Department for Work & Pensions

GSR GOVERNMENT SOCIAL RESEARCH

Social Science in Government

Automatic Enrolment: Quantitative Research with Small and Micro Employers

June 2018

Research Report 960

A report of research carried out by Ipsos MORI on behalf of the Department for Work and Pensions

This document/publication is also available on our website at: https://www.gov.uk/government/organisations/department-for-work-pensions/about/research#research-publications

If you would like to know more about DWP research, please email: Socialresearch@dwp.gsi.gov.uk

First published June 2018.

ISBN 978-1-5286-0528-1

Executive summary

This summary presents the key findings of a survey of small employers (with five to 29 workers) and micro employers (with one to four workers) on behalf of the Department for Work and Pensions (DWP). The survey covered employers who had automatically enrolled their staff into a qualifying workplace pension scheme between September 2016 and March 2017, and their experiences of this process.[1]

Small and micro employers were typically supportive of having workplace pensions for their staff. These positive attitudes were a factor – albeit a limited one – in workers staying in the workplace pension scheme when automatically enrolled.

A large majority of these employers (81 per cent) agreed that workplace pensions were a good thing for their workers, and seven in ten (71 per cent) felt that the policy of automatic enrolment was a good thing. Three-quarters (74 per cent) also viewed workplace pension provision as a social norm, agreeing that it was normal for their staff to have a workplace pension.

Two-thirds of employers (65 per cent) agreed it was their responsibility to encourage their staff not to opt out, but a lower proportion (54 per cent) viewed it as their duty to ensure that their staff could manage financially in their retirement.

Statistical regression analysis (among micro employers) found that: employer positivity towards workplace pensions, a strong sense of positive social norms around pension provision, and feeling that staff should be encouraged to remain saving, were all attitudes linked (although relatively weakly) to lower opt-out rates. Evidence of this impact was more limited among small employers, and for both groups, the research still suggests that other factors such as staff attitudes and personal circumstances may play a bigger role in these decisions.

There was majority awareness and support for minimum employer contribution rates increasing to three per cent in April 2019 (from the current minimum of one per cent, and initial increase to two per cent in April 2018).

Eight in ten (78 per cent) were aware this would be taking place, and two-thirds (66 per cent) believed it was a good thing for their workers. Over two-fifths (44 per cent) believed they would find it easy to comply with this change, whereas three in ten (29 per cent) felt it would be difficult.

Engagement with automatic enrolment and ongoing duties often involved intermediaries and guidance from The Pensions Regulator (TPR). Small and micro employers also typically engaged their staff in automatic enrolment in a range of ways.

[1] Interviews took place with 2,698 employers with one to 29 staff, from 17 July to 9 October.

TPR was the most commonly cited source of information on compliance (recalled by 35 per cent), followed by accountants or finance firms (33 per cent) and pension providers (15 per cent). Accountants or finance firms were also the most common source of guidance (used by 49 per cent) when choosing a pension scheme. Three in ten employers each approached TPR (27 per cent) or pension providers (also 27 per cent) for such guidance.

The vast majority of small and micro employers complied with the requirement to write to their workers informing them of automatic enrolment – just one in five (18 per cent) said they did not send any form of written communication (emails or letters) to staff. It was also very common for employers to use more than just written communications to inform their staff. The most common forms of non-written communication were one-to-one meetings (64 per cent) and face-to-face staff meetings (42 per cent).

After automatically enrolling their staff, the majority of small and micro employers were making the minimum contribution to their workers' pensions. In this context, ongoing administration was considered easy to cope with by most.

Just one-fifth (21 per cent) were contributing above the minimum requirement of one per cent, and most of these (16 per cent of all small and micro employers) were contributing more than three per cent.

Of the employers offering more than the minimum requirement, one-fifth (21 per cent) said they did so because they had already been contributing more than this prior to automatic enrolment – and the survey finds no strong evidence of levelling down of contribution rates (where employers with previous workplace pension schemes have made these less generous as a result of automatic enrolment). Three in ten (28 per cent) said they did this because they viewed higher contribution rates as a staff benefit or perk.

Small and micro employers held mixed perceptions on the ease of compliance for automatic enrolment. Over half (54 per cent) viewed compliance as easy whereas three in ten (28 per cent) found it difficult. The vast majority (81 per cent) of small and micro employers reported a financial cost to implementing automatic enrolment, with the median cost to date reported as £400 (a median of £200 for micro employers and £500 for small employers).

Despite this, the majority (70 per cent) found the ongoing administration of their workplace pension scheme or schemes easy to cope with. Two-thirds (64 per cent) said they faced ongoing costs for administering their workplace pension scheme. Nonetheless, any extra time commitment tended to be low, with three-quarters (72 per cent) committing less than half a day a month to these duties.

The most common way these employers absorbed any of the cost associated with automatic enrolment and ongoing duties was by reducing profits, or accepting it as part of an overall higher business overhead cost (45 per cent of all small and micro employers said they had to do this). Relatively few had lowered wage increases (six per cent) or increased prices (six per cent) to cope.

A large proportion (85 per cent) of workers in small and micro employers stayed in their workplace pension following automatic enrolment, while 14 per cent opted out within a month, and two per cent ceased active membership after one month.[2]

The opt-out rate was lower across small employers (13 per cent) than it was across micro employers (23 per cent). There were no observed differences in opt-out rate based on the way employers communicated automatic enrolment (although there were relatively small sample sizes for employers solely communicating via writing).

Those most likely to opt out within micro organisations specifically (where more worker-level data were collected) were: part-time workers (with a 27 per cent opt-out rate), older people (e.g. 28 per cent among those aged 50 to 59) and those who had worked at the employer for a longer period (27 per cent among those working for the same employer for ten or more years); as well as those at both the highest and lowest paid ends of the spectrum (27 per cent among those earning £10,000 to £20,000 a year, and 32 per cent among those earning £40,000 or more).

However, the research once more found that the impact of staff demographics alone was limited, and other factors not measurable in this survey, such as staff attitudes and personal circumstances, may be more important in explaining opt-outs.

[2] It should be noted that the average opt-out and cessation rates quoted here are showing the average (mean) percentage of all *workers* in small and micro firms who opted-out or ceased contributing. This is different to the average opt-out rate across small and micro *employers*. As a worked example, if an employer with two staff had one of them opt out, and an employer with four staff had one of theirs opt out, the average *worker* opt-out rate would be 2/6 workers, or 33 per cent. The average opt-out rate across the two *employers* would be an average of 50 per cent and 25 per cent – in other words, 38 per cent. The approach taken in this research is consistent with the 2017 Employers' Pension Provision survey by DWP.

Contents

List of Tables

List of Figures

Acknowledgements

Ipsos MORI would like to thank Lucy Allen and Ben Savage at the Department for Work and Pensions for supporting this research. We would also like to thank all the employers who took part in the survey.

The authors

Natasha Jones	Research Assistant, Ipsos MORI
Graham Keilloh	Research Manager, Ipsos MORI
Kelly Maguire	Senior Research Executive, Ipsos MORI
Jayesh Navin Shah	Research Director, Ipsos MORI
Trinh Tu	Research Director, Ipsos MORI

Glossary of terms

Active member	Individuals currently contributing to a pension scheme, or having contributions made on their behalf.
Automatic enrolment	In 2008, the Government introduced a law designed to help people save more for their retirement. This requires, from 2012, all employers to enrol their eligible jobholders into a workplace pension scheme if they are not already in one. In order to preserve individual responsibility for the decision to save, workers have the right to opt out of the scheme.
Ceasing active membership	If an eligible jobholder chooses to stop paying into an automatic enrolment scheme after the end of the opt-out period, they are said to cease active membership.
Cessation	When a worker has **ceased active membership**.
Contributions	The amount (often expressed as a percentage of earnings) that a worker and/or employer pays into a pension. The Government has set a minimum amount of money that has to be put into the pension by an employer and in total (i.e. employer and worker's contribution). Up until April 2018, the total minimum contribution was two per cent of the worker's salary of which the employer had to contribute at least one per cent and 0.2 per cent came from the State in tax relief. From 6 April 2018, the minimum contribution rose to five per cent, of which the employer must contribute at least two per cent and the State contributes 0.6 per cent in tax relief. On 6 April 2019, the contribution rate rises again to a total of eight per cent, of which the employer must contribute at least three per cent and the State contributes one per cent through tax relief.
Defined contribution	A type of pension scheme. In a defined contribution scheme a member's pension pot is put into various investments such as shares (shares are a stake in a company). The amount in the pension pot at retirement is based on how much is paid in and how well the investments have performed. The pension can usually be accessed from age 55. These are also known as 'money purchase' schemes.

