

By Email

Dear Sirs

The Institute of Payroll Professionals (IPP) was established in September 2006 following a re-branding of the Institute of Payroll and Pensions Management (IPPM). Since 1985, our primary aim has been to raise the standards of professionalism across the payroll industry and, by doing this, elevate the standing and profile of the profession. The IPP currently represents the views of its 5,000 members and works with a number of Government departments, such as HMRC, DWP, BERR formerly DTI and the ODPM.

The Mission of the IPP is to raise the contribution of payroll and pension professionals to organisations by:

- Improving technical skills and practical experience
- Working with Government to ensure practical implementation of relevant legislation, and
- Promoting the highest standards of professional conduct

The Institute, through its Policy team headed by Karen Thomson, has been responding to consultation documents and attending consultation meetings for more than 12 years. In addition, the IPP makes regular representation to Government departments on current and/or proposed legislation and procedures that are impracticable or inequitable for employers which, in turn, could have a knock-on effect on Government departments.

As a result of this sustained effort over the last decade, we have created sound working relationships with DWP, HMRC and other Government departments.

The IPP are grateful for the opportunity to comment on the consultation for The Pensions (Automatic Enrolment) Regulations Consultation. We are pleased to be able to feed into the policy and operational changes that arise from this consultation, and hope that this written response will form the basis of an ongoing relationship with the DWP.

Yours faithfully

Diana Bruce
Policy Liaison Officer

Should you require clarification of any of the points that have been made in this response, please do not hesitate to contact me or one of the members of the Policy and Research Team.

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IPP Member Survey response to The Pensions (Automatic Enrolment) Regulations Consultation

Introduction

The IPP have surveyed the membership in response to The Pensions (Automatic Enrolment) Regulations Consultation in order to collect their views. Please find below a summary of responses and the IPP's conclusion based on these responses. The full details of the responses are also included, and below some of the question tables please note the individual member comments.

Summary

There were 23 member responses in total. This is on average a low response; however due to the year-end process for payroll in respect of their HMRC obligations the timing of the consultation document was unfortunate. It was also felt that the consultation document was rather complex in its design. Together with the survey, we published the glossary of terms from the consultation to assist members with their responses.

- Q1. 50% of members stated that they already provide the minimum requirements for certain enrolment information. 27.3% said that they don't and 22.7% didn't know.
- Q2. Of those that said they don't currently provide the minimum requirements, 66.7% said it would be possible to provide this information in the future.
- Q3. When asked if they could provide the pension scheme with the mandatory requirements, the majority said that they could. 5 members skipped this question.
- Q4. When asked about providing obligatory information, 8 skipped the question but of those who answered, the majority would give the jobholder's postal or electronic personal address and the value if any, of contributions payable by the jobholder.
- Q5. Questions 5 & 6 asked if members agreed that the mandatory requirements in regulations 4 and 5 belonged under the right regulation; the majority agreed.
- Q7. When asked their thoughts about the key feature information permitting people to make an informed decision about remaining within the personal pension contract, there were mixed views; 6 skipped the question and of the 17 who answered 64.7% answered yes, 17.6% didn't know and the same number said no but did not provide comment as to why.
- Q8. 6 members skipped this question and of the 17 who answered all thought that some modifications would have to be made to existing information provision processes.
- Q9. Members were asked if further information needed to be given to jobholders affected by postponement of automatic enrolment and 78.6% of the 14 who answered did not know.

- Q10. We asked if 5 calendar days would be sufficient time for an employer to advise the jobholder that they have not submitted the prescribed opt out form. 15 answered the question, only 4 of which said yes.
- Q11. We gave the members options to choose for a preferable time frame and the majority opted for the maximum time given, 10 calendar days.
- Q12. We asked who should hold the original of the opt out form, the pension provider or the employer. Of the 15 who answered 26.7% said the pension provider and 73.3% said the employer.
- Q13. The regulations propose that opt out forms should be sourced from the pension schemes. This is to protect jobholders from outside influence and we asked if members agreed that the right balance had been struck or should the DWP's approach be more relaxed. 8 skipped the question but of those who answered 60% agreed that the balance was right and 40% disagreed but gave no comments.
- Q14. We asked if the DWP should prescribe a time limit for schemes to provide opt out forms on request. 8 skipped the question but of those who answered 86.7% said yes and 13.3% said no.
- Q15. When asked what this time limit should be the majority opted for the maximum option given which was 7 working days. 13 members skipped this question.
- Q16. When asked should pension schemes use a standard mandatory form, or would prescribed minimum wording suffice, 66.7% answered with the former and 33.3% the latter. 8 members skipped the question.
- Q17. Only 5 members responded to the question; should prescribed wording be a minimum or maximum? All opted for minimum.
- Q18. The regulations propose that the pension provider refunds monies to the employer within a minimum timescale of 21 days. We asked if this was acceptable; 46.7% said yes, 40% said no and 13.3% didn't know. 8 members skipped this question.
- Q19. This question asked for further comments or suggestions; please see full survey for details.

