

Amendment to Employers' Duties (Registration and Compliance) Regulations 2010

Department for Work and Pensions

RPC rating: validated

Description of proposal

Employers are required to auto-enrol all workers, except for those who opt-out, into workplace pensions from the employer's staging date. These dates are spread over the next two years. After a period of time, they are then required to re-enrol any workers who do not opt-out of the scheme and re-declare their compliance.

The technical details of current legislation imply that employers have to be sure that they have workers to re-enrol if they pick a re-enrolment date more than three years after their staging date. If a business has no workers to re-enrol on that date, the business will automatically miss their deadline for re-declaring their compliance.

To resolve this issue, the Department proposes to introduce a later re-declaration deadline for all employers, which will be three years and five months after their staging date.

Impacts of proposal

Employers will benefit from a simplified re-declaration of compliance process. This will enable them to understand more easily their automatic enrolment duties, thus saving time and reducing the risk of accidental non-compliance. The Department has not been able to estimate robustly how many businesses would be affected by the change. However, it provides indicative figures based on a scenario in which in the absence of the proposal, 1% of the employers who have no workers to re-enrol would mistakenly choose a re-enrolment date more than three years after their staging date. Using this baseline, 6,300 businesses would each be saved from having to pay a £400 fixed penalty.

There may be some familiarisation costs for employers. However, the Department expects these to be negligible as employers are already required to familiarise themselves with the guidance on auto-enrolment before their staging dates.

The RPC is able to verify the estimated equivalent annual net cost to business (EANCB) of zero.

Quality of submission

The Department has not been able to quantify how many businesses will be affected by the proposal. However, it has shown that the proposal is likely to have relatively limited benefits and that these are likely to accrue to accidentally non-compliant businesses. This appears proportionate.

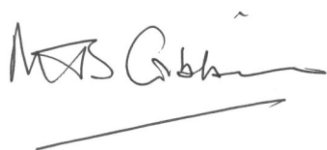
The description of the problem under consideration and the policy options on the first page of the IA could be much clearer and assumes knowledge of the technical terms used. The IA could be improved by clarifying these sections to ensure that the IA is more accessible to non-expert readers.

Departmental assessment

Classification	Qualifying regulatory provision (OUT)
Equivalent annual net cost to business (EANCB)	Zero (not quantified)
Business net present value	Zero (not quantified)

RPC assessment

Classification	Qualifying regulatory provision (OUT)
EANCB – RPC validated ¹	£0.0 (not quantified)
Small and micro business assessment	Not required (deregulatory)



Michael Gibbons CBE, Chairman

¹ For reporting purposes, the RPC validates EANCB figures to the nearest £100,000.