

<b>COUNCIL</b>	AGENDA ITEM No. 12
<b>22 May 2013</b>	<b>PUBLIC REPORT</b>

## **PENSION SCHEME AUTO ENROLMENT – POSTPONEMENT OPTION**

<b>R E C O M M E N D A T I O N S</b>
<b>FROM : Lyn Neely, Head of Human Resources</b>
That Council: <ol style="list-style-type: none"> <li>1. Agrees with the option to postpone automatic enrolment to pension schemes from between one day and three months; and</li> <li>2. Delegates to the Employment Committee the responsibility for determining future matters relating to auto-enrolment, where these are not delegated to officers.</li> </ol>

### **1. PURPOSE AND REASON FOR REPORT**

- 1.1 The government is changing the law on pensions to ensure more people are saving for their retirement, by requiring employers to automatically enrol eligible job holders into a qualifying workforce pension scheme. The regulations will apply to employees and workers of the city council plus schools staff in maintained, community, voluntary controlled, special or maintained nursery schools from 1 July 2013 (the council's 'staging date'). Employees always retain the right to join the Local Government Pension Scheme or Teacher's Pension Scheme during the postponement period.
- 1.2 In accordance with the constitution full Council is to determine matters relating to local government pensions, where these are not delegated to officers, in accordance with regulations made under the Superannuation Act 1972. Full Council must also determine any changes to the constitution.

### **2. BACKGROUND (& CONSULTATION)**

- 2.1 Within the legislation is an option for the employer to apply 'postponement'. Postponement means that the employer can postpone the assessment of a worker for up to three months. Postponement provides additional flexibility which would allow the council to effectively align the administration of the auto enrolment duties to the existing business and payroll processes. This additional flexibility would be useful in various scenarios including:
  - For those workers with rare spikes in earnings.
  - For workers who leave the council shortly after starting.
  - Where workers change their auto enrolment status part way through a month due to a change in their age.
- 2.2 There are significant additional administrative pressures as a result of auto enrolment and postponement would reduce the impact of this.
- 2.3 A paper on auto enrolment was presented to the trade unions at the Joint Consultative Forum on 18<sup>th</sup> April 2013.

### **3. IMPLICATIONS**

- 3.1 Postponement can only be applied on the employer's staging date, or (if it is after the staging date) the date a worker becomes an eligible job holder, or their first day of employment. It is

particularly useful where individuals are employed for a very short period of time, or where their earnings significantly change from month to month.

- 3.2 The Monitoring Officer will amend the constitution accordingly to reflect Employment Committee's additional function.

#### **4. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)

- 4.1 Postponement – an explanation of how to apply postponement (The Pensions Regulator April 2012).