

Pensions Auto-Enrolment Update

Purpose of Report

1. To provide an update regarding the actions Wiltshire Council is taking to implement the pensions auto-enrolment legislation in order to meet our staging date of 1 March 2013.

Main considerations

2. Workplace pensions law will require all employers to automatically enrol eligible jobholders into a pension scheme by 2017.
3. Wiltshire Council has a staging date of 1 March 2013, based on the size of our PAYE group, which is the date on which we will need to be compliant with the auto-enrolment legislation.
4. A working group has been set up comprising representatives from HR, payroll, finance, pensions, communications and Unison to ensure that we meet our requirements and communicate the changes to employees.
5. The legislation provides some options to employers to use postponement and transitional arrangements to extend the time periods for automatic enrolment for some groups of employees.
6. The Corporate Leadership Team have confirmed the recommendation of the working group to use transitional arrangements. This means that any eligible jobholders who:
 - meet the definition of an “eligible jobholder” as at 1 March 2013; and
 - had the option to join either the TPS or LGPS but either chose not to join, or joined then opted outwill not need to be automatically enrolled until 1 October 2017.
7. This arrangement only applies to existing employees as at 1 March 2013 and they still have the option to join the appropriate scheme at any point during the transition period if they choose to do so.
8. Any employee who was previously able to join the TPS or LGPS but does not meet the criteria for an “eligible jobholder” (i.e. is aged under 22 or above state pension age and/or does not meet the earnings trigger) must still be assessed and auto-enrolled if they subsequently meet these criteria.

9. CLT have also confirmed the use of postponement of earnings assessments for existing employees at initial staging date until 30 April 2013 in order to:
 - align the administration of auto-enrolment processes to the SAP payroll processes;
 - move all automatic enrolment into the 2013/14 financial year, ensuring deductions of tax and national insurance are allocated to the correct financial year and to avoid end of year adjustments; and
 - increase the time available for the integration and testing of the SAP modules
10. Postponement of earnings assessment will also be used for workers who are casual workers or are on contracts of less than 3 months. Under LGPS scheme rules these employees cannot be auto-enrolled but are eligible to choose to opt in to the Scheme if they wish. At the end of the three month postponement, if the individual is still employed by the council on the same assignment, they will automatically be enrolled into the LGPS scheme, as required by LGPS scheme rules.
11. Communications will go out early in 2013 regarding the approach we will be taking. We will be working closely with colleagues in the pensions team and with the unions to integrate communications about auto-enrolment with communications already planned regarding the LGPS 2014 reforms.

Financial impact

12. The aim of auto-enrolment legislation is to increase participation in pension scheme and therefore there will be a financial impact for the council in terms of additional contributions.
13. It is not possible to predict the financial impact of the changes as, although there is a requirement to automatically enrol employees into a pension scheme they will still have the right to opt-out.
14. The use of transitional arrangements means that we will defer a significant risk to 2017 as approximately 930 staff would otherwise have had to be enrolled into the scheme in April 2013. Without the use of transitional arrangements this could have cost the council anywhere between £250,000 and £2million in additional pension contributions, depending on the numbers of staff who chose to remain in the scheme.

Environmental Impact

15. None

Equalities Impact

16. None

Risk Assessment

17. None

Recommendation

18. That Staffing Policy Committee note the approach being taken to implement pensions auto-enrolment in Wiltshire.

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The following unpublished documents have been relied on in the preparation of this report: None