Conclusion

From the survey responses there is concern around the refund element of automatic enrolment, specifically for those employees who are for whatever reason, not on the payroll for very long. Modifications to processes would generally have to be made and keeping additional administration to a minimum is obviously of prime importance to our members. It was also obvious that members would like the optimum timescales to complete any additional tasks. Due to the high number of questions skipped, the IPP feels that the responses were not conclusive enough to give the DWP a recommendation at this stage, but will continue to work with the DWP on the Personal Accounts Delivery Authority forum. Once the DWP has had the opportunity to review all consultation responses, the IPP would be happy to assist with a further survey should one be required.

Full survey response

The Pensions (Automatic Enrolment) Regulations Consultation		
<p>1. The draft regulations state that as a minimum employers would need to provide certain enrolment information. The minimum requirements are: (a)The nature and aim of the product (type of scheme etc); (b)The services to be provided by the personal pension scheme provider; (c)The value, if any, of contributions payable by the jobholder; (d)Deductions (including charges). Please can you advise whether you currently provide all the above information now.</p>		
Answer Options	Response Frequency	Response Count
Yes	50.0%	11
No	27.3%	6
Don't know	22.7%	5
<i>answered question</i>		22
<i>skipped question</i>		1

<p>2. You have advised that you do not currently provide new entrants to your pension scheme with the stipulated requirements. Please can you confirm whether providing such information in the future will be possible.</p>		
Answer Options	Response Frequency	Response Count
Yes	66.7%	4
No	16.7%	1
Don't know	16.7%	1
<i>answered question</i>		6
<i>skipped question</i>		17

3. Please confirm which of the requirements below (Regulation 4 - mandatory requirements) you are able to provide to the trustees or managers of the pension scheme. Please tick all that apply. If you have additional comments in respect of any of the requirements please complete the comments field.

Answer Options	Response Frequency	Response Count
Name;	100.0%	18
Date of Birth;	100.0%	18
Automatic enrolment date;	83.3%	15
Details of the jobholders remuneration;	94.4%	17
Postal or electronic work address;	94.4%	17
National Insurance number; and	100.0%	18
Gender	100.0%	18
Comments (please specify)		1
<i>answered question</i>		18
<i>skipped question</i>		5

Comments:

- It is not always possible to provide NI numbers

4. The draft regulations (5) also provide for employers to provide obligatory information i.e. not mandatory to the trustees or managers of the occupational pension scheme or the personal pension scheme provider. Please indicate which of the following options you would consider supplying, even though it would not be a requirement. Please provide any comments if appropriate.

Answer Options	Response Frequency	Response Count
The jobholder's postal or electronic personal address;	80.0%	12
The jobholder's work telephone number;	33.3%	5
The value if any, of contributions payable by the employer	53.3%	8
The value if any, of contributions payable by the jobholder	73.3%	11
Comments (please specify)		2
<i>answered question</i>		15
<i>skipped question</i>		8

Comments:

- If it's not a mandatory requirement then we would not provide any of the above information about the jobholder.
- Would prefer to keep information to a minimum to reduce amount of administration.

5. Do you agree that the mandatory requirements in regulation 4 (question 3) belong under this regulation. If not please provide details of the areas that should fall under Regulation 5 (question 4) therefore becoming an obligatory requirement?		
Answer Options	Response Frequency	Response Count
I agree	94.4%	17
No I don't agree (please specify)	5.6%	1
<i>answered question</i>		18
<i>skipped question</i>		5

6. Do you agree that the obligatory requirements in regulation 5 (question 4) belong under this regulation. If not please provide details of the areas that should fall under Regulation 4 (question 3) therefore becoming a mandatory requirement?		
Answer Options	Response Frequency	Response Count
I agree	100.0%	17
No I don't agree (please specify)	0.0%	0
<i>answered question</i>		17
<i>skipped question</i>		6

7. Do you think that the key feature information proposed will permit people to make an informed decision about whether to remain within the personal pension contract?		
Answer Options	Response Frequency	Response Count
Yes	64.7%	11
Don't Know	17.6%	3
No (please specify)	17.6%	3
<i>answered question</i>		17
<i>skipped question</i>		6

8. To what extent would modifications need to be made to existing information provision processes?		
Answer Options	Response Frequency	Response Count
None, already in place	17.6%	3
Small modifications	41.2%	7
Extensive modifications	23.5%	4
Don't know	17.6%	3
Comments (please specify)		2
<i>answered question</i>		17
<i>skipped question</i>		6

Comments:

- We currently operate a Stakeholder arrangement and employees apply. Our previous experience of automatically deeming employee's into a scheme was not good. Many lower paid and part time employee's resented the deduction and withdrew. Even although the scheme was in their Contract employees were unaware of it and the deduction came as a surprise.
- Currently have three different defined benefit schemes - dependant on type of employee, with varying amounts of information provided by the respective scheme providers - some hard copy brochures and some on-line only.

