



STAFF PENSIONS

TOWN COUNCIL MEETING

REPORT 51/16

8 AUGUST 2016

The purpose of this paper is to provide Members with information on the requirement for all Town and Parish Councils to enrol staff in a qualifying pension scheme and how that applies to Ventnor Town Council.

NO. DETAIL

1) BACKGROUND

- a) The Pensions Act 2008 required all local councils to enrol eligible staff automatically in a qualifying pension scheme. The new arrangements are being implemented in stages starting with the largest employers to be completed by April 2017.
- b) The Town Council's staging date is 1 January 2017 and there is a statutory requirement to submit a declaration of full compliance no later than 31 May 2017.
- c) There are a number of pension schemes that meet the statutory criteria but after taking advice, the Town Council is recommended to register with the one established by the government specifically for this purpose, the National Employment Savings Trust (NEST).

2) STAFF ENROLMENT

- a) The legislation categorises staff involvement in such a scheme into three categories:
 - o *Eligible staff* are those aged between 22 and state retirement age earning over £10,000 a year; they are required to contribute to the scheme although they can exercise an option to leave it within the first month;
 - o *Non-eligible staff* are those aged between 16 and 74 earning less than £10,000 a year but more than £5,824; they can require their employer to enrol them in a qualifying scheme as also can staff aged between 16 and 21 or between state pension age and 74 with earnings above £10,000 a year.
 - o *Entitled staff* are those aged between 16 and 74 earning less than £5,824; they can require their employer to arrange for them to join a pension scheme.
- b) The category reflects the situation of staff at the Staging Date – 1 January 2017 – and the likelihood is that the Town Council will need to enrol 7 *Entitled staff*, 3 *Non-eligible staff* and 3 *Entitled staff*.

3) CONTRIBUTIONS

- a) The minimum contribution level is currently set at 1% of qualifying salary from both staff and Town Council.
- b) That minimum will rise to 4% from each by 31 October 2018.
- c) At the current staffing level and if all relevant staff joined a 1% contribution would add approximately £1,200 a year to the Town Council's budget.
- d) There are no management charges levied by NEST on employers.

4) PROCESS

- a) The Town Council is required to have selected its pension scheme by 1 September and to inform staff accordingly.
- b) Staff must be written to individually within six weeks of the staging date setting out their personal position within the scheme.
- c) Their involvement needs to be completed by the end of February and a Declaration of Compliance must be submitted to the Pensions Regulator by the end of October.

5) RECOMMENDATION

The Town Council is recommended to:

- i) appoint the National Employment Savings Trust as its Pension provider; and
 - ii) authorise its Clerk to enrol staff in accordance with the regulations.
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