

Local Government Pension Scheme

RESOURCES SCRUTINY COMMITTEE



DATE	28 th January 2014
PORTFOLIO	Resources & Performance Management
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PURPOSE

1. To advise the Scrutiny Committee of the outcome of the auto-enrolment process and the actions taken to promote membership of the Local Government Pension Scheme

SUMMARY OF KEY POINTS

2. The Government introduced Auto-Enrolment in October 2012 to encourage more people to save for their retirement as the maximum basic state pension is £110.15 per week. It requires all employers to enrol their employees into a qualifying pension scheme if they are aged between 22 and State Pension Age and if they earn over £9,440 (to increase to £10,000 in April 2014)
3. The scheme is being staged depending on the size of the organisation. Based on the Council's payroll our staging date was set at 1 November 2013 but at the request of the Management Team/Trade Unions was brought forward to 1 June 2013.
4. Prior to auto-enrolment the Council had 394 (86%) employees in the Local Government Pension Scheme (LGPS). We have auto-enrolled 41 employees into the pension scheme.
5. The auto-enrolment process does enable employees to opt-out of the scheme if they wish and since our staging date we have had 24 employees opting out of the LGPS resulting in 411 (90%) employees currently in the scheme.
6. Analysis has been carried out on the 24 employees who have chosen not to remain in the scheme and the findings are below:
 - 38% are part-time employees
 - 16% are currently on temporary contracts
 - There is an equal split between male and female
 - 55% are paid on Grade 5 or below
 - 63% are aged under 40.
7. Auto-enrolment is repeated every 3 years so those employees who have opted-out will be brought back into the scheme in June 2016.
8. The LGPS is changing in April 2014. One of the changes is the introduction of a 50/50 option. This gives members of the scheme the flexibility to pay half their contributions for half the pension whilst retaining the full ill-health and life cover benefits.
9. We have arranged for the Lancashire Scheme providers to hold a number of roadshows at the Town Hall on 27th February to give employees more information on the 2014 changes and the benefits of the pension scheme.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION
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10. There is a financial impact of employees joining the LGPS as the Council pay the employer contributions.

POLICY IMPLICATIONS

11. The Council has a statutory duty to enrol eligible employees into a pension scheme.

DETAILS OF CONSULTATION

12. David Wilcock, Head of People, Law & Regulation
Heather Brennan, People & Development Manager
Helen Seechurn, Director of Resources
Councillor Mark Townsend, Executive Member for Resources & Performance Management

BACKGROUND PAPERS

13. None

FURTHER INFORMATION	
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