

# Croydon Council

<b>REPORT TO:</b>	<b>PENSION COMMITTEE</b> <b>5 March 2013</b>
<b>AGENDA ITEM:</b>	<b>7</b>
<b>SUBJECT:</b>	<b>Workplace Pension Reforms: Changes to Employer Duties and Auto-Enrolment</b>
<b>LEAD OFFICER:</b>	<b>Executive Director of Corporate Resources and Customer Services</b>
<b>CABINET MEMBER</b>	<b>Deputy Leader (Statutory) and Cabinet Member for Housing, Finance and Asset Management</b>
<b>WARDS:</b>	<b>All</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b> Sound Financial Management: This report gives the Committee an update of the process to be adopted by the Council for Automatic-Enrolment.	
<b>FINANCIAL SUMMARY:</b> This report is to update the Committee on the progress of the Automatic Enrolment project, following implementation on 1 <sup>st</sup> January 2013	
<b>FORWARD PLAN KEY DECISION REFERENCE NO.:</b> N/A	

## 1. RECOMMENDATIONS

- 1.1 The Committee is asked to note this report.

## 2. EXECUTIVE SUMMARY

- 2.1 This report provides an update of the progress on the Automatic-Enrolment project for enrolling eligible and entitled workers into a workplace pension. The project went live with effect from 1 January 2013.

### 3. DETAIL

- 3.1 This Committee received interim reports in May and later in September, 2012, (Minutes A15/12 and A27/12 refer) on the background and the duties to be carried out by the Council and participating employers in the Pension Fund, required by the Pension Regulator (tPR), relating to the Auto Enrolment exercise under the Pensions Act 2008. The Council had exercised the option to bring forwards its staging date to 1 January 2013. This report provides an update on the project.
- 3.2 The key metrics for this exercise are the number of staff brought into membership of the appropriate pension scheme who then decide not to opt out but to plan to provide for their retirement. There are two schemes involved, the Local Government Pension Scheme (LGPS) and the Teachers Pension Scheme (TP). Going forwards the NHS will also be an appropriate scheme for certain staff. Under the workplace reform regulations staff once opted in to a scheme have one month to record their choice to opt out. However, because a number of staff work remotely from Taberner House, requests are still being received by the pensions team. Those requests dated within the statutory timeframe will be processed.
- 3.3 A significant proportion of the teachers' payroll is processed by third part providers so accurate figures for opt-outs are still being collated. Approximately 150 teachers have been brought into the TP scheme as part of this project with only 15 electing to opt-out. Scheme membership within teaching staff is typically always over 90%.
- 3.4 The table below gives an overview of the membership just before and immediately after the staging date of 1<sup>st</sup> January 2013. The figure for active membership includes around 600 staff who joined the authority over that quarter and hence were enrolled into the LGPS, although not as part of the auto-enrolment exercise. The step up in the number of deferreds is in part due to activity relating to reorganisations. These figures are provisional.

	<b>Actives</b>	<b>Deferred</b>	<b>Pensioners</b>	<b>Opt Outs</b>
<b>End October 2011</b>	6,497	7,515	6,191	741
<b>End October 2012</b>	6,532	7,528	6,300	1,018
<b>Auto-enrolment</b>				
<b>End January 2013</b>	7,441	7,741	6,318	1,382

- 3.5 According to information provided from the payroll system an additional 816 staff have been brought into the LGPS with around 400 opting to leave, an opt-out rate of 50%. This represents an injection of cash contributions into the Fund that will be factored in to the 2014 valuation and is therefore beneficial to the overall continuing viability of the scheme. The number of staff who have chosen to join the scheme indicates that the efforts expended to communicate the value of membership of an occupational pension scheme have been worthwhile. For those staff access to the benefits available through membership of the scheme will go some way to providing financial security in the future and will contribute to their well-being. By this measure, therefore, the exercise has been successful.

#### **4. FINANCIAL CONSIDERATIONS**

- 4.1 There are no additional expenses relating to this exercise.

#### **5. OTHER CONSIDERATIONS**

- 5.1 Other than the considerations referred to above, there are no customer Focus, Equalities, Environment and Design, Crime and Disorder considerations arising from this report

#### **6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER**

- 6.1 The Council Solicitor comments that there are no direct legal implications arising from this report.

**(Approved by: Gabriel MacGregor, Head of Corporate Law on behalf of the Council Solicitor and Monitoring Officer )**

#### **7. FREEDOM OF INFORMATION AND DATA PROTECTION CONSIDERATIONS**

- 7.1 This report is available under the provisions of the Freedom of Information Act 2000. Any personal details of individuals held or accumulated by the Council in relation to the ill-health retirement provisions will be protected under the provisions of the Data Protection Act 1998.

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#### **CONTACT OFFICER:**

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**BACKGROUND DOCUMENTS:** None

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