

The Highland Council
Pensions Committee – 23 May 2013

Agenda Item	3
Report No	PC/05/13

Auto Enrolment Update

Report by Director of Finance

SUMMARY

The purpose of this periodic report is to update Members on the progress being made in respect of implementation of Auto Enrolment.

1. Introduction

- 1.1 The Government has introduced new overriding legislation which requires employers to provide a pension provision for employees.
- 1.2 These Occupational pension schemes must meet specific requirements and will be monitored by The Pension Regulator to ensure compliance.
- 1.3 In addition employers will be required to automatically enrol employees (with a few exceptions) into the scheme provided.
- 1.4 The Local Government (Scotland) Pension Scheme and the Scottish Teachers Pension Schemes are both compliant with the new legislation.

2. Implementation Dates

- 2.1 The implementation date for The Highland Council was 1 April 2013.

3. Numbers enrolled into the Local Government Pension Scheme

- 3.1 Approximately 450 employees were identified as falling into the category of being Auto enrolled.
- 3.2 These employees were written to informing them that they were to be brought into the scheme resulting in 90 opting out of the scheme with immediate effect.
- 3.3 Another 19 opted out following payment in April.
- 3.4 It is expected that this number will rise over the 3 month opt out window but is still short of the expected opt out rate of 80%.

4. Financial Implication

- 4.1 A budget pressure of £400k was anticipated as a result of Auto Enrolment based on an expected take up of 178 employees (20% of 889) at an average employer pension cost of £2,250. Based on current information the actual pressure is estimated at £832,000. This is a material variation at this stage. A further update will be provided once the uptake is assessed in line with para 3.4.

5. Recommendation

The Committee is asked to consider the details of the report

Designation: Director of Finance

Date: 14 May 2013

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