



ACS Submission: Technical Changes To Automatic Enrolment: December 2014

ACS (Association of Convenience Stores) welcomes the opportunity to respond to the Department for Work and Pensions' consultation on technical changes to automatic enrolment. ACS represents 33,500 local shops across the country including the Co-operative Group, Spar UK, Nisa Retail, Costcutter and thousands of independent retailers.

The convenience sector employs 386,000 people in over 50,000 stores across the UK¹. The introduction of automatic enrolment poses both financial and administrative burdens for large and small retailers, and ACS welcomes DWP's commitment to reducing the administrative burden employers face and improve the automatic enrolment process. The majority of convenience stores will begin to enrol their staff in June 2015, however many larger retailers and those with more than one store have already begun to enrol their employees.

ACS has responded to the relevant questions below.

Q10: Does revoking regulation 17 and amending regulation 21 reduce the practical burden of information requirements for employers?

Q11: Will these amendments enable the employer to combine the information to employees within a single communication and remove the need to assess on a continuous basis?

Removing the need for separate communications to employees who are entitled to opt into pension saving and to employees who are entitled to join a pension scheme, but are not entitled to employer contributions, allows for a retailer to easily combine the information within a single communication. The convenience sector employs people on a variety of contracts, with 67% of employees working under 30 hours a week². Retailers are therefore likely to employ workers who fall under both of these requirements and combining the information into one document reduces the practical burden of information requirements.

Requiring the information that employees who are either automatically enrolled, or who have the right to be enrolled into a pension scheme, to be given to all relevant employees will remove the need for employers to assess workers' eligibility on a continuous basis for automatic enrolment. This would also allow retailers to inform new employees of their rights to auto-enrolment, as well as those who become eligible at a later date.

Q13. Does amending these regulations reduce the practical burden of information requirements for employers?

Providing employees with all the relevant information on automatic enrolment if their employer decides to postpone the date in one document reduces the administrative burden, particularly for small and micro employers. It is not known how many convenience retailers

¹ ACS Local Shop Report 2014

² ACS Local Shop Report 2014

will choose to delay the automatic enrolment process, however this will help employers who choose to do so.

Q15. Would the removal of the notice under regulation 33 reduce the practical burden of information requirements for employers?

Q16. Is it agreed that the notice under regulation 33 serves little purpose and can be removed without any risk to employees?

The obligation for employers to inform employees who are already enrolled on a qualifying scheme about scheme membership protection is of little use to an employee and serves to create extra administrative burdens for employers; this can therefore be removed without any risk to employees.

Q17. Would the removal of paragraphs 2 and 3 be welcome and help get away from individualised communications thereby reducing administrative costs for employers?

Providing all workers with a single communication on automatic enrolment is helpful for employers. As information is often provided by the scheme provider, duplication in communicating this to employees is unnecessary.

Q25. Is the aspiration of 3 communications realistic and workable?

Q26. Will the overall proposed changes to the information requirements bring simplicity to the automatic enrolment process and with it a reduction in administration and costs for employers? If so, what is the average saving for an employer due to a reduction in the administrative burden?

Reducing communications to three, or fewer pieces of information if an employer chooses not to postpone enrolment, is workable for employers. Many of ACS' members indicated in a recent survey that they were uncertain about what auto-enrolment meant for their business³. Simplicity and clarity in the requirements for information that employers must provide on automatic enrolment reduces administrative costs for employers. It is difficult to quantify the average saving for a retailer. However many independent retailers work long hours; 23% of shop owners work more than 70 hours per week⁴. Creating a lesser administrative burden for these retailers is therefore welcome. ACS also welcomes DWP's commitment to working with The Pensions Regulator to review the existing letter templates to provide employers with consistency in the communication they provide their employees with on automatic enrolment.

Q30. Do you think that this will be a helpful exception, particularly for small and micro employers? If not, why not?

Preserving opt-in or automatic enrolment for employees in a notice period would create additional administrative work for employers with little benefit for the employee; this is therefore a helpful exception.

For more information on this submission please contact Sophie Mew at sophie.mew@acs.org.uk or call 01252 515001.

³ ACS National Minimum Wage Survey 2014

⁴ ACS Local Shop Report 2014