

# Bluntisham Parish Council Auto-Enrolment Pension Proposal

*The law on workplace pensions has changed. Every employer with at least one member of staff now has new duties, including enrolling those who are eligible into a workplace pension scheme and contributing towards it. This is called automatic enrolment.*

*It is called automatic enrolment because it is automatic for your staff – they don't have to do anything to be enrolled into your pension scheme, but it is not automatic for you. You need to take steps to make sure your eligible staff are enrolled into a pension scheme.*

*Ideally, you should allow up to 12 months to prepare. Remember, automatic enrolment is your legal duty and if you don't act you could be fined.*

**Source – [www.thepensionregulator.co.uk](http://www.thepensionregulator.co.uk)**

BPC needs to set up a scheme that is compliant and that provides a good pension scheme that will provide our current and future employees with a scheme that is simple to administer and join at all times. Tracey and I have done a lot of research and have met with Daf Triggs who is an IFA and provided us with guidance on what options are available to us.

Proposed Scheme	Overview	Pro's	Con's
NEST	Government sponsored pension scheme for small businesses.	Low cost,	Cannot be administered by the clerk, would need to be managed by councillor, complicated and difficult to run, ongoing charges for managing and contribution charge annually 2.3% of employees contribution. great deal of flaws and criticism of this scheme see link <a href="http://www.theguardian.com/money/2012/jun/04/nest-pension-flaws">http://www.theguardian.com/money/2012/jun/04/nest-pension-flaws</a>
Online Schemes – The Peoples Pension and Now Pensions	Various providers that offer auto enrolment schemes	Can be administered by the clerk, low cost	No IFA advice available, so the clerk would be expected to run through the scheme or provide info to any new eligible staff – which is probably a non-compliance. 100% administered online, little or no support once the scheme is set up, limited fund choices. Also includes management charges and contribution charges for the employee ranging from 0.3-0.5%. There is no charge to the employer.
Bespoke BPC Scheme	Dedicated BPC pension scheme,	Cost to set up £1500	IFA and administrative support, IFA advice ongoing for all new eligible staff, good fund choices, one off charge and no other costs, 100% ongoing compliance, available to all staff going forward, administration via the clerk and payroll.

All of the above schemes mean that we need to invest in new payroll software to ensure compliance. We have to pay in to the scheme each month via one payment and on a set date. Tracey has done some research in to this, some costs are subcontract Payroll £50 p/m, SAGE software £600 annually and £175 training costs, PEGASUS £500 annually, Thirsk Payroll £16.25 per month £195 annually. Payroll Manager software £58.00 annually – this is the best option for us and more details can be found here <http://www.moneysoft.co.uk/payroll-software/payroll-manager.htm>

The need for us to introduce auto enrolment means that we will need to change our employee's contracts to include the fact that they, if eligible will be auto enrolled. The day on which we pay staff needs to be formalised and possibly changed in order to simplify payroll process and pension/tax administration. That we should change the probation period to 3 months to match the probation period that the rules on the pension scheme (employees are auto enrolled after 3 months of service).

Proposal Conclusion - We should opt for the £1500 option, this gives us our own scheme that will ensure that we are compliant and that we remain so. It will allow our employees the chance to manage their funds themselves, we can ensure that all staff, new and existing have access to an IFA and advice on the scheme. Once its set up we can use it going forwards for ever and it means that any future councils in Bluntisham can use it. It is easy to administer and we will have access to admin support via the provider. We are also providing our staff with a quality pension scheme and not just complying with the law. We are not able to open this scheme to other local councils as it would mean that BPC would in effect be providing payroll services to all others.

Timeframes - We need to have this in place for 01.08.2016. It takes at least 6 months to set up a scheme, the plan would be to have provisioned the money in the 2016/17 budget – we can cover the one off payment from the reserves and allocate these when we set the budget and then we need to add a line to the accounts to include evidence of the pension contributions made by the PC. We need the payroll software for the start of the new financial year so suggest having the one month free trial from 1 March – 31 March to run alongside the HMRC and then use from 5 April 2016 onwards.

We can't hang about ☺