

## Pension Scheme Auto Enrolment

### Report of the Chief Fire Officer

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### 1 Purpose of Report

This report advises of the work that has been done regarding auto enrolment and the effect the legislation has had on Shropshire Fire and Rescue Service.

### 2 Recommendations

The Committee is asked to note the contents of this report.

### 3 Background

Auto enrolment legislation has been designed to encourage a retirement savings culture in the UK. The legislation requires all employers to enrol automatically some or all members of their workforce (depending on age and salary level) into a pension scheme that meets certain minimum standards.

Auto enrolment is being phased in over 5½ years with the largest employers leading the way. The first staging date on was 1 October 2012.

### 4 What Has Been Done to Date?

The staging date for Shropshire Fire and Rescue Service was 1 November 2013. All employees received a letter, explaining that they would be enrolled automatically into a pension scheme, if they were not already contributing and met the minimum criteria. This applied to all employees, both those eligible to join the Local Government Pension Fund (LGPS – non-uniformed and Fire Control employees) and the New Firefighters Pension Scheme (NFPS – uniformed employees). At this date all employees meeting the following criteria, who were not currently contributing to a pension scheme, were automatically enrolled:

To be eligible for auto enrolment employees must be:

- Aged between 22 and state pension age;
- Work in the UK;
- Have income tax and National Insurance contributions deducted from their wages; and
- Likely to have gross earnings over £9,440 in a year.

This resulted in 13 additional employees being enrolled into the LGPS and 20 additional employees being enrolled into the NFPS.

Each month the Service is informed by the payroll provider of those employees, whose salary tips into the eligibility category. This is usually retained firefighters, as this is the category where salary can fluctuate. These individuals are written to and told that they have been automatically enrolled into the pension scheme and have the option to 'opt out' with no financial penalty, if they do so within three months.

In the months from 1 November 2013 the following employees have been automatically enrolled and the table shows those, who have chosen to opt out:

	Grey Book			Green Book		
	Enrolled	Opted Out	Remaining	Enrolled	Opted Out	Remaining
<b>1.11.2013 (staging date)</b>	20	12	8	13	9	4
<b>30.11.2013</b>	10	4	6	0	0	0
<b>31.12.2013</b>	2	1	1	0	0	0
<b>31.1.2013</b>	3	1	2	0	0	0
<b>28.2.2013</b>	1	0	1	0	0	0
<b>Totals to date</b>	<b>36</b>	<b>18</b>	<b>18</b>	<b>13</b>	<b>9</b>	<b>4</b>

## 5 Financial Implications

The additional cost to the Fire Authority is the total of employer's pension contributions.

### NFPS

As retained firefighter salary fluctuates, an average earnings of £10,000 pa has been assumed.

Say,  $18 \times £10,000 \times 11\%$  (employer's contribution) = £19,800 pa

## **LGPS**

As the salary of LGPS members does not fluctuate, actual figures can be used.

Total of the 4 salaries = £79,944.94 x 10.70 % (employer's contribution) = £8,554 pa

No specific provision has been made for the additional employer's contributions following auto enrolment. It is proposed that additional costs are met from existing budgets.

## **6 Legal Comment**

There are no legal implications arising from this report. The implementation and operation of auto-enrolment will continue to be monitored and legal issues will be addressed, if they arise.

## **7 Initial Impact Assessment**

This report contains merely statements of fact / historical data. An Initial Impact Assessment is not, therefore, required.

## **8 Equality Impact Assessment**

There are no equality or diversity implications arising from this report. An Equality Impact Assessment is not, therefore, required.

## **9 Appendices**

There are no appendices attached to this report.

## **10 Background Papers**

There are no background papers associated with this report.