Earnings trigger for automatic enrolment	The amount a worker must earn before the duty for their employer to automatically enrol the worker is triggered. For the 2016/2017 and 2017/2018 tax years, most relevant to this survey and report, this is set at £10,000. This figure is reviewed annually by the Government.
Eligible jobholder	A worker (sometimes referred to as an employee) who is ‘eligible’ for automatic enrolment. An eligible jobholder must be aged at least 22 but under **State Pension age**, earn above the earnings trigger for automatic enrolment, work or usually work in the UK, and not already be a member of a qualifying pension scheme.
Entitled worker	A worker who is: aged at least 16 and under 75; works, or ordinarily works, in the UK; and earns below the lower earnings level of qualifying earnings (£5,876 for the 2017/18 tax year). Entitled workers are not eligible for automatic enrolment, although they can choose to join a workplace pension. Their employer is not required to make a contribution if they do so.
Independent Financial Adviser	An adviser, or firm of advisers, that is in a position to review all the available products and companies in the market as the basis for recommendations to clients. All Independent Financial Advisers (IFAs) are regulated by the Financial Conduct Authority.
Levelling down	Strategies employers might use to reduce the generosity of contributions or outcomes for existing pension scheme members.
Micro employer	In the context of this survey and report, a micro employer is classed as one with one to four workers.
NEST	National Employment Savings Trust (NEST). A trust-based workplace pension scheme, established by legislation, to support automatic enrolment and ensure that all employers have access to a quality, low-cost pension scheme with which to meet the employer duties.

Non-eligible jobholder	A worker who is not eligible for automatic enrolment but can choose to 'opt in' to an automatic enrolment scheme and will be entitled to a mandatory employer contribution should they do so. Non-eligible jobholders are in either of the following two categories: a worker who is aged at least 16 and under 75, and earns above the lower earnings level of qualifying earnings but below the earnings trigger for automatic enrolment; or is aged at least 16 but under 22, or between **State Pension age** and under 75; and earns above the earnings trigger for automatic enrolment.
Opt in	**Eligible jobholders** can choose to join the pension scheme nominated by the employer for automatic enrolment during the postponement period, where applicable. **Non-eligible jobholders** and **entitled workers** have the right to do the same at any time.
Opt out	Where a jobholder has been automatically enrolled, they can choose to 'opt out' of a pension scheme. This has the effect of undoing active membership, as if the worker had never been a member of a scheme on that occasion. It can only happen within a specific time period, known as the 'opt-out period'.
Opt-out period	A jobholder who becomes an active member of a pension scheme under the automatic enrolment provisions has a period of one calendar month during which they can opt out and get a full refund of any contributions made. This 'opt-out period' starts from whichever date is the later of the date active membership was achieved, or the date they received a letter from their employer with their enrolment information. After this opt-out period a jobholder can still choose to leave the scheme at any time, but will not usually get a refund of contributions. These will instead be held in their pension until they retire. A jobholder cannot opt out before the opt-out period starts (i.e. they cannot opt out before they have been automatically enrolled).
PAYE	PAYE (Pay As You Earn) is the system that HM Revenue and Customs (HMRC) uses to collect Income Tax and National Insurance contributions from employees. They are deducted throughout the tax year based on employees' earnings and then paid to HMRC.
Pension provider	An organisation, often a life assurance or asset management company, that offers financial products and services relating to retirement income.

Pension scheme	A legal arrangement offering benefits to members.
Postponement	An additional flexibility for an employer that allows them to choose to postpone automatic enrolment for up to three months. Postponement can only be used for a worker on: the employer's staging date; the first day of a worker's employment; or on the date a worker employed by them meets the criteria to be an eligible jobholder. If an employer chooses to use postponement, they must provide written notice of this to their workers. This is also called 'deferral'.
Qualifying earnings	In the context of the workplace pension reforms this refers to the part of an individual's earnings on which contributions into a qualifying pension scheme will be made. A worker's earnings below the lower level and above the upper level are not taken into account when working out pension contributions. For the 2017/18 tax year, the lower level is set at £5,876 and the upper level is set at £45,000. These figures are reviewed annually by the Government.
Qualifying scheme	To be a qualifying scheme for automatic enrolment, a pension scheme must meet certain minimum requirements set out by The Pensions Regulator (TPR), which differ according to the type of pension scheme.
Small employer	In the context of this survey and report, a small employer is classed as one with five to 29 workers.
Staging	Refers to the staggered introduction of the new employer duties, starting with the largest employers in October 2012, based on PAYE scheme size, to the smallest in 2017. New PAYE schemes from April 2012 will stage last, in 2017 and 2018.
Staging date	The date on which an employer is required to begin automatic enrolment. It is determined by the total number of workers in an employer's largest PAYE scheme on 1 April 2012.
State Pension age	The earliest age at which an individual can claim State Pension.
The Pensions Regulator	The UK regulator of workplace pension schemes, including limited aspects of workplace personal pensions. It is responsible for ensuring employers are aware of their duties relating to automatic enrolment, how to comply with them and enforcing compliance. It uses a programme of targeted communications and a range of information to help employers understand what they need to do and by when.

Worker	An employee or individual who has a contract to provide work or services personally, and is not undertaking the work as part of their own business. The survey used the term ‘employee’ more colloquially, rather than worker or eligible jobholder, but clarified to respondents that they should also encompass all relevant workers in their responses, including directors with employment contracts, outworkers (who work off site) and part-time workers.
Workplace pensions	Any pension scheme provided as part of an arrangement made for the employees of a particular employer.
Workplace pension reforms	The reforms introduced as part of the Pensions Acts 2007 and 2008 (and updated as part of the Pensions Act 2011 and 2014). Starting in 2012, the reforms include a duty on employers to automatically enrol all eligible jobholders into a qualifying workplace pension scheme.

List of abbreviations

DWP	Department for Work and Pensions
EPP	Employers' Pension Provision (survey)
HMRC	Her Majesty's Revenue and Customs
IFA	Independent Financial Adviser
NEST	National Employment Savings Trust
PAYE	Pay As You Earn
TPR	The Pensions Regulator

1 Introduction

This report covers the findings from a quantitative survey of small and micro employers (with fewer than 30 staff) who automatically enrolled staff into a qualifying workplace pension scheme between September 2016 and March 2017. The research was undertaken by Ipsos MORI on behalf of the Department for Work and Pensions (DWP).

1.1 Background and objectives

Since the introduction of automatic enrolment duties in 2012, over nine million workers have been automatically enrolled into a workplace pension by their employer. All workers earning £10,000 or more, and aged between 22 and State Pension age and who ordinarily work in Great Britain under a worker's contract are eligible for automatic enrolment. When enrolled, they can choose to opt out within the first month (on doing so, their contributions are usually returned to them), or later cease contributions if they wish. In the case of the latter, contributions are usually kept in a pension for them until they retire.

Small and micro employers largely began enrolling these staff from January 2016 onwards, taking responsibility for setting up and administering a qualifying workplace pension scheme.

This research is the most comprehensive attempt so far to measure small and micro employers' experiences of implementing automatic enrolment. The survey broadly covers three areas:

- The employer experience when complying with automatic enrolment, including information and advice received, employer communications, and the financial cost and perceived administrative burden of implementing a qualifying pension scheme.
- Average opt-out and cessation rates, the motivating factors behind opt-outs, and characteristics of those opting out.
- Small and micro employer attitudes towards workplace pensions, automatic enrolment and the upcoming mandatory increase in minimum contributions.

The research aimed to quantify the qualitative findings from separate DWP research undertaken with small and micro employers in 2017. The earlier research interviewed micro employers (one to four workers) and small employers (five to 29 workers – excluding small employers with 30 to 49 workers), with a view to exploring the impact of automatic enrolment on the very smallest employers. This survey maintains the same definitions.

1.2 Summary of methodology

A random-probability telephone survey was undertaken with 2,698 small and micro employers who had submitted their declaration of compliance to The Pensions Regulator (TPR). These were all employers who, at the point of complying, had fewer than 30 workers. Fieldwork took place between 17 July and 9 October 2017.

The data reported here are weighted by size and sector to be representative of this small and micro employer population.

1.3 Analysis and interpretation of the data

The survey results are subject to margins of error, which vary with the size of the sample and the percentage figure concerned. For all percentage results, the report only comments on subgroup differences where these differences are found to be statistically significant (at the 95 per cent level of confidence).[3] There is a further guide to statistical reliability in Appendix C, at the end of this report.

Where figures in charts do not add to 100 per cent this is due to rounding of percentages or because the questions allow more than one response.

Subgroup analysis

Subgroup analysis by size primarily covers differences between micro (one to four staff) and small (five to 29 staff) employers. Where differences within these bands are noteworthy, the commentary also includes these more granular differences.

Subgroup analysis by the age of the organisation compares employers under and over five years old. This break was chosen to reflect that, at the time of the survey, employers under five years old would have started trading roughly around the same time that automatic enrolment legislation first came into force (in 2012).

Finally, any subgroup analysis by deprivation is based on the English Indices of Deprivation 2015.[4] For simplicity, the subsample of organisations in England has been split into quartiles by deprivation score, so that employers in the 25 per cent most deprived areas of England can be compared to those in the 25 per cent least deprived.

