

Amendment to The Employers' Duties (Implementation) Regulations 2010

Department for Work and Pensions

RPC rating: validated

Description of proposal

Existing regulations set prescriptive conditions an employer must satisfy to bring forward their 'staging date' (the date at which auto-enrolment in workplace pensions for their employees must begin).

The Department proposes to:

- remove the current requirement to obtain agreement (which is a mechanical process) from pension schemes for employers who have no workers to enrol;
- reduce the notice for bringing forward staging dates that must be given to the Pensions Regulator from one month to one day; and
- remove the requirement that the new staging date must be on the 1st of the month.

Impacts of proposal

The Department states that, amongst employers who have already 'staged' or are about to stage, 5% have chosen to bring forward their staging date based on survey data. Using this assumption the Department expects 180,550 employers to bring forward their staging date in the next two years. These employers will benefit from greater flexibility in how they implement auto-enrolment, as a result of not having to give as much notice to the pension regulator and being able to choose any day of the month as a staging date. The Department has not monetised these benefits.

The Department estimates that there will be 21,500 small businesses and 41,700 micro businesses with no workers to enrol, who it expects will bring forward their staging dates. The administrative costs savings for each of these businesses, from not obtaining agreement from a pension scheme, are approximately £20. Therefore, the Department expects these employers to benefit by £1.27 million over the next two years.

There may be some familiarisation costs for employers. However, the Department expects these to be negligible as the changes are simple and 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 -£0.6 million.

Quality of submission

The Department appraises the policy over a two year period. This is because current staging dates are spread over the next two years. As this will capture all the direct costs and benefits of the proposal, this is reasonable.

The Department assumes that the percentage of employers who will bring forward their staging date in the future is equal to the percentage who have done this in the past. The IA could be improved by acknowledging that these percentages may not be equal, as this proposal may encourage more employers to bring forward their staging dates. However, it would be disproportionate to require additional analysis on this point.

The Department has not been able to monetise the benefits to business of greater flexibility in bringing forward staging dates. However, it has provided an estimate of the number of firms that will be affected and shown that the changes would be permissive. This appears proportionate.

Departmental assessment

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| Classification | Qualifying regulatory provision (OUT) |
| Equivalent annual net cost to business (EANCB) | -£0.59 million |
| Business net present value | £1.24 million |

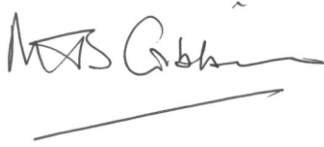
RPC assessment

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| Classification | Qualifying regulatory provision (OUT) |
| EANCB – RPC validated ¹ | -£0.6 million (two year appraisal period) |

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

Opinion: EANCB validation
Origin: domestic
RPC reference number: RPC-3317(1)-DWP
Date of implementation: not known

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| Small and micro business assessment | Not required (deregulatory) |
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Michael Gibbons CBE, Chairman