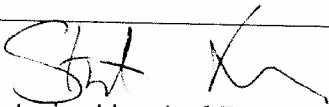


Report for:	Corporate Committee on 27 September 2012	Item number	
Title:	Pensions Auto-enrolment Briefing report		
Report authorised by :	 Stuart Young, Interim Head of Paid Service		
Lead Officer:	I M Benson HR Pensions Manager 0208 489 3824 imbenson@haringey.gov.uk		
Ward(s) affected: N/A	Report for Key/Non Key Decision: N/A		

1. Describe the issue under consideration

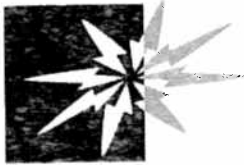
- 1.1 It has been well publicised that people are living longer and so need to save for their retirement. To encourage more people to do so, the Government has introduced workplace pension reforms. This briefing looks at the framework for operating auto-enrolment.
- 1.2 The Pensions Act 2008 sets out the initial rules for auto-enrolment. This places an obligation on employers to auto-enrol eligible job holders into a qualifying pension Scheme. Both the Local Government Pension Scheme (LGPS) and the Teachers Scheme (TS) are qualifying schemes.

2. Cabinet Member Introduction

N/A

3. Recommendations

- 3.1 That this briefing on auto-enrolment is noted



Haringey Council

4. Other options considered

4.1 N/A

5. Background information

5.1 Auto-enrolment is aimed at Eligible Jobholders who have opted-out of the LGPS or TS. Eligible Job Holders are employees aged between 22 and State Pension Age and who earn more than £8105 p.a. All other staff who are outside this definition and not in the LGPS or TS are monitored and are auto-enrolled if and when they become eligible e.g. they attain age 22 or they earn more than £8105 p.a. Auto-enrolment is then repeated every three years on the anniversary of the employer's Staging Date. (see below)

5.2 Employing Bodies participating in the Haringey Pension Fund can auto-enrol those staff who were TUPE transferred to them into the LGPS. For all other staff they will need to provide an alternative qualifying scheme. The default qualifying scheme being promoted by the government is the National Employment Savings Trust N.E.S.T

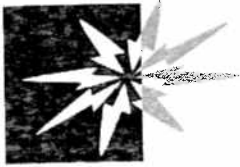
5.3 For new starters the process starts with the employer Staging Date. The Staging Date is determined by the Pensions Regulator based on the number of employees registered against the employer's PAYE Reference.

Employing Bodies who participate in the Haringey Pension fund and who have their own PAYE Ref will be notified of their Staging Date by the Pensions Regulator. The smaller the organisation the later the date.

The Staging Date for Haringey Council Employees will be 1st March 2013 but this is being postponed until 1st June 2013. This postponement will allow the SAP payroll system to be fully tested. SAP is being updated to provide an automated system which will manage auto-enrolment and provide reports required by the Pensions Regulator. The upgrade will not be available for testing until February 2013.

It is possible to defer auto-enrolment for existing optants-out until 2017, but new starters and job-holders who become eligible have to be auto-enrolled. The administrative complexity of running a dual track system ruled this option out.

5.4 Staff who are auto-enrolled can opt-out. Opt-out forms must be obtained from the Pensions Team and not the Employer. The opt-out forms can only be signed from the day the employee has been auto-enrolled and must be returned to the employer within one month of the enrolment date. These rules are clearly designed to dissuade employees from taking this option.



- 5.5 In conjunction with the Collaborative Working Group headed by Croydon Council, the Pensions Team will be issuing guidance to employers and schools. There will be training for staff and presentations for employers. In addition a leaflet will be issued to all staff informing them about auto-enrolment. This is in addition to the individual notices which must be issued at the Staging Date

6 Chief Financial Officer Comments

- 6.1 There are approximately 1900 eligible post holders who will be auto-enrolled into the LGPS on 1st April 2013. As these staff have already opted out of the LGPS on appointment, it is likely that a large proportion will opt-out again.

The table below shows all the eligible post holders and the annual additional contribution income which would be received into the Fund if a range of percentages of the staff remained in the scheme.

	Non School Staff	School Support Staff
Eligible Jobholders	820	1080
Average Pay	£22,000	£12,000
Additional contribution income (employee & employer)		
100% retain membership	£5.3m	£3.7m
20% retain membership	£1.1m	£0.7m
10% retain membership	£0.6m	£0.4m

7 Head of Legal Services and Legal Implications

7.1 N/A

8 Equalities and Community Cohesion Comments

8.1 N/A

9. Local Government (Access to Information) Act 1985

GLA Guide to Auto-enrolment