[3] Subgroup differences highlighted are either those that emerge consistently across multiple questions or evidence a particular hypothesis (i.e. not every single statistically significant finding has been commented on).

[4] The English Indices of Deprivation is a Government ranking of the most to least deprived areas in England. It measures relative levels of deprivation in 32,844 small areas or neighbourhoods, called Lower-layer Super Output Areas.

Comparisons to other Government research

As aforementioned, DWP commissioned separate qualitative research in 2017 with small and micro employers to inform this research project.[5] The qualitative research findings were not intended to be statistically representative, but add depth and help to contextualise many of the survey findings.

TPR also undertook a survey in 2017 of external intermediaries (accountants, payroll administrators, bookkeepers and Independent Financial Advisers (IFAs)) used by small and micro employers to advise on automatic enrolment[6], and a survey with employers of all sizes on their ongoing duties under automatic enrolment.[7]

Where relevant, findings from these pieces of research are referred to in this report.

[5] Wood et al. (2017). *Automatic enrolment: qualitative research with small and micro employers.*

[6] OMB Research. (2017a). *Intermediaries' understanding and activity relating to automatic enrolment and ongoing duties.*

[7] OMB Research. (2017b). *Ongoing duties survey.*

2 Information and guidance

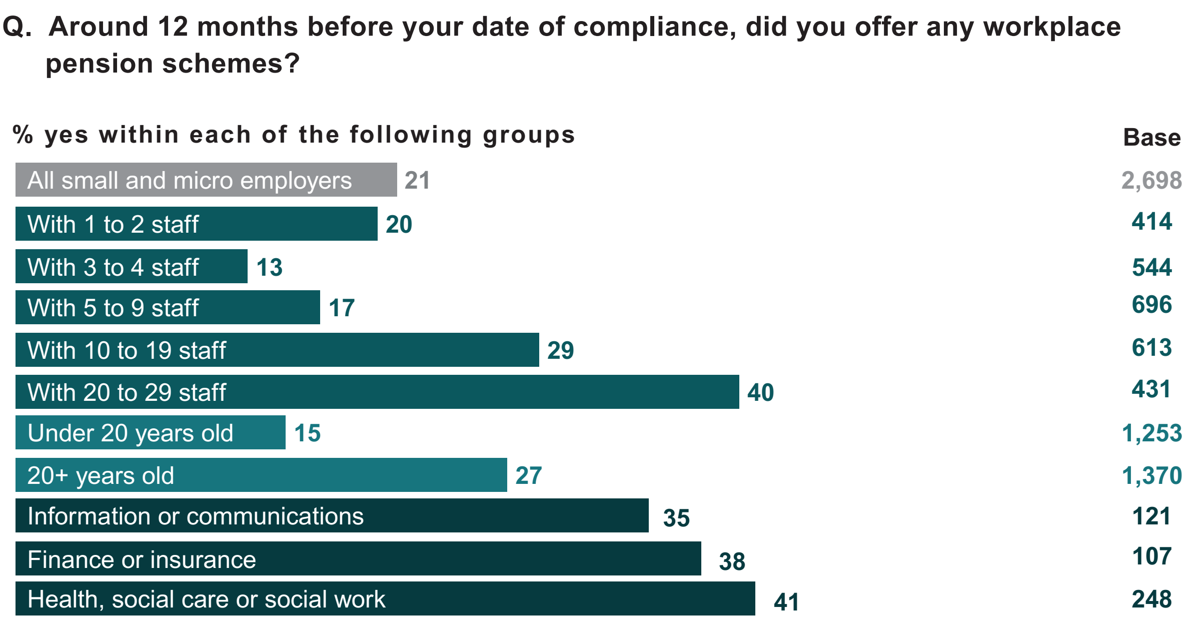
This chapter covers the sources of information and guidance that employers accessed when implementing automatic enrolment, and specifically when deciding which workplace pension scheme to offer. It also covers their reasons for choosing particular schemes.

2.1 Workplace pension provision before automatic enrolment

Workplace pension schemes were highly uncommon among small and micro employers prior to automatic enrolment, with only one in five employers (21 per cent) offering a scheme before their staging date. Even where employers did offer workplace pensions before complying, most of these schemes did not qualify under automatic enrolment rules, so these employers had to set up new schemes. In total, nine in ten (89 per cent) small and micro employers had to introduce a new scheme after staging.

As Figure 2.1 shows, the employers who already had workplace pension schemes before staging were more likely to be among the oldest firms, have 20 to 29 workers, and be operating in three main sectors: information or communications, financial or insurance activities, and health, social care or social work.

Figure 2.1 Characteristics of employers offering workplace pensions before automatic enrolment



Bases as stated on chart

Employers based in the South West were the most likely to have previously offered workplace pensions (27 per cent, vs. 21 per cent overall), whilst it was relatively uncommon for those in Wales (14 per cent) and London (16 per cent) to do so.

In the case of London, this survey finds that there is a larger-than-average population of individuals employing domestic services such as nannies or cleaners (these make up five per cent of all small and micro employers in London, but just two per cent of all small and micro employers across the country), and workplace pension schemes were uncommon amongst these employers (95 per cent did not provide a scheme before automatic enrolment required this).[8]

2.2 Information sources on compliance

The vast majority of employers (91 per cent) recalled receiving some form of information or advice around complying with their automatic enrolment duties. The most common sources are shown in Figure 2.2.

Around a third of employers (35 per cent) cited The Pensions Regular (TPR) as a source of information (it should be noted that TPR does not offer advice to employers, although this question referred more generally to ‘information or advice’). Information from TPR was received across several channels, with letters (23 per cent) and emails (12 per cent) being the most common forms of contact with TPR. Fewer had *proactively* sought further information from TPR by going on the website (nine per cent) or telephoning (two per cent). The eight per cent who mentioned Department for Work and Pensions (DWP) may also possibly have been confusing DWP with TPR.

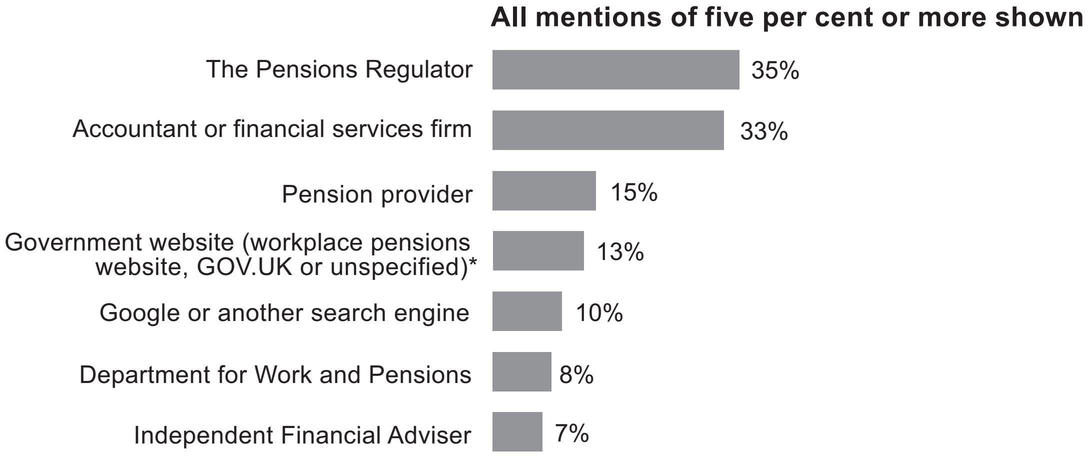
Accountants or finance firms were an equally common source of information or advice (mentioned by 33 per cent). This source was more prevalent among those who already employed external accountants for payroll or bookkeeping (38 per cent of whom used them as a source).

Among the least common sources of advice were trade associations (four per cent, which was not observably higher in any particular sectors), social media (under one per cent) and employer benefits consultants (under one per cent).

[8] Individuals employing domestic services are still required to fill out a declaration of compliance and submit this to The Pensions Regulator, and these domestic workers are still eligible for automatic enrolment under the same criteria as other workers.

Figure 2.2 Sources of information or advice on how to comply with automatic enrolment

Q. From where, if anywhere, have you previously received any information or advise about how to comply with your automatic enrolment duties? (unprompted)



Base: 2,698 small and micro employers with 1 to 29 staff
*Excludes The Pensions Regulator website, which is within The Pensions Regulator response.

There were various sector differences:

- Employers in the manufacturing sector were slightly more likely not to recall receiving any information or advice than employers overall (13 per cent, vs. nine per cent overall).

- Those in the finance and insurance sector (40 per cent, vs. 35 per cent overall), professional, scientific or technical activities (43 per cent), or individuals employing domestic services (43 per cent) were particularly likely to recall receiving information from TPR. Conversely, this was less recalled by employers in wholesale, retail and vehicle repair (29 per cent).

