

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Employment in Hampshire County Council		
Date:	31 October 2012		
Title:	Auto Enrolment - Workplace Pensions Reform		
Reference:	4411		
Report From:	Director of Corporate Resources / Head of HR – Corporate Services		
Contact name:	Richard White, Head of Resourcing and PCSS Helen Dunn, Strategic HR Adviser		
Tel:	01962 813951	Email:	richard.white@hants.gov.uk helen.dunn@hants.gov.uk

1. **Executive Summary**

- 1.1 The purpose of this paper is to update EHCC on the new employer duties outlined in the Pensions Act 2011 regarding Auto Enrolment.
- 1.2 This paper updates EHCC following an earlier paper in July 2012 on the way in which the employer duties will be implemented at Hampshire County Council.
- 1.3 The Auto Enrolment Project is progressing well and the approach for practical implementation has now been agreed in the following areas:
 - for permanent and fixed term employees both at the staging date of 1st January 2013 and also for business as usual (post staging date)
 - for casual workers both at the staging date and also for business as usual (post staging date)
 - the communication channels at both staging date and also for business as usual (post staging date)
- 1.4 The Auto Enrolment SAP module was released in mid Sept 2012 and is currently being assessed in terms of how this meets the needs of Hampshire County Council and any associated configuration that may be required.
- 1.5 There are now effective links with colleagues from Fire, Police, Unitary, and Borough / District Authorities across Hampshire in relation to Auto

Enrolment.

1.6 Hampshire County Council has developed an approach which meets the minimum legal requirement for the employer duties outlined in the Pensions Act 2011 around Auto Enrolment and has ensured that deviation away from current processes have only been adopted where absolutely essential.

1.7 Hampshire County Council remains confident that it will meet its duties under the Pensions Act 2011 around Auto Enrolment although the investment of time and resources will have been significant.

2. Approach for Auto Enrolment for Existing Permanent / Fixed Term Contracts

2.1 At Staging Date – 1st January 2013

2.1.1 The following outlines how staff on permanent and temporary contracts will be managed in relation to auto enrolment at the staging date in January 2013.

2.1.2 Teachers Pension Scheme (TP) and Local Government Pension Scheme (LGPS) allow local authorities to enrol all new staff. Hampshire County Council is able to apply the principle of transition under the Pensions Act 2011 to this population of staff. Transition allows us to postpone auto enrolling eligible staff previously given access to a qualifying pension scheme until October 2017.

This approach is being utilised in order to manage the cost and resource implications on implementation and also the additional pension costs that could arise from auto enrolment.

- Where staff are assessed as eligible under the auto enrolment trigger points then one of the following actions will be applied:
 - Staff who are already enrolled in a Pension Scheme (TP or LGPS) will have a letter /email issued to confirm that they are already enrolled in an eligible pension scheme. No further action required as long as they remain within the Pension Scheme.
 - Staff who are NOT in Pension Scheme (TP or LGPS) but have previously been given access to a scheme will have a letter / email issued to inform them that we are applying transitional arrangements, and inform them that they will be auto enrolled in October 2017.
 - Where staff are assessed as non eligible / entitled under auto enrolment, then a letter/email will be issued outlining auto enrolment and informing them that if they reach a trigger point, they will be auto enrolled at that point. Their status against the trigger point will be monitored via SAP. If no

trigger point reached, no further action will be required.

2.2 Business as Usual (after staging date)

2.2.1 The approach for auto enrolment post staging date (i.e. business as usual) is to retain current practice as both the TP and LGPS already allow us to enrol all new starters.

2.2.2 The only exception to 2.2.1 are non teaching staff who have contracts of less than 3 months as LGPS scheme rules do not allow enrolment of workers with a contract of less than 3 months. The approach outlined in Section 3.0 will be applied for this group of staff.

3.0 Approach for Auto Enrolment for staff on fixed term contracts of less than 3 months and casual workers

3.1 The issue of how to manage casual workers in relation to auto enrolment is a complex area as the LGPS and TP have differing scheme rules:

- TP allows all workers whether permanent, fixed term or casual to be automatically enrolled from day one under the scheme rules. This current practice enables continual use of current policy and process once auto enrolment is implemented
- LGPS has amended the scheme so that casual workers can now join, however it does not allow any worker to be auto enrolled within their first 3 months of service.

