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3HR Legal Weekly

Employee Benefits

Auto enrolment: Pension Regulator issues over 150 sanctions

The Pensions Regulator (TPR) recently produced a report showing that between April 2016 and March 2017, 153 employers were issued with County Court Judgements (CCJs). These CCJs were issued to employers that had failed to respond to penalty notices sent to them by TPR. Penalty notices are sent to companies that fail to meet their auto enrolment duties.

Employers receiving a CCJ in relation to a penalty notice will have 30 days to pay a penalty. If they fail to do so, the judgment will stay on the employer's credit record for six years.

Whistleblowing

TPR also reported that during the year, they received 398 whistleblowing reports. If an individual has concerns that their employer or any other employer has failed to meet their auto enrolment obligations, they can report them to TPR via their whistleblowing service. Over half the 398 whistleblowing reports received related to pension contributions, with either insufficient contributions being paid, or contributions being paid too late by the employer.

The report published by TPR also showed that they used their powers 50,068 times over the year, a drastic increase from the 8,812 times they were used the previous year. TPR's powers range from issuing compliance notices, fixed financial penalties, escalating penalties and imprisonment for wilful failure to comply.

Companies yet to stage

As of 1st August 2017, there are still 600,000 existing micro employers yet to stage for auto enrolment. By 1st February 2018 all of these employers will need to have established new pension schemes. These micro employers are the most vulnerable to breaching their auto enrolment requirements due to having insufficient man-power to complete all of the preparation and ongoing administration tasks required. The high volume of companies needing to set up a scheme and the short timeline left to do this will put a strain on advisers and providers. Employers are strongly encouraged to begin making preparations for auto enrolment as early as possible.

Any new UK employers that first begin hiring after 1st September 2017 will need to set up a pension scheme immediately and before any employees are paid. This will leave new employers with very little time to prepare and will further increase the risk that they breach their auto enrolment duties.

The importance of selecting the right provider

Master trust pension providers such as **NEST**, **The People's Pension** and **Now: Pensions** have become popular options for small employers, largely due to their low fees. However, recently Now: Pensions have withdrawn from the master trust assurance list. The master trust assurance framework provides an independent review of schemes against a defined set of criteria agreed by TPR. In order to be on the list, a master trust provider needs to show that they have procedures in place to ensure administration arrangements work properly.

Now: Pensions have been experiencing delays in processing contributions for some of its clients, meaning that employees' funds are not being added to their scheme as quickly as required and employees are potentially missing out on investment returns. **Now: Pensions** have stated that while they "work to resolve these historic issues and ensure that every scheme is up to date, it is appropriate to remove themselves from the list".

It is the responsibility of employers to ensure they have selected the most appropriate provider for them and their employees, and this news shows how important this decision can be. If you would like any assistance in reviewing and selecting a pension provider, please contact 3HR Benefits Consultancy.

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