- Wholesale, retail and vehicle repair organisations were more likely to recall receiving information from accountants or finance firms (38 per cent, vs. 33 per cent overall).

- The TPR website was most commonly used by employers in finance or insurance (18 per cent used the website, vs. nine per cent overall), or in professional, scientific or technical areas, which includes accountancy firms (14 per cent used the website).

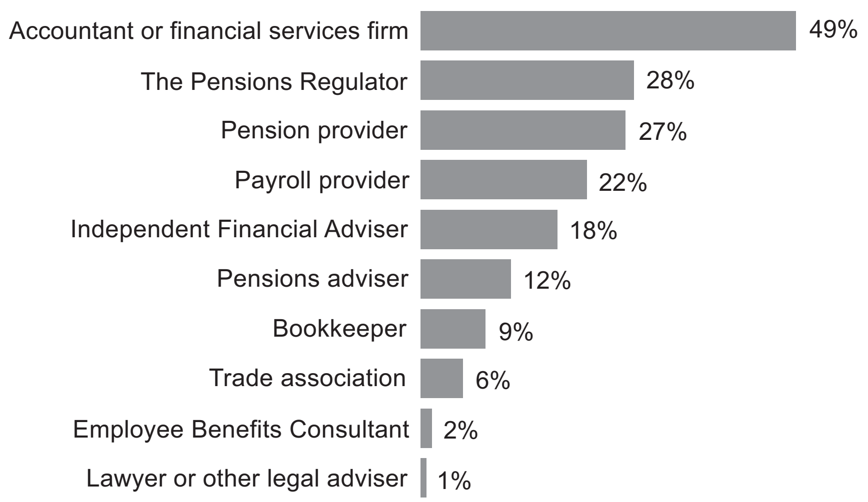
2.3 Advice and guidance sought when choosing a scheme

Of those who had to introduce a new scheme, the overwhelming majority (90 per cent) had sought advice or guidance from one of the sources listed in Figure 2.3. By far the most common sources of advice or guidance, used by half (49 per cent) of these small and micro employers, were accountants or financial services firms. This mirrors the 2017 intermediaries research by TPR, which also highlighted the important role accountants or financial services firms play in advising smaller employers around automatic enrolment.

The 2017 DWP qualitative research suggested that pension providers were an important source of advice and guidance before employers had settled on a scheme, through a range of channels such as websites, webinars, seminars and helplines for employers. This reflected that, as the qualitative research found, many employers were attempting to implement automatic enrolment without any prior knowledge of the provider market and available products. The survey finds that pension providers were approached by almost three in ten employers (27 per cent) for advice and guidance, which is similar to the proportion that approached TPR for guidance (28 per cent).[9]

Figure 2.3 Sources of advice and guidance on choosing new workplace pension schemes

Q. From which of the following sources, if any, did you seek any advice or guidance on choosing the new workplace pension scheme?



Base: 2,211 small and micro employers who set up a new qualifying workplace pension scheme

[9] Here, it is important to note that 'advice' was used in the question wording, but TPR does not offer advice to employers on choosing new pension schemes. It is likely that 'advice' was interpreted colloquially by many respondents, and could have referred to paid advice as well as to unpaid information or guidance.

Use of external accountants where there is already an established relationship

The 2017 DWP qualitative research found that small and micro employers wanted to take advantage of existing relationships with intermediaries for free advice. Reflecting this, the survey finds that over half (54 per cent) of those who used external accountants for payroll or bookkeeping said they also approached such an intermediary (an accountant or financial services firm) for advice or guidance on choosing a new scheme. Among those who used in-house accountants in this role, two-fifths (42 per cent) also used an accountant or financial services firm for advice or guidance on pension schemes.

It is worth noting that even among the three per cent of small and micro employers who did not use external or in-house accountants for payroll or bookkeeping, a quarter (25 per cent) nonetheless did use them for advice or guidance in this case.

Variation in sources of advice and guidance on new workplace pension schemes

The sources of advice and guidance for employers when choosing a new workplace pension scheme varied depending on the employer:

- Those using unpaid help with their payroll administration or bookkeeping were more likely than average to turn to free sources of information and guidance, such as TPR (38 per cent, vs. 28 per cent overall) and pension providers (37 per cent, vs. 27 per cent overall).

- Employers with ten to 29 workers were more likely than others to have used other professional intermediaries outside of accountants, including Independent Financial Advisers (IFAs) (22 per cent, vs. 16 per cent of those with fewer than ten staff) and pensions advisers (16 per cent vs. 11 per cent).

- The three per cent of employers who reported lacking confidence dealing with their organisation's finances[10] were less likely than average to have approached TPR (nine per cent, vs. 27 per cent overall) or pensions advisers (five per cent, vs. 12 per cent overall), suggesting that lack of financial confidence could be one possible barrier to employers contacting TPR for information.

- One in ten employers (ten per cent) who set up a new workplace pension scheme did not seek advice or guidance from any of the sources in Figure 2.3. Not seeking advice was more common among employers in the finance and insurance sector (19 per cent) and among those who did not feel that employers should encourage their workers to stay in a workplace pension scheme when enrolled (15 per cent). However, across all these subgroups, it is still the case that the vast majority of employers sought out help when choosing a scheme.

---

[10] This refers to those who disagreed that they were 'very confident' in dealing with their organisation's finances.

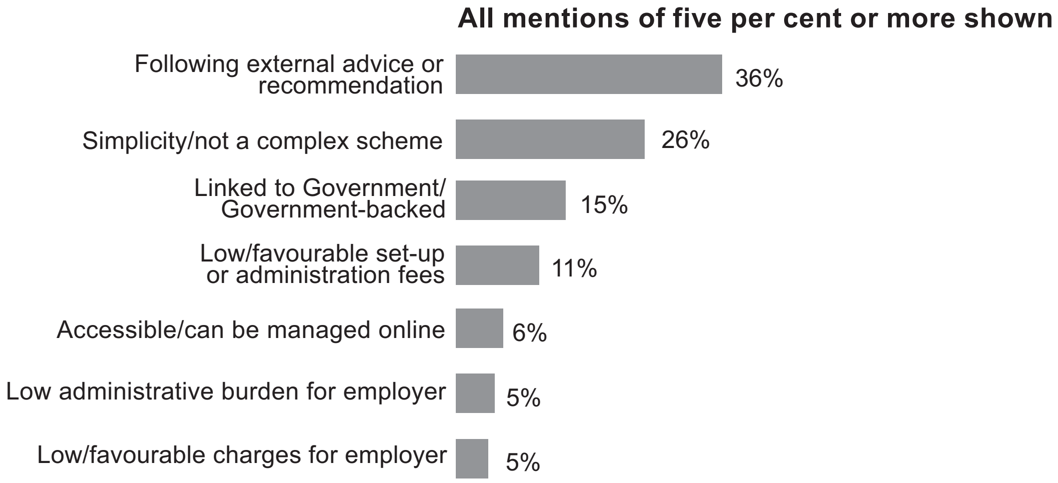
2.4 Choice of provider and reasons behind choices

The National Employment Savings Trust (NEST) was the most popular pension provider (chosen by 58 per cent), and was particularly favoured by those employers who had no help with their bookkeeping or payroll administration (86 per cent chose NEST). The next most common provider was The People's Pension (11 per cent). This was followed by relatively small proportions choosing Smart Pension (three per cent), and the remainder of employers choosing a wide range of alternative providers (each chosen by fewer than three per cent of employers).

As Figure 2.4 shows, employers were most commonly choosing schemes that had been externally recommended to them (36 per cent) or valued schemes that were simple (26 per cent). Simplicity also featured in other common reasons employers gave, in terms of being able to manage schemes online (six per cent) or having a low administrative burden (five per cent).

Figure 2.4 Employers' reasons for scheme selection

Q. What were your reasons for choosing this particular workplace pension scheme? (unprompted)



Base: 2,211 small and micro employers who set up a new qualifying workplace pension scheme

Looking specifically at the small and micro employers who chose NEST as their provider, they were more likely than average to have chosen their scheme based on the perception that it was Government-linked (23 per cent, vs. 15 per cent overall). Considering this the other way round, nine in ten (89 per cent) of those who said they picked a scheme because it was Government-linked had chosen NEST. The DWP 2017 qualitative research indicated that, in some of these instances, employers may have had a misconception that NEST was the Government's *recommended* scheme (which is not the case).[11]

[11] Although the NEST Corporation is a public body, originally set up by the Government, the Government does not in fact advertise NEST above other schemes.

The three per cent of employers who lacked confidence when dealing with their organisation's finances were more heavily reliant on external advice or recommendations when choosing their scheme (45 per cent cited this as a reason, vs. 36 per cent overall). These employers also appeared to be less engaged with their workplace pension scheme than employers overall – with one in seven unable to recall who provided their workplace pension (15 per cent).

