



Managing auto-enrolment implementation

Our client is a FTSE 100 company with locations throughout the UK. With pension take up around just 40%, automatic enrolment was a significant issue. In total, around 3,000 workers needed to be automatically enrolled.

Initial planning for auto-enrolment

As their staging date was 1 May 2013, the company first began to look at auto-enrolment in September 2011. By mid 2012, they were **minded to use their existing trust-based DC scheme for auto-enrolment if possible**. The key reasons for this were that the scheme was established, running smoothly and benefitted from a **well-formed, independent governance structure**.

At this time, the company began to liaise with us, as Secretary to the Trustees, about the changes that would be required to ensure it met the requirements for a qualifying automatic **enrolment scheme**. **Although they had been involved with the project for several months**, the Trustees were formally informed in January 2013 of the decision to use the trust-based DC scheme for automatic enrolment.

The initial assessment of workers would be performed in-house. However, the company decided that after staging, administration, assessment, auto-enrolment and automatic re-enrolment would be passed to the scheme's third party administrator.

What we did

Implementing auto-enrolment would be a significant project for the company. A sizable project plan would need to be put in place and then managed effectively if actions were to be taken and decisions made on time every step of the way.



What we did (continued)

We performed two roles that were both critical to the successful management of the auto-enrolment implementation project, as outlined below:

Secretary to the Trustees

We ensured everything was in the right place at the right time for the Trustees and their advisers to make the scheme changes that were needed to meet the rigid auto-enrolment requirements. These included:

- changes to the waiting period
- altering the definition of pensionable salary
- enabling workers to opt-in at any time
- amending the contribution structure for new auto-enrolment members, including phasing in.

Pensions manager

Working with the project lead – the company's reward manager – this role was critical to delivering the project plan on time. **As well as project management, we provided technical advice and support.** We also assisted with the preparation of papers when auto-enrolment was to be discussed by the board, **and kept an eye on senior employees to ensure any with fixed or enhanced protection were not at risk of losing it.**

With so many moving parts, this was a complex project with significant interdependencies to manage. It required an in-depth understanding of the different streams within the plan and who needed to make decisions for each stream at each stage, involving liaison with numerous parties, including:

- scheme Trustees
- legal advisers to both the company and the Trustees
- the company's senior management team
- representatives from payroll and reward functions
- the external pension administrator.



Auto-enrolment challenges

We had previously worked with the company and Trustees on several other large-scale pension projects. Drawing on this experience meant that nothing particularly unexpected arose during the auto-enrolment project. There were, however, several significant challenges to overcome, such as:

Administration

The biggest challenge was ensuring that appropriate administration was in place, which required extensive discussions with the scheme's third party administrator.

A lack of flexibility in their systems meant our client had to change their procedures to fit those of an external organisation, which required an extensive process mapping exercise.

Communication

Automatic enrolment requires extensive communication with employees and, for our client, represented a major part of the implementation project, with its own project plan. Communication activity began in mid 2012 and from the outset needed to meet legal requirements, the company's own specific objectives and also, where specific mention was made to the scheme, the Trustees' objectives.

To aid understating, **a 'bite size' approach was used to communicate key messages and critical information**. We were able to take advantage of a range of existing internal communications methods and combine these with some specific to the auto-enrolment project. **All the company's senior management team were involved** in delivering auto-enrolment communications, along with other relevant experts within the business, **and a full range of media was used**, including:

- a small hard copy booklet
- internet-based communications such as an interactive website and a 'live and online' chat room facility with senior managers, which enable employees to get an immediate response to queries and concerns
- face-to-face presentations at all sites throughout the UK
- phone and email helpdesk.



Lessons learnt

Our experience of managing this significant auto-enrolment implementation project has highlighted a number of issues any employer yet to reach their staging date can learn from.



Early preparation is critical

This project shows that it certainly takes the Pensions Regulator's recommended 18-month period to plan for and implement automatic enrolment. It would be easy to underestimate the administration side of the process – you need to look at IT systems and HR and payroll processes early to decide what will be handled internally and what will be passed externally. In particular, allow at least the full 18 months to assess, amend and implement your payroll process.



It takes time to get contracts in place

Our client decided to use an external provider for part of the process – in their case a third party administrator to handle ongoing automatic enrolment and record keeping. In this situation you need to allow additional time to get legal contracts in place with appropriate indemnities before you start to agree processes and procedures. At least 12 months is needed where external parties are involved.



Don't underestimate the time and resources needed

Once implementation began, our roles alone have involved:

- monthly meetings with the Trustees from January to July
- bi-weekly conference calls and regular face-to-face with company representatives over a six month period
- two people working full time for at least one month in the run-up to automatic enrolment starting on 1 August.



Add to this...

...the extensive time commitment from the company's payroll, reward, senior management team, and it is easy to see how onerous implementing auto-enrolment can be.