

# PENSIONS

## AUTO- ENROLMENT

Human Resources and Organisational Development



### **1. OVERVIEW**

1.1 The Pensions Act 2008 will make it a legal requirement for all employers to offer a qualifying pension scheme to their workers. Legislation states that in accordance with specific criteria, the workers must be automatically enrolled into a 'qualifying' pension scheme, as set out in the Pensions Act, on the employers 'staging date'. This will have an impact on employees not currently in a pension scheme who meet specific criteria, and re-enrolment will occur every third anniversary from the implementation date where the employee has already opted out of a scheme.

1.2 Plymouth City Council has been issued a staging date of 1<sup>st</sup> April 2013. The council will now consider the implications of this staging date, and consider whether to request a change to the staging date in accordance with the 'postponement rule' and the 'Transitional Period' in the guidance.

1.3 Any change to the staging date must be notified to all workers prior to April 2013, or the actual staging date, whichever is earlier.

1.4 The Payroll Team at Plymouth City Council also provides payroll services to other employers such as the Academies and the Agencies. These employers will be issued with their own staging date which has not yet been notified.

1.5 Local Authority employers can only offer the Local Government Pension Scheme or the Teachers' Pension Scheme to employees who are eligible for either scheme, however other employers may be able to offer other qualifying schemes, such as NEST (National Employment Savings Trust).

### **2. EMPLOYER DUTIES**

2.1 The responsibility for implementation of auto-enrolment, and the Pensions Act, lies with the employer of the workers.

2.2 Plymouth City Council is therefore not responsible for undertaking any measures in relation to auto-enrolment for the other employers for which it provides a payroll service. It is for those employers to contact the Pensions Regulator and undertake the statutory duties required of them.

2.3 Under the Pensions Act 2008, employers must define their workforce. The first step is to identify who are their 'workers'. A 'worker' is any individual who:

- Works under a contract of employment (an employee), or
- Has a contract to perform work or services personally and is not undertaking the work as part of their own business.

It is important to understand that a person classed as 'self-employed' by the HMRC tax rules may still be a 'worker' under this legislation and the council will have to provide a pension scheme for these individuals.

2.4 Plymouth City Council can only offer the LGPS or Teachers Pension scheme, as statutory legislation prevents the offer of any other scheme to employees.

2.5 Once an employer has identified who a worker is, they then must ascertain which type of worker they are, based on the legislation. There are 3 types of worker, all of whom must be working, or ordinarily working in the UK:

- Entitled Workers
- Eligible jobholders
- Non-eligible jobholders

### **3. COMMUNICATION WITH EMPLOYEES**

3.1 A Communications Strategy is being developed to ensure that there is regular communication to employees in the run up to the implementation of auto-enrolment.

3.2 Trade unions will also be updated at the monthly Lead Officers' Meetings.

3.3 All workers must be written to on the staging date informing them of essential information regarding auto-enrolment and their pension position. Standard letters are currently being prepared by the Local Government Employers and Devon Pension Services for future use. The information contained in the letters will be individual to the employee, therefore a 'blanket' letter cannot be sent.

### **4. OTHER**

4.1 There are currently a few issues still to be resolved under the various pension schemes. Both the LGPS and TPS are still consulting on scheme changes to align with the Pensions Act.

4.2 This briefing note is based on information known at 28th May 2012, and as with the Pensions Act to date, is still subject to change.