However, beyond that relatively small subgroup, the reasons employers gave for choosing a given scheme were consistent, regardless of their attitudes towards workplace pensions, towards automatic enrolment, or their sense of personal responsibility towards workers' retirement saving. Employers who tended to be more positive about these topics were no more likely than average to say their scheme choice was intended to provide a better deal for their staff, and were still most likely to say they were simply following external advice or recommendations when choosing a scheme.

3 Employer contribution rates

This chapter covers small and micro employers' current (i.e. post-staging) workplace pension offers, including employer contribution rates, whether and why these are fixed or variable, and whether they are above the current minimum contribution rate.[12]

3.1 Current employer contribution rates

There was little variation in contribution rates, as most small and micro employers tended to contribute the minimum required (one per cent of an employee's earnings[13]). One-fifth of employers (21 per cent) offered more than the minimum.[14] Most of these (16 per cent of all small and micro employers)[15] offered a rate of three per cent or more, suggesting that most of the employers contributing more than the current minimum have future-proofed their schemes to be ready for the changes coming in April 2019 (when all employers will be required to raise minimum contributions to three per cent).[16]

Table 3.1 shows the average contribution rates offered by employers, depending on whether they offer a single contribution rate to all workers, or varying rates.

[12] Throughout this chapter, percentages have been rebased to exclude those saying 'don't know' when asked their current single contribution rate or minimum contribution rate (if their rates varied). This was 25 per cent and 27 per cent of the unweighted sample respectively.

[13] To avoid confusion, the question did not refer specifically to 'qualifying earnings'.

[14] Employers can opt to pay the full minimum requirement of two per cent of qualifying earnings into the workplace pension scheme. Whether employers were opting to do this (and enable their staff to pay less) has not been recorded in this survey.

[15] This proportion is slightly lower than that found in the 2017 Employers' Pension Provision (EPP) survey. EPP 2017 found that a quarter (24 per cent) of all employers contributed three per cent or more, encompassing 17 per cent of small employers and 30 per cent of micro employers. The differences between surveys can be attributed to the different specific populations being surveyed. EPP 2017 included a much wider group of small and micro employers who had complied with their duties before September 2016. The definition of small employers in EPP 2017 is also broader, encompassing employers with five to 49 staff.

[16] This will follow an earlier increase in minimum contributions in April 2018, from one per cent to two per cent for employers.

Table 3.1 Contribution rates offered by employers following automatic enrolment

	Employers offering a single rate	Employers offering varying rates	
		Lowest rate offered	**Highest rate offered**
Mean	1.84%	2.35%	5.82%
Median	1%	1%	5%
Base	*1,710*	*215*	*186*

The employers who had schemes in place before automatic enrolment were the ones who tended to have higher contribution rates (53 per cent offered more than the minimum requirement, vs. 21 per cent overall). These were also more likely to be employers with ten to 29 members of staff (24 per cent of whom offered more than the minimum requirement).[17] Employers in some sectors were also more likely to offer more than the minimum, including the information and communications sectors (35 per cent), health, social care and social work sectors (37 per cent), financial or insurance sectors (37 per cent), and not-for-profit organisations or charities (42 per cent) – again, these were also the sectors where small and micro employers were most likely to have offered a pension scheme before staging.

Contribution rates were also linked to how employers felt about retirement provision. Employers who agreed it was normal for staff like theirs to save into a workplace pension (i.e. with a stronger sense of social norms around pension saving) were more likely to contribute over one per cent than those who did not (24 per cent vs. eight per cent). Likewise, those who felt a sense of duty to ensure their staff could manage financially when they retired were more likely to contribute above the minimum than those who did not (25 per cent vs. 16 per cent). Of course, in both cases, the vast majority still offered the minimum.

By contrast, employers' economic confidence appeared to have had no effect on whether they contributed more than the minimum requirement – this did not significantly differ across those who thought their business situation would improve, stay the same, or get worse over the next 12 months.[18]

Changes to previous contribution rates

Over one-third of small and micro employers who had an existing workplace pension scheme (36 per cent, equivalent to eight per cent of all employers) also changed their contribution rates after automatic enrolment. This included employers who had made

[17] A different size breakdown is used here compared to elsewhere in the report. In this case, it reflects where the data showed a natural break between employers – those with ten to 29 staff were the most different from the rest.

[18] This question was asked of all employers in the survey, but is likely to have been less relevant to the 44 respondents who were circumstantial employers (e.g. of nannies or cleaners). They had the option to say 'don't know' at this question, and their inclusion or exclusion would not significantly impact on the findings.

their contributions less generous, made them more generous, or who had altered the variation in their contribution rates somehow. Two-thirds (65 per cent) of these employers said these changes were due to a great extent to automatic enrolment.

Nonetheless, as Table 3.2 highlights, the average (median) contribution rates among employers who had existing schemes remained unchanged post-staging. While sample sizes for these data are relatively low, there is no strong evidence from this survey of any levelling down effect (which describes instances where employers who previously offered schemes have reduced the contribution rate offered to workers on those schemes after automatically enrolling the rest of the workers on the new qualifying scheme post-staging).

Table 3.2 Average contribution rates among those who had pension schemes before automatic enrolment

	Single rate		Varying rates			
	Previous rate	**Current rate**	**Previous lowest**	**Current lowest**	**Previous highest**	**Current highest**
Mean	5.9%	5.6%	3.6%	3.2%	7.2%	7.4%
Median	5%	4%	3%	3%	6%	6%
Base[19]	*247*	*247*	*78*	*78*	*76*	*76*

Offering varying employer contribution rates post-staging

Given that the vast majority simply offered the minimum required contribution rate, varying rates were also uncommon among small and micro employers – just one in ten (ten per cent) offered multiple contribution rates to staff on the scheme.

Varying contribution rates post-staging were more common among employers who already had a workplace pension scheme before staging (21 per cent) and those with 20 to 29 workers (16 per cent). This fits in with the most common reasons employers gave for having varying rates. The top reason given (by 36 per cent of those who had varying rates) was to match the seniority of the staff member – and those with more workers may have had more grades of staff. Another common reason (given by 19 per cent) was because some staff members had already been on an older scheme, so in these cases employers may have kept the previous scheme alongside a new qualifying scheme.

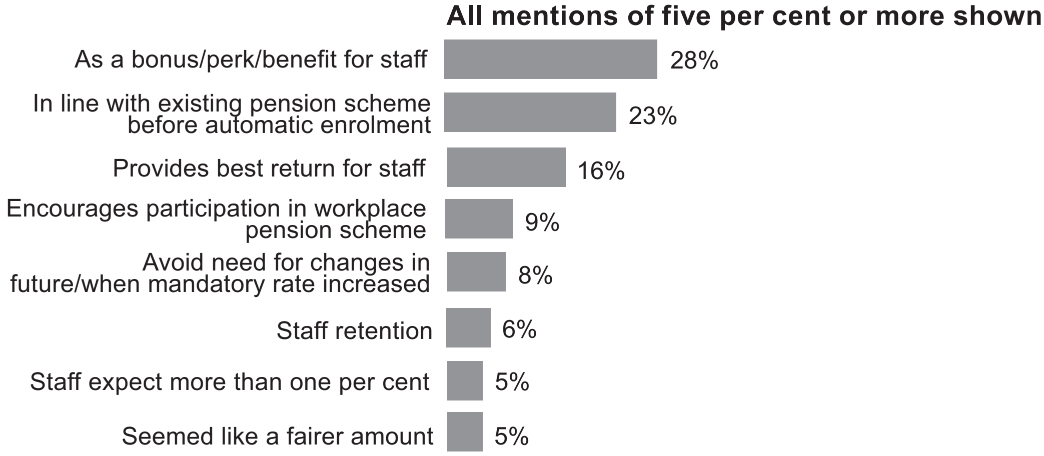
[19] To calculate the figures in this table, only data from respondents who gave a valid answer for both their previous rate and their current rate have been used. If a respondent gave their current rate, but was unable to give their previous rate, they have not been included in the averages. This ensures we are comparing the same set of employers to look at behaviour before and after staging.

3.2 Reasons for contributing more than the legal minimum

Figure 3.1 shows that, among those 21 per cent of small and micro employers already contributing more than one per cent, this was very often just about maintaining the offer they had before automatic enrolment. In three in ten cases (28 per cent), these employers also wanted their higher offer to be seen as a job perk or bonus. It was relatively rare for employers to explicitly say they contributed more because they were planning ahead for the upcoming mandatory increase in minimum contributions (eight per cent) – even though, as aforementioned, most had already set a contribution rate at three per cent or higher.

Figure 3.1 Employers' reasons for contributing more than the current minimum requirement

Q. Currently, the minimum mandatory contribution that employers need to make to a qualifying workplace pension scheme is one per cent. What are your reasons for contributing more than one per cent? (unprompted)



Base: 467 small and micro employers who contribute more than one per cent

Offering more in order to stay in line with a previous scheme was more common among small employers (28 per cent among those with five to 29 staff) than micro employers (13 per cent among those with one to four staff), and among employers in the health, social care or social work sectors (35 per cent, vs. 23 per cent overall). Again, this also reflects that employers in this sector were the most likely to have offered a workplace pension before staging.

