

Derbyshire County Council : our experience so far

Derbyshire County Council is a large local authority with more than 36,000 employees and 430 schools. They administer three pension schemes: the Teachers' Pension Scheme (TPS), the Local Government Pension Scheme (LGPS) and the National Health Service Pension Scheme, using SAP payroll and HR systems. Derbyshire's staging date was on 1 February 2013.

Automatic enrolment group

"It's complex and needs lots of pre-planning".

A group was established to prepare for automatic enrolment that included staff from across HR, payroll, finance and pensions; the key decisions regarding automatic enrolment were made by the group. One of the challenges was to apply as consistent approach as possible across all schemes, particularly where there were differences in the schemes' regulations. They developed an automatic enrolment plan considering issues such as potential costs, how and where the additional work would fit within the organisation, whether and where to apply transitional delay and postponements and the issue of determining the single employment relationship (*i.e. whether each post held is a separate distinct employment or whether the totality of all contracts represents one single employment relationship. This is covered in The Pension Regulator's Detailed Guidance Note no 2 at paragraph 54. Derbyshire have deemed each contract to be distinct and is considered separately for automatic enrolment purposes*).

Payroll system

As the SAP 'solution' for automatic enrolment was not yet fully tested and ready for use Derbyshire created a new report in their payroll system to obtain the data needed for automatic enrolment monitoring and also determine the automatic enrolment status of each employee.

"It's a good idea to cleanse your system before you start."

To cleanse their system and cut down on the numbers of letters which would need to be issued Derbyshire identified and closed down many hundreds of relief records of casual/relief employees that were no longer being used.

Develop a communication strategy

“A communication strategy is a must to make sure everyone gets the right information”.

Derbyshire produced 9 different letters to communicate with staff. For the TPS, the three template letters produced by Teachers’ Pensions did not cover the auto enrolment status of all teaching staff so Derbyshire used a mix of these, LGPS templates and their own input to produce their own letters. Although two thirds of the staff were already in their eligible pension scheme, Derbyshire still had to communicate with them in accordance with automatic enrolment requirements. This exercise effectively created the equivalent of an extra payroll run and Derbyshire used that process to send letters to schools and other work bases where they could, to try and cut down on postage costs. The cost of printing and postage costs was still over £11,000.

To ensure colleagues at the sharp end of taking queries were ready and able to respond effectively after letters had been issued, guidance notes were produced and team briefings were held.

Approach to different schools

“Understand who is the employer, and let schools know their staging date”

As well as their maintained schools, Derbyshire have a number of foundation and voluntary aided schools. Those using Derbyshire’s main payroll and PAYE reference shared Derbyshire’s staging date. Derbyshire also runs an “external client” payroll and those using that service or a different payroll provider, had their own staging date. Derbyshire wrote to all their maintained schools to let them know whether they shared their staging date, and for those schools that did not, they advised schools to contact the Pensions Regulator to confirm their staging date. The majority of Derbyshire’s maintained schools use the Council’s main payroll but they have two large secondary schools that run their own HR and payroll; Derbyshire provided these schools with guidance notes (similar to those provided to colleagues dealing with automatic enrolment on a day to day basis) and letter templates, but the automatic enrolment process was managed by the schools, although future checks will be made to ensure the necessary processes were and continue to be followed.

Transitional delay and postponement

Derbyshire have used the option to apply transitional delay, for both financial and administrative reasons. They also decided to postpone automatic enrolment for 3 months for all their casual or

supply workers to avoid auto-enrolling workers who meet the eligible jobholder earnings trigger via a rare or one-off month of pay at that level. This provides a financial and administrative saving as well as ensuring that it is those who consistently meet the eligible jobholder earnings trigger that are automatically enrolled.

On-going

“Automatic enrolment will become a burden unless it becomes part of the day to day business.”

Derbyshire is developing a plan for automatic enrolment to become part of their day to day business. This will include testing the payroll software solution to be provided by SAP and make sure that it will be able to manage on-going monitoring of employees for automatic enrolment.

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