

Date: 19 September 2016

Title: Pensions – Auto Enrolment

Purpose of the Report: To raise awareness in respect of the budgetary implications that auto enrolment will have on town council budget from April 2017 thereafter.

Contact Officer: Mark Saccoccio – Town Clerk

Corporate Objective/s		
Implications:		
Financial	√	To have made available an additional £25,000 to meet employer obligations in respect of auto enrolment within the qualifying Local Government Pension Scheme.
Procedural/Legal	√	Pensions Act 2008 and its requirement to enrol eligible jobholders within a qualifying pension scheme.

1. RECOMMENDATIONS

- 1.1 That with effect from 1st April 2017 (Pensions Act 2008), to recognise the introduction of auto enrolment for those qualifying employees currently not within the Local Government Pension Scheme.
- 1.2 That the increased financial obligation in meeting employer responsibilities be recognised within the budget setting process.

2. CONTEXT

- 2.1 To help individuals save for their retirement, all employers in the United Kingdom are required to automatically enrol their workers in a workplace pension scheme if they meet certain requirements. This is known as auto-enrolment and for this council, it will become effective from 1st April 2017 (see Appendix A (NALC Legal Topic Note). Scheme members are able to opt out of the Local Government Pension Scheme at any time should they wish to do so.

2.2 Under automatic-enrolment, if employees are not already a Member of the Local Government Pension Scheme, employees will automatically join the Scheme at the point in the future that:-

- i) have a contract of employment of 3 months or more;
- ii) earn over £10,000 a year (or pro-rata pay period);
- iii) are age 22 or over; and
- iv) are under State Pension Age

3. WHAT IMPACT WILL THIS HAVE UPON THE TOWN COUNCIL?

3.1 As set out at paragraph 2.1, auto enrolment for this council will be effective from 1st April 2017. Thereafter, the Town Council is required to make financial arrangements to meet its obligations to all its staff who decide to remain within the pension scheme. Based on present staffing numbers and existing take up of the Local Government Pension Scheme, it is calculated that the Town Council will be required to identify an additional £25,000 within its salaries budget for the financial year 2017-18. This assumes that all those that are eligible decide to remain within the scheme. The decision to opt out or go for a reduced 50% pension scheme will have implications on the forecasted £25,000 figure with this figure likely to reduce.

3.2 Presently, no allowance has been made within town council finances to meet this obligation. In accordance with the Pensions Act 2008, arrangements will therefore need to be made to embed additional employer contributions within the salaries budget in order to avoid any potential budgetary shortfall both within the coming financial year and future years.

End.