Among those contributing more than one per cent:

- Those who agreed that automatic enrolment was a good thing were more likely to contribute more because they thought it would encourage participation in the scheme (15 per cent, vs. nine per cent overall).
- Those with ten to 19 workers were more likely to say they did this in order to retain staff (11 per cent, vs. six per cent overall).
- Those in the finance and insurance sector were more likely to do this because of their workers' expectations of a higher rate (19 per cent, vs. five per cent overall).

4 Perceived burden

This chapter covers how easy or difficult small employers found it to comply with automatic enrolment legislation and the ongoing administration of their workplace pension schemes. This includes the financial and time cost of automatic enrolment, and the types of activities that employers found burdensome.

4.1 Ease of complying and administering automatic enrolment

Perceptions of how easy or difficult it was to comply with automatic enrolment were mixed, as Figure 4.1 illustrates. Over half (54 per cent) said it was easy, whereas three in ten (28 per cent) found it difficult. In contrast, employers were more likely to find the ongoing administration of their pension schemes easy (70 per cent), indicating that once they had passed the initial hurdle, implementation became more straightforward. This latter finding is similar to that found in The Pensions Regulator (TPR) July 2017 Ongoing Duties Survey, which found that 73 per cent of micro employers and 81 per cent of small employers did not report any difficulty keeping up with their ongoing pension duties.

Figure 4.1 How easy or difficult it was to comply with automatic enrolment and carry out ongoing administration of workplace pension schemes

Base: 2,698 small and micro employers with 1 to 29 staff

Perceived ease of complying with the legislation and of administering a pension scheme were both generally consistent across size bands, although employers with 20 to 29 staff were more likely to say they found ongoing administration easy (75 per cent, vs. 70 per cent overall). Responses also did not significantly differ between the employers that had a pension scheme in place before automatic enrolment and those that did not. This indicates that any attitudinal differences between these subgroups (explored in Chapter 5) are not necessarily based on one group facing a higher administrative burden.

Feelings of ease did, however, correlate with the help that employers may have had. Those who used unpaid help for payroll or bookkeeping activities were more likely than average to have found compliance *very* difficult specifically (20 per cent, vs. nine per cent overall) and more difficult in general (42 per cent, vs. 28 per cent overall). They were also more likely to find ongoing administration difficult (20 per cent, vs. 13 per cent overall). This may indicate that these types of employers had more complex arrangements – their overall finances were complex enough to require some sort of help – but that they lacked the external or in-house accountancy expertise that other firms with complex arrangements had to help them through the automatic enrolment process. Indeed, those who actually used accountants or finance firms as a source of advice or guidance when setting up their pension scheme were more likely to have found compliance to be easy (64 per cent, vs. 54 per cent overall).

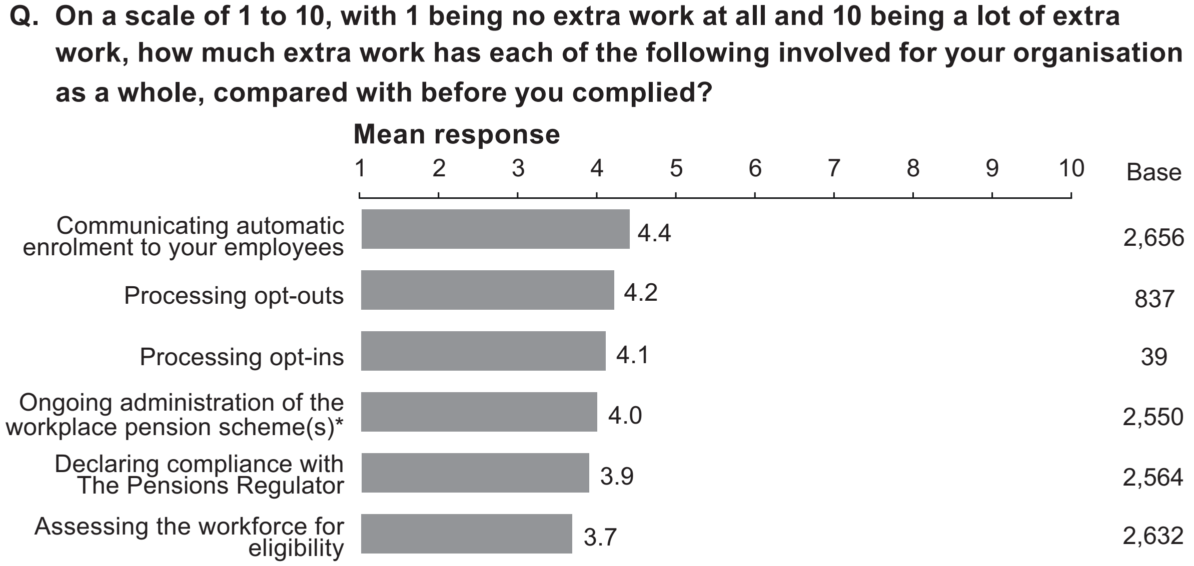
Employers in younger organisations, trading for under five years, were also more likely than others to find ongoing administration to be *very* difficult (12 per cent, vs. four per cent overall).

What aspects caused the most burden?

Employers were asked to rank various aspects of automatic enrolment implementation on a scale of one to ten, where one indicated that this had led to no extra work at all and ten indicating that it had created a lot of extra work. Responses related to opt-outs and opt-ins exclude those that had not experienced any opt-outs or opt-ins respectively. Average scores out of ten (for each aspect) are shown in Figure 4.2.

This indicates that, by a very small margin, communicating automatic enrolment to staff caused the most extra work for small and micro employers, of all the aspects asked about. Nonetheless, the findings also show that there was *no* particular aspect of implementation that stood out as having caused particularly more work across the board.

Figure 4.2 How much extra work various tasks for automatic enrolment take



Bases as stated on chart (excluding "don't know" and "not applicable" responses)
*Including making deductions, dealing with new joiners or leavers, and payment of contributions to the schemes.

Across all six of these aspects, micro employers with one to four staff[20] were more likely to say there was no extra work involved at all. This may reflect that implementation was typically considered more complex when there were more than a handful of staff to deal with.

4.2 Overall cost of implementing automatic enrolment

As Table 4.1 indicates, the vast majority of small and micro employers reported facing some level of implementation costs as a result of automatic enrolment. The median level of cost reported was £400, although this was lower for employers with one to four staff than for those with five to 29 staff, again possibly reflecting the relative simplicity of administration where there were only a handful of staff members.

Table 4.1 Mean and median total cost estimates for implementation of automatic enrolment (excluding any pension contribution costs)

	All	With 1 to 4 workers	With 5 to 29 workers
Mean	£817	£530	£1,016
Median	£400	£200	£500
Where report £0	26%	35%	20%
Base[21]	*1,950*	*696*	*1,254*

[20] Excluding, where appropriate, those who had not experienced any opt-outs or opt-ins respectively. The base size for those who had any workers opting into a workplace pension scheme (where not eligible for automatic enrolment) was especially small, so this finding has a high margin of error.

[21] Bases exclude the respondents who did not know or refused to give a cost estimate.

Those who used an external or in-house accountant for their payroll or bookkeeping tended to have greater automatic enrolment implementation costs (their median cost estimates were £480 and £500 respectively) than those who used unpaid help or no help at all (£159 and £420 respectively). This reflects findings from the 2017 TPR research with external intermediaries, which found that more than half of these intermediaries expected small and micro employers to rely completely on them for ongoing administration – for which there would be an added cost. It could also reflect that the kinds of firms using external or in-house accountants might have had more complex administrative issues, as noted in the previous section.

In terms of sector and location, employers in the manufacturing sector (where the median cost estimate was £626) and those in London (£500) tended to pay more than the average (£400) as well.

