

The Rt Hon Eric Pickles MP
Secretary of State for
Communities and Local Government
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Councillor Gerald Vernon-Jackson
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Dear Secretary of State

RE: PENSION AUTO ENROLMENT

I refer to the Pension Auto Enrolment legislation which the Government is phasing in across the public and private sector over the next few years depending on the size of the employer. Portsmouth City Council is due to go 'live' with auto enrolment on 1 April 2013.

Having attended a number of presentations on this subject by The Pension Regulator and the Local Government Association, it is becoming increasingly apparent that the amount of administration associated with the implementation and ongoing management of auto enrolment in the public sector is excessive and will lead to additional costs for what appears to be little benefit in a Local Authority.

Whilst I support the objective of the Government policy on auto enrolment which is to encourage participation in pension provision, I believe that the design of the new system has had the unintended consequence of significant additional cost and bureaucracy at a time where Local Authorities can least accommodate it.

It would seem that the focus should be on the private sector and particularly the smaller employer where pension schemes are rarely provided, As you know in local authorities we have statutory provision for membership of pension schemes and in Portsmouth employees are automatically enrolled on commencement of service in the Local Government or Teachers Pension Scheme. They have the right to opt out of the respective schemes. So as you can see we already have auto enrolment and as a result it is difficult to understand why we are being compelled to introduce a further tier of complexity. To bring the current statutory pension schemes broadly into line with the auto enrolment legislation, two relatively small amendments would need to be made to the regulations, namely:

- Automatically enrol staff with contracts of less than 3 months service into the LGPS (currently these staff do not have the option to join)
- Where staff have been automatically enrolled in either the LGPS or Teachers Scheme and have opted out of the respective schemes, introduce a requirement that they will be automatically re-enrolled every 3 years and they again would be given the right to opt out

The Pensions Act 2008 covering auto enrolment is complex and introduces different categories of employees such as entitled worker, eligible job holder and non eligible jobholder. These have different eligibility auto enrolment entry rules and every pay period it will be necessary for the employer to identify whether an employee has moved into a different category and take the appropriate administrative action. A further tier of complexity is then added as earnings thresholds will need to be assessed and a small pay increase could trigger auto enrolment. It then goes further in introducing age related entry criteria to once again add to the complexity and administrative burden.

Like all other Local Authorities, Portsmouth City Council is working through a transformation programme that will secure over £30m of the £88 million savings required over the next few years. As part of the process all staff are engaging in identifying efficiency initiatives to ensure our processes are streamlined, this legislation will run counter to that programme.

It seems completely at odds with this efficiency drive to insist that local authorities introduce the Pension Act 2008 Auto Enrolment when we already have public sector pension schemes that automatically enrol staff. In my dealings with other local authorities, I can find no support whatsoever for introducing this legislation in Councils. It will increase costs, is bureaucratic and will be onerous to implement and administer.

I would welcome the opportunity to meet with representatives of your department to discuss this matter further with a view to finding a more pragmatic and satisfactory solution.

Yours sincerely

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COUNCILLOR GERALD VERNON-JACKSON
Leader of the Council