

REPORT TO: POLICY AND RESOURCES COMMITTEE 11 MARCH 2013

REPORT ON: AUTO ENROLMENT OF PENSION ARRANGEMENTS

REPORT BY: DIRECTOR OF CORPORATE SERVICES

REPORT NO: 128-2013

1 PURPOSE OF REPORT

This report summarises the new obligations on Dundee City Council as an employer arising from the Pension Bill 2011 and updates the progress towards the introduction of pensions auto-enrolment.

2 RECOMMENDATIONS

It is recommended that the Policy and Resources Committee note the progress made and agrees the proposal to seek to invoke the transitional arrangement.

3 FINANCIAL IMPLICATIONS

There will be additional costs from employees currently outwith the scheme who choose to stay in the scheme after they are opted back in although it is not yet possible to estimate the value.

There will also be increased administration costs for both the Council and the Pension Fund and the Payroll and Pensions Manager is currently conducting a procurement exercise for an additional interface. The costs of this element will be borne by the Pension Fund.

4 BACKGROUND

The new legislation applies to all employers and has been introduced to encourage greater employee participation in pension plans.

The main duties are:-

- Certain information must be provided to employees on starting employment.
- Certain employees must be automatically enrolled into a pension scheme.
- The employer must make a contribution on behalf of these employees.
- The employer must register with the Pension Regulator.
- The employer must provide employees with information on these changes.

It should be noted that these obligations are on Dundee City Council as an employer and not in its administering role of Tayside Superannuation Fund.

An initial internal report was prepared in November 2011. Since then a small group from Payroll and Pensions, and HR have been meeting regularly to consider the implications. This group has recently expanded to include representatives from the staffing sections of each Department.

The Council's staging date has been confirmed as 1 May 2013 which means that any new starts will require to be auto-enrolled after that date. Staffing sections will be fully informed of the necessary procedures.

For existing employees who are not currently members of a pension scheme, the Council can invoke a transition arrangement to delay their initial auto-enrolment until 1st October 2017. It is recommended that this be done although it is clear that these employees will still have the opportunity to voluntarily enrol.

The Council will also seek to defer the auto enrolment of eligible job holders with contracts of less than three months for three months from when they commence employment

5 CURRENT POSITION

Letters are being prepared to issue to the appropriate categories of staff regarding the impact of the changes.

6 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Sustainability, Strategic Environment Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.

There are no major issues.

7 CONSULTATION

The Chief Executive and Head of Democratic and Legal Services have been consulted.

8 BACKGROUND PAPERS

None

MARJORY STEWART
DIRECTOR OF CORPORATE SERVICES

1 MARCH 2013