4.3 Additional costs and time from ongoing administration

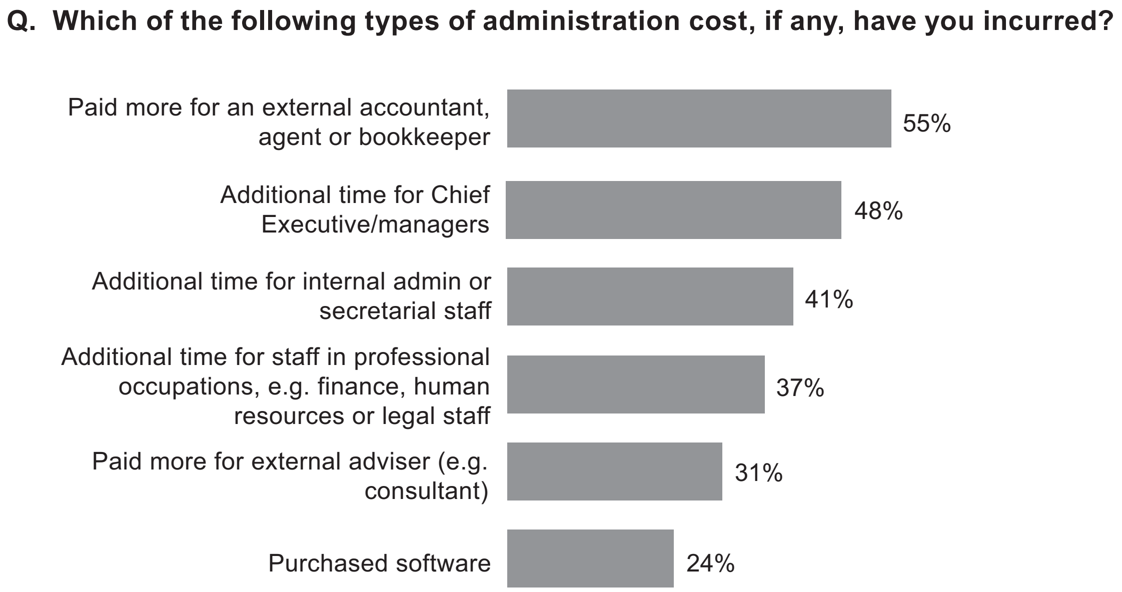
Around two-thirds of small and micro employers (64 per cent) reported incurring increased costs for administering their workplace pension scheme, beyond the initial set-up.

These costs tended to increase alongside the size of the organisation, with the biggest gap between employers with one to four staff (57 per cent reported an ongoing cost) and those with five to 29 staff (69 per cent reported a cost). Employers in agriculture, forestry or fishing were also more likely than the average to report an ongoing cost (72 per cent).

Types of administrative financial and time costs incurred

Figure 4.3 shows the range of administrative costs faced by the 64 per cent of organisations who reported any ongoing cost. The most common response – more spent on external accountants – reflects the findings earlier in this chapter that, where employers had existing relationships with external accountants through things like payroll administration or bookkeeping, many had extended these to cover their pension scheme as well. The next most common answers indicated that it was most likely to be an organisation's Chief Executive or another director dealing with the extra administration created by automatic enrolment, rather than other internal specialists or admin staff.

Figure 4.3 Types of administration costs incurred by employers



Base: 1,741 small and micro employment who incurred additional administration costs

Among those who reported any ongoing cost, employers with one to nine staff were more likely than those with ten to 29 staff to have paid more for an external accountant (57 per cent vs. 49 per cent). Those with ten to 29 staff were instead more likely to have had in-house specialist staff (49 per cent, vs. 37 per cent overall) or admin staff (49 per cent, vs. 41 per cent overall) use more of their time to help with administration, or to have purchased new software (35 per cent, vs. 24 per cent overall).[22]

Those in the food and hospitality sector (68 per cent) and construction sector (67 per cent) were more likely than average (55 per cent) to have paid more for an external accountant, while those in information and communications (62 per cent) and professional, scientific and technical sectors (56 per cent) were more likely than average (48 per cent) to have had additional time spent on administration by senior managers or directors.

Finally, it is worth noting how different costs may impact on the perceived ease of administering workplace pensions. Those who had to pay for external accountants or other external advisers did not necessarily feel that ongoing administration was difficult. By contrast, those who had any kind of internal staff spending time on ongoing administration, or who had to purchase extra software, were all more likely than average to say the ongoing administration was difficult. For example, a quarter (25 per cent, vs. 18 per cent overall) of those who said their senior managers faced an extra time cost because of automatic enrolment also said that they found the ongoing administration to be difficult.

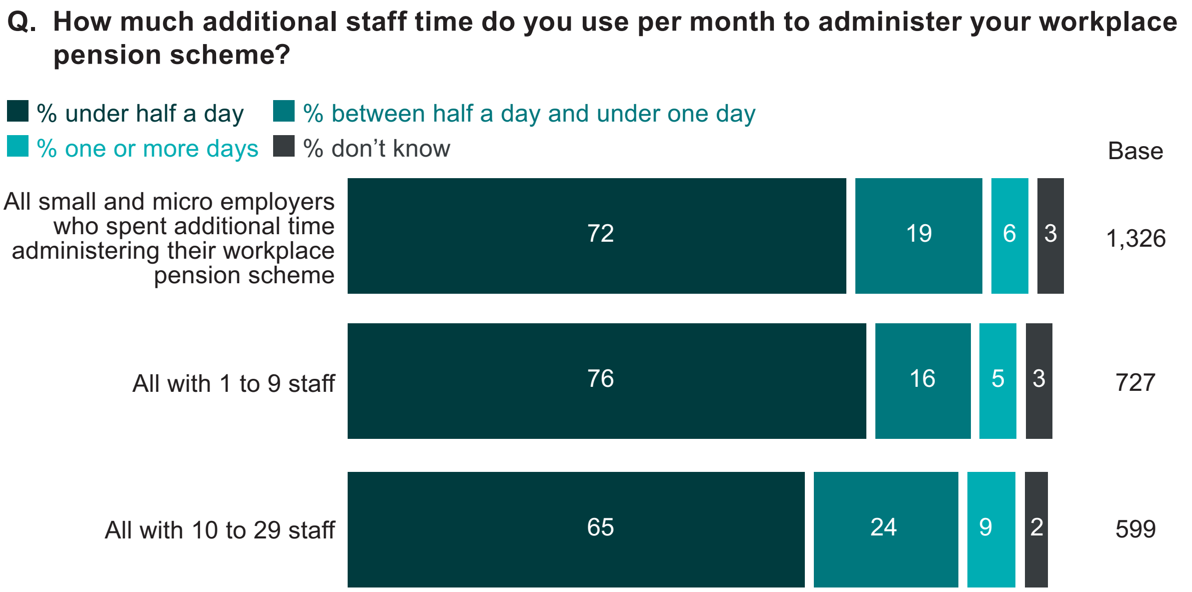
[22] Again, a different size breakdown is used here compared to elsewhere in the report. In this case, it reflects where the data showed a natural break between employers – those with ten to 29 staff were the most different from the rest.

Amount of staff time spent on ongoing administration

Half (49 per cent) of all small or micro employers said that the ongoing administration of the workplace pension scheme took up at least some additional staff time on a regular basis. Figure 4.4 shows that in the vast majority of cases (72 per cent), this time commitment was under half a day a month.

Across small and micro employers of all sizes, very few had to spend more than a day per month on administration, although the time commitment was typically slightly higher in organisations with ten to 29 staff (33 per cent of whom spent half a day or more on administration, vs. 25 per cent overall).[23]

Figure 4.4 Additional staff time per month required to administer workplace pension scheme, by employer size



Bases as stated on chart

The time spent on administration also tended to be higher in the construction sector (44 per cent in this sector spent half a day or more on administration) than on average (25 per cent).

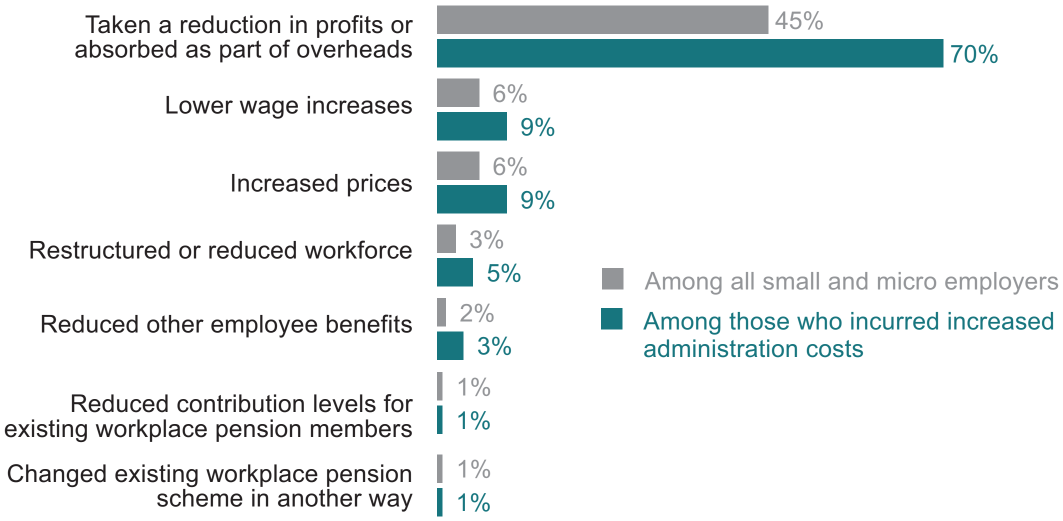
[23] Again, a different size breakdown is used here compared to elsewhere in the report. In this case, it reflects where the data showed a natural break between employers – those with ten to 29 staff were the most different from the rest.