3.2 This subtle difference creates significant practical and system issues when implementing auto enrolment.

3.3 The issue is further complicated as a result of how HCC uses casual workers (non teaching). In Hampshire County Council:

- each individual casual assignment is not set up and managed as a separate entity (i.e. separate SAP record and separately managed).
- this provides the business with extensive flexibility in the use of this type of worker, for example a Casual Care Worker is regularly used in a Care Home has a single SAP record which is used for overall efficiency purposes.
- changing practice would have significant practical, system, business practice and change management implications. It has therefore been agreed not to address how casuals are engaged as part of the auto enrolment project due to the timescales and associated complexity involved and the impact that this would have on Hampshire County Council's ability to meet its auto enrolment obligations. This will be a consideration as the IBC is developed and new working practices implemented.

3.4 As a result, the auto enrolment process for casual workers will be slightly different dependent on which pension scheme the worker is eligible to join. This approach has enabled us to focus on the practical ease of implementation, the ability to satisfy auto enrolment regulations and individual scheme rules and the overall spirit of auto enrolment.

3.5 Casual workers entitled to join the Teachers Pension Scheme (i.e. Supply Teachers)

3.5.1 At staging date existing casual workers would be assessed and one of the following actions applied

- Where a casual is already a member of TP then letter issued to confirm they are in an eligible pension under auto enrolment and no further action taken.
- Where a casual is NOT already a member of the TP (but has previously been given access to TP and also meets eligibility criteria) then transition arrangements will be applied and they will be auto enrolled in Oct 2017
- Where a casual is NOT already a member of TP, and assessed under auto enrolment rules as being non eligible or entitled, then they would be notified about auto enrolment and informed that if they reach a trigger point whilst engaged by HCC they would be auto enrolled.

3.5.2 After the staging date (i.e. business as usual) new casuals workers would be assessed and the following actions applied:

- All new casuals (i.e. supply teachers) are automatically enrolled into the TP under scheme rules (and the individual can opt out as with current practice)

3.6 Staff with contracts of less than 3 months and existing casual workers entitled to join the Local Government Pension Scheme

3.6.1 At staging date the following actions applied:

- All casuals will be written to (as casuals have not been allowed under to join LGPS under previous scheme rules) notifying them of auto enrolment and informing them that we are applying the 3 month postponement period.

At the end of the 3 month postponement period the business as usual process as detailed in 3.6.2 will be followed below.

3.6.2 After the staging date (i.e. business as usual) new casuals workers would be assessed and the following actions applied:

- At the end of the 3 month postponement period the casual is assessed in that month against the auto enrolment trigger points, and one of the following two actions applied:
 - those casuals who meet a trigger point (i.e. are eligible workers) are auto-enrolled (letter to be issued to confirm that they have been auto enrolled)
 - those casuals who are non eligible / entitled workers – their status to be monitored and if they reach eligible status they will be auto enrolled

4.0 **Communications**

4.1 A Communications Plan has been produced in consultation with Corporate Communications and involves a range of regular communications:

- to both managers and individual members of staff before the staging date to inform them of the regulations
- to individual members of staff on the staging date informing them of the specific impact of auto enrolment on them personally

4.2 Communication to individual members of staff on the staging date will be completed using multiple communication channels in order to ensure costs are controlled wherever possible and will include:

- email to those staff who have access to IT2000
- courier to those staff with a fixed and identifiable work base (e.g. school based staff, care homes)
- postage to home address in all other instances (e.g. casual workers)

5.0 **Recommendations**

5.1 That EHCC note the progress on implementation of the new employer duties outlined in the Pensions Act 2011 regarding Auto Enrolment.

CORPORATE OR LEGAL INFORMATION:

Links to the Corporate Strategy

This proposal does not link to the Corporate Strategy but, nevertheless, requires decisions in relation to the implementation of workplace pension reform measures contained within the Pensions Act 2011 (Part 2).

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Workplace Pensions Reform – EHCC Committee	4090	16 July 2012
Direct links to specific legislation or Government Directives		
<u>Title</u>	<u>Date</u>	
The Pensions Act 2011	3 Nov 2011	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

Equalities Impact Assessment:

The provisions of the Pensions Act 2011 in relation to automatic enrolment apply to all staff groups within Hampshire County Council irrespective of gender, race, disability or religion.

Impact on Crime and Disorder:

N/A

Climate Change:

N/A

How does what is being proposed impact on our carbon footprint / energy consumption?

N/A

How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

N/A