have been given certain timeframes to comply with the legislation dependent upon the number of employees they have. Larger employers started in April 2013 and continue through until 2018 for employers with less than 50 employees.

6.2 Below is a timetable of the proposals outlined above.

	Pension Scheme	Auto Enrolment Date	
Current Permanent/Contract Staff	LGPS	1 October 2013 or defer up to 1 October 2017	All subject to auto enrolment
New Permanent/Contract Staff	LGPS	1 October 2013 or up to 3 month postponement	All subject to auto enrolment
Current Casual Staff	NEST	1 October 2013 or defer up to 1 October 2017	Auto enrolled if earning over £9,440, and option of enrolling if earning £5,668-£9,439
New Casual Staff	NEST	1 October 2013 or up to 3 month postponement	Auto enrolled if earning over £9,440, and option of enrolling if earning £5,668-£9,439