9. This regulation requires employers who postpone automatic enrolment to inform jobholders, in writing, about the effect of this decision in relation to the jobholder including the reasons for postponing automatic enrolment; the date automatic enrolment will take place and where they may obtain further information on pensions and saving for retirement. Is there any other information to jobholders affected by postponement that is missing and needs to be included?		
Answer Options	Response Frequency	Response Count
No further information needed	21.4%	3
Don't know	78.6%	11
Yes more information needed (please specify)		2
<i>answered question</i>		14
<i>skipped question</i>		9

Comments:

- I don't know why you would want to postpone enrolment - defeats the idea of auto enrolment.
- If auto enrolment is postponed the additional employees and employers contributions that would be required to make up any shortfall.

10. Do you agree that 5 calendar days is sufficient time for the employer to advise the jobholder that they have not submitted the prescribed opt out form?		
Answer Options	Response Frequency	Response Count
Yes	26.7%	4
No	73.3%	11
<i>answered question</i>		15
<i>skipped question</i>		8

11. You have indicated that you do not support the option of the employer having 5 calendar days to inform the jobholder of the correct procedure for opting out. What do you think would be a more suitable time frame for employers. Please tick your one preferred choice.		
Answer Options	Response Frequency	Response Count
5 working days	0.0%	0
7 calendar days	0.0%	0
7 working days	9.1%	1
10 calendar days	9.1%	1
10 working days	81.8%	9
Other (please specify)	0.0%	0
<i>answered question</i>		11
<i>skipped question</i>		12

12. The opt out form will need to be sent to the pension provider. Who do you think should hold the original form?		
Answer Options	Response Frequency	Response Count
Pension Provider	26.7%	4
Employer	73.3%	11
Other (please specify)		0
<i>answered question</i>		15
<i>skipped question</i>		8

13. The draft regulations propose that opt out forms should be sourced from pension schemes. The DWP considers that a requirement to obtain the opt out notice from the scheme balances the need to protect jobholders from outside influences without establishing so rigid an opt out process that the ability of the jobholder to opt out is undermined. Do you agree that the DWP have struck the right balance or should they relax their approach?

Answer Options	Response Frequency	Response Count
Agree they have struck the right balance	60.0%	9
Disagree and need to relax their approach (please specify)	40.0%	6
<i>answered question</i>		15
<i>skipped question</i>		8

14. Schemes will be required to provide an opt out form on request. Should the DWP prescribe a time limit for schemes to do this?

Answer Options	Response Frequency	Response Count
Yes	86.7%	13
No	13.3%	2
<i>answered question</i>		15
<i>skipped question</i>		8

15. What should the time limit be?

Answer Options	Response Frequency	Response Count
5 working days	10.0%	1
5 calendar days	0.0%	0
7 working days	80.0%	8
7 calendar days	10.0%	1
Other (please specify)		3
<i>answered question</i>		10
<i>skipped question</i>		13

Comments:

- By return
- 10 working days
- 10 working days

16. Should pension schemes use a standard mandatory form, or would prescribed minimum wording suffice?		
Answer Options	Response Frequency	Response Count
Standard mandatory form	66.7%	10
Prescribed minimum wording	33.3%	5
Don't know	0.0%	0
<i>answered question</i>		15
<i>skipped question</i>		8

17. Should prescribed wording be a minimum or a maximum?		
Answer Options	Response Frequency	Response Count
Minimum	100.0%	5
Maximum	0.0%	0
<i>answered question</i>		5
<i>skipped question</i>		18

18. The draft regulations propose that the pension provider refunds monies to the employer within a minimum timescale of 21 days. Is this acceptable?		
Answer Options	Response Frequency	Response Count
Yes	46.7%	7
Don't know	13.3%	2
No (please specify)	40.0%	6
<i>answered question</i>		15
<i>skipped question</i>		8

19. Please provide any further comments or suggestions.	
Answer Options	Response Count
	4
<i>answered question</i>	4
<i>skipped question</i>	19

Comments:

- Employee's need to be able to Opt out easily. A qualification period would be preferable. We have fixed term, part time and low paid employee's some of whom only work for a few weeks. What is the point of deducting pension contributions from their first wage and then they leave/opt out and it needs to be refunded. Pensions are for the long term and the deductions only suit some kind of long term employment even if long term is only a few months.
- Being an educational establishment and administering the Teachers Pension Scheme. I am curious as to how these regulations will affect this particular scheme, as if you opt out of Teachers Pensions you opt out with all other teaching employments you might hold. Which in the case of hourly paid/sessional lecturers could be several employers. One opt out covers all employments so to speak. Also the amount of work this is going to mean for pension and payroll departments, especially with refunds is a concern.
- The necessity for the employer to obtain the refund from the scheme to pay the employee adds a great deal of unnecessary administration to the employer and cost (this can be particularly a problem for small employers). As the scheme will have to make the refund anyway it would be much more efficient for the scheme to refund the employee directly. This is certainly the practice of the vast majority of pension schemes at present. Does the Government want to add even more to the cost that companies must bear for the above making them even less competitive in the world economy and probably putting more jobs at risk so that companies can make a profit and remain in business.