

## WYPCC – Decision Paper

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**Circulation list:**

<b>Timing:</b>	Pressing. The initial staging date for West Yorkshire Police is 1 April 2013. If this date is to remain, the Pensions Regulator must be informed by 1 February 2013
<b>Purpose:</b>	For decision
<b>Cleared by:</b>	Martin Stubbs – Director of Finance and Business Support

**SUBJECT OF ADVICE:** Auto-enrolment and the first Staging Date

### **Summary:**

The Staging date for West Yorkshire Police Authority was 1 April 2013. The Police and Crime Commissioner (PCC) became a new employer with effect from 22 November 2012 and legislation provides that new employers with PAYE income first payable between 1 April 2012 and 31 March 2013 will have a staging date of 1 May 2017. The PCC may choose to bring forward the staging date to the staging date previously given, however, the Pensions Regulator must be notified by 1 February 2013 if that is the intention.

### **Recommendation:**

The staging date for auto-enrolment should remain as 1 May 2017

### **Consideration:**

At present, police officer or member of police staff on joining the organisation, are set up as a member of the appropriate pension scheme. They are at liberty to opt out at any time. They are also able to opt back into their scheme at any time.

Auto-enrolment introduces a mandatory staging date. Any eligible employee or police officer who is not currently a member of a pension scheme will need to be automatically enrolled into a pension scheme. For the West Yorkshire Police Authority, this process had to take place in April 2013, 1 April being the Staging Date.

Officers and employees may choose to opt-out having being auto-enrolled, but the auto-enrolment process takes place again, three years hence and becomes part of a three year rolling programme.

The Police Reform and Social Responsibility Act 2011 Part 1, section 1(9) makes it clear that the Police Authorities are now abolished so it is not the case that they continue in existence under a new name. Statutory Instrument 2012/2892 confirms that these changes came into force on 22 November 2012.

The Police and Crime Commissioner became a new employer with effect from 22 November 2012. The Employers' Duties (Implementation) Regulations 2010 provide that new employers with PAYE income first payable between 1 April 2012 and 31 March 2013 will have an auto-enrolment staging date of 1 May 2017.

The Police and Crime Commissioner may choose to bring forward the staging date to that previously given, but the Pensions Regulator must be notified of this decision by 1 February 2013.

**Affordability:**

At present, there are 282 members of police staff who are not members of the Local Government Pension Scheme (LGPS). 75 police officers are non members of the Police Pension Schemes.

On an annual basis, if officers and staff remain in the pension schemes following auto-enrolment, this would result in an employer pension contribution cost of £684,150 and £717,300 respectively, giving rise to a total employer cost of £1,401,450 per annum, approximately.

This figure is reduced by the employer National Insurance savings which are estimated to be £247,340 resulting in an annual cost of £1,154,110.

The Department of Works and Pensions have conducted a survey which indicates that 70% of employees who are automatically enrolled will choose to remain in the scheme. If this were to be the same for West Yorkshire Police, then this would result in an annual cost to the Force of approximately £807,877.

At current employer contribution and National Insurance rates, the total cost over four years, to the Force if the original staging date is retained, would be approximately £3,298,800

**Handling:**

The staging date does not affect an employee's/officer's right to join a pension scheme at any time. Auto-enrolment introduces a stage whereby employers must enrol all who are eligible at the staging date. The date has just moved from April 2013 to May 2017 because of HMRC legislation.

To avoid any confusion and for the benefit of employees and officers of the Force, an intranet entry will be issued in January advising everyone of the situation.

**Risks/Legal Opinion:**

There are no risks or Legal Implications.

**Supporting and dissenting Views:**

The recommendation is fully supported by the Assistant Chief Officer, Nigel Brook and the Director of Finance and Business Support, Martin Stubbs.