

**REPORT OF THE SERVICE DIRECTOR (HUMAN RESOURCES &
CUSTOMER SERVICE)****LOCAL GOVERNMENT PENSION SCHEME
AUTO-ENROLMENT****Purpose of the Report**

1. To report to members of the impact of the Government's Auto-Enrolment initiative on Nottinghamshire's Local Government Pension Fund.

Information and Advice

2. To encourage more people to save for retirement, the Government introduced workplace pension reforms under the 2008 and 2011 Pensions Acts.
3. Pension auto-enrolment is part of the UK Government's overall Workplace Pension Reform strategy. All UK employers will be affected and will have to take action by their "staging date". This is determined by the business size as at April 2012 with the largest employers commencing from October 1st 2012 and all companies including smaller ones having to act by April 2017.
4. The Pensions Regulator, who oversees the implementation of auto-enrolment, will meet employers prior to their staging dates and guide them through their responsibilities.
5. The new law requires all employers with one or more workers to automatically enroll certain members of their workforce into a "qualifying" workplace pension scheme into which they must also make contributions.
6. There are three defined bands of employees "eligible jobholders", "non-eligible jobholders" and "entitled workers".
7. Eligible Jobholders are those aged between twenty two and state pension age and who earn above the equivalent of £8,105 per annum (pa).
8. Non-eligible jobholders are those who either, are aged between sixteen and seventy four and earn between the equivalent of £5,564 & £8,105 pa or are aged between sixteen and twenty one or State Pension Age and seventy four and earn above the equivalent of £8,105 pa.

9. Entitled workers are those who are aged between sixteen and seventy four and earn below the equivalent of £5,564 pa.
10. Eligible Jobholders must be entered into a qualifying pension scheme from the employer's staging date, unless postponement or transitional delay is applied.
11. Postponement allows the employer to delay auto-enrolment for up to 3 months whilst they assess an employee's category.
12. Transitional delay allows the employer to defer auto-enrolling eligible employees who have opted out of scheme membership prior to the staging date. If applied, they will normally be enrolled at the end of the transitional delay period which is a fixed date at 1st October 2017.
13. Non-eligible jobholders and entitled workers may opt to join the employer's qualifying pension scheme, but are not compelled to do so. Unlike the other categories, the employer is not required to make contributions toward membership for entitled workers.
14. Any enrolled employees will be able to "opt out" of the scheme, but will normally be subject to automatic re-enrolment every three years.
15. Following amendment through the Local Government Pension Scheme (LGPS) (Miscellaneous) Regulations 2012 to allow employees with contracts of less than 3 months access to the scheme from 1st October 2012, the Pensions Regulator has confirmed that the Local Government Pension Scheme is a qualifying scheme for auto-enrolment purposes.
16. As Administering Authority, Nottinghamshire County Council's Pensions Office has not had to make many changes to current practice and procedures. The most significant change being the separation of the opting out form from the membership form, as Workplace Pension Reform strategy no longer allows the employer to provide employees with opting out forms and the option may not be made in advance of commencing employment. The Administering Authority will though be required to keep additional records of employees who opt out after being auto-enrolled, and these will be notified by the scheme employer post their staging date.
17. As the LGPS regulations compel the majority of scheme employers to contractually enroll the majority of their new employees anyway, (being based on contract length of 3 months or greater) and irrespective of category a pre-determined employers contribution is required for all memberships, then it is expected that the auto-enrolment rules will have relatively little impact on Fund membership or contributions income.
18. Nottinghamshire County Council (as an employer) was notified by the Pensions Regulator earlier in the year that its staging date was 1st November 2012. Nottingham City Council, who are the next largest employer in Nottinghamshire's LGP Fund, have been notified that their staging date is 1st March 2013 and it is

understood that no other scheme employers in the Fund have staging dates earlier than September 2013.

19. The Acting Pensions Manager, has been acting as a technical advisor to the Business Support Centre's Auto-Enrolment Project Group, which has been tasked with the planning and implementation of the necessary processes and procedures to enable Nottinghamshire County Council (as an employer) to comply with the auto enrolment duties following their staging date of 1st November 2012.
20. Over the course of this year, the Pensions Office has forwarded auto-enrolment information and guidance to all its scheme employers, provided a presentation on auto-enrolment at the Pension Fund's AGM and invited discussion on auto-enrolment issues at various scheme employer meetings. It further provides help and support on an ongoing basis through email and telephone enquiries.

Statutory and Policy Implications

21. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Human Resources Implications

RECOMMENDATION/S

- 1) That the report be noted.

**M TOWARD
SERVICE DIRECTOR (HUMAN RESOURCES & CUSTOMER
SERVICE)**

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Constitutional Comments (KK)

This report is for noting only.

Financial Comments (SEM)

There are no financial implications arising directly from this report.

Human Resources Comments (CD)

Nottinghamshire County Council will be complying with all required statutory obligations regarding implementation of the new auto enrolment processes, and staff will receive correspondence to explain the impact on their individual positions.

Background Papers

None

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.