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LTN 79 | STAFF PENSIONS: AUTO-ENROLMENT

This LTN sets out the main auto-enrolment issues for councils. It also has links to external sources of information.

Key takeaway: professional advice

Before councils decide on any pension arrangements or changes to them, they should obtain professional advice from a pensions adviser who is regulated by the Financial Conduct Authority (FCA) for the provision of pensions advice.

Financial Conduct Authority - www.fca.org.uk/about

Auto-enrolment

The Pensions Act 2008 requires all local councils to enrol qualifying staff automatically into a pension scheme.

GOV.UK: Workplace pensions - <https://www.gov.uk/workplace-pensions/joining-a-workplace-pension>

National Employment Savings Trust (NEST)

NEST is the auto-enrolment scheme set up by the government.

NEST Pensions -

<https://www.nestpensions.org.uk/schemeweb/nest/employers/about-workplace-pensions/legal-duties.html#:~:text=Nest%20is%20a%20qualifying%20scheme,to%20set%20up%20with%20Nest>

Who qualifies for auto-enrolment?

Qualification is based on age and earnings.

The Pension Regulator -

<https://help.thepensionsregulator.gov.uk/faq/general/AgeLimit>

Do staff contribute?

Both employers and staff pay into the pension scheme.

GOV.UK: Workplace pensions - <https://www.gov.uk/workplace-pensions/what-you-your-employer-and-the-government-pay>

Enrolment time limits

The employer must generally enrol staff within six weeks from when they start work, although a three-month postponement may be possible.

GOV.UK: Workplace pensions - <https://www.gov.uk/workplace-pensions/joining-a-workplace-pension>

Informing jobholders about auto-enrolment

Employers are required to provide information to staff about auto-enrolment. The Pensions Regulator has produced standard-form correspondence.

The Pension Regulator - www.thepensionsregulator.gov.uk/en/document-library/forms

Do other workers have pension rights?

Employers also have obligations to:

- Non-eligible jobholders — For example, workers earning above £10,000 for the 2024/25 tax year who are 16-21 or above state pension age.
- Entitled workers - Workers earning £6,240 or less for the 2024/25 tax year aged between 16 and 74.

NEST Pensions -

<https://www.nestpensions.org.uk/schemeweb/helpcentre/workers/enrolling-workers/different-enrolment-types.html>

Re-enrolment

A worker who leaves the scheme is entitled to be re-enrolled every three years.

NEST Pensions -

<https://www.nestpensions.org.uk/schemeweb/helpcentre/workers/managing-three-year-re-enrolment/how-to-manage-three-year-re-enrolment-duties.html>

Safeguarding individuals

There are penalties for employers who encourage employees or job applicants to opt out of auto-enrolment.

The Pension Regulator - <https://www.thepensionsregulator.gov.uk/en/document-library/automatic-enrolment-detailed-guidance/8-safeguarding-individuals>

The Local Government Pension Scheme

A local council can choose whether or not to make LGPS its qualifying pension scheme.

Pensions and Lifetime Savings Association -
<https://www.plsa.co.uk/Portals/0/Documents/Policy-Documents/2023/Best-Practice-Guide-for-Employers-Participating-in-the-LGPS-June-2023.pdf>

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