4.4 Actions taken to absorb costs

Among those who faced higher administration costs, seven in ten (70 per cent, amounting to 45 per cent of all small and micro employers) said they had absorbed cost increases by reducing profits, or accepting it as part of an overall higher business overhead cost – in other words, not by lowering wages or increasing prices. The *next* most common means of absorbing the extra cost, shown in Figure 4.5, such as giving lower wage increases and increasing prices, were each done by a relatively small proportion of small and micro employers.

Figure 4.5 Actions taken to absorb any increased workplace pension scheme administration costs (as a proportion of all small and micro employers)

Q. Have you done any of the following to help absorb any increased increased administration cost?



Bases: 2,698 small and micro employers with 1 to 29 staff; 1,741 who incurred increased administration costs

Among those with raised administration costs, the smallest employers were least likely to have taken on reduced profit margins, with those with one to two staff (63 per cent) and three to four staff (64 per cent) both being less likely than average (70 per cent) to say they did this.

Those in the food and hospitality sector were more likely than others to have taken other actions such as increasing prices (16 per cent, vs. nine per cent of those facing higher costs overall) or restructuring or reducing their workforce (ten per cent, vs. five per cent overall).

5 Employer attitudes

The following chapter looks at small and micro employers' attitudes towards workplace pensions generally, and automatic enrolment specifically. It covers overall positivity towards workplace pensions, as well as social norms (i.e. whether workplace pensions were considered normal), and any sense of responsibility that employers had around retirement provision. The findings here provide a context for later chapters covering why workers may have opted out of their workplace pension scheme, and attitudes towards increasing minimum contributions.

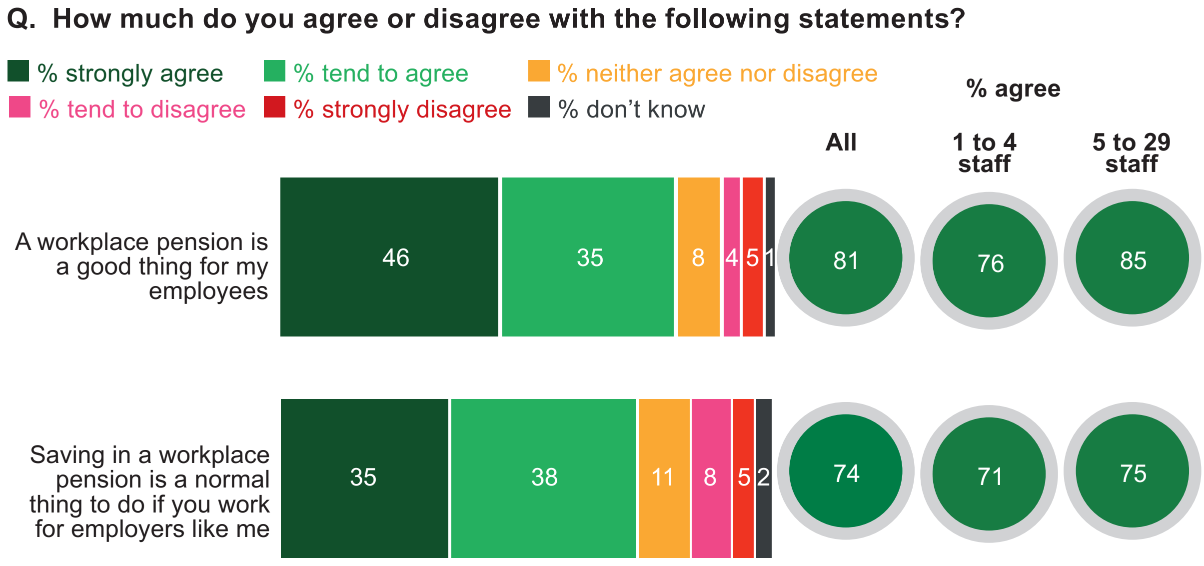
5.1 General attitudes towards workplace pensions

Small and micro employers overwhelmingly held positive opinions of workplace pensions. As Figure 5.1 shows, eight in ten (81 per cent) agreed that having a workplace pension was good for their workers.

Workplace pension schemes were also largely seen as a social norm among these smaller employers, with three-quarters (74 per cent) saying saving into one was normal for staff in firms like theirs. As might be expected, agreement was higher in firms that had operated a workplace pension scheme prior to automatic enrolment (80 per cent agreed, vs. 72 per cent among those who had not previously operated a scheme).

The normalisation of workplace pensions was correlated with other positive attitudes among employers. Among those who agreed that it was normal for staff like theirs to have a workplace pension, nine in ten (93 per cent) believed that workplace pensions were a good thing for their employees. Among those who disagreed it was normal, just four in ten (39 per cent) believed workplace pensions were a good thing.

Figure 5.1 Positivity towards workplace pensions and social norms



Bases: 2,698 small and micro employers with 1 to 29 staff; 958 with 1 to 4 staff; 1,740 with 5 to 29 staff

Small businesses were more positive across both statements. In fact, positivity rose gradually with employer size, with the most positive being businesses with 20 to 29 workers (90 per cent agreed that a workplace pension was a good thing for their staff) and the least positive being those with just one to two employees (79 per cent agreed).

Employers from urban areas were also somewhat more positive about workplace pensions than those from rural areas (83 per cent vs. 77 per cent agreeing they were a good thing for staff).

Two sectors stood out in terms of strong social norms. Both employers in finance and insurance firms (88 per cent) and those in health, social care or social work organisations (84 per cent) were more likely than average (74 per cent) to agree that having a workplace pension was a normal thing for staff like theirs – both being among the sectors where small and micro employers were most likely to have offered workplace pensions before automatic enrolment. By contrast, employers from the retail, wholesale and vehicle repair industries were among the least likely to agree (67 per cent).

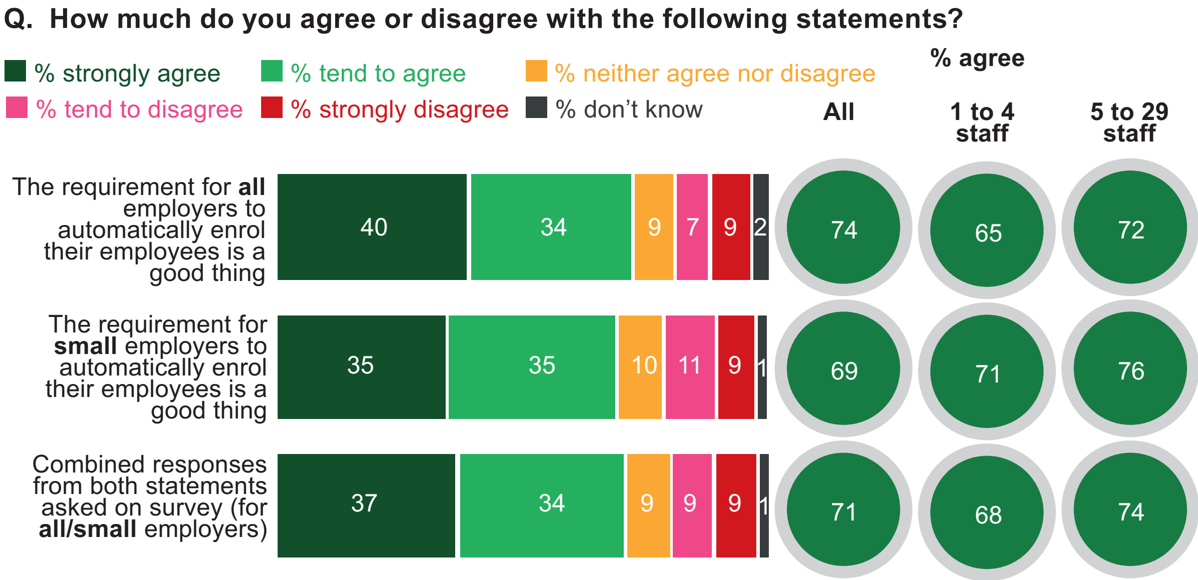
Finally, it is worth noting the correlation between economic confidence and positive attitudes. Those who thought their business situation would improve over the next 12 months were more likely to agree that a workplace pension was a good thing for staff than those who felt the situation would get worse (86 per cent vs. 73 per cent).

5.2 Attitudes towards automatic enrolment

The survey asked employers if they thought automatic enrolment was a good thing, using two different sets of phrasing, shown in Figure 5.2.[24] Regardless of the phrasing used, when combining responses, a clear majority (71 per cent) were in favour of automatic enrolment. However, a sizeable minority (18 per cent) disagreed across both phrases, highlighting that there are still some smaller employers who are less on board with the legislation.

Employers tended to be more positive when thinking of *all* employers automatically enrolling their staff, rather than focusing on *small* employers like them (74 per cent vs. 69 per cent agreeing that automatic enrolment was a good thing). This difference suggests that smaller employers as a whole may react more positively towards the automatic enrolment policy when it is clear that employers of all sizes are affected.

Figure 5.2 Agreement that automatic enrolment is a good thing



Bases: 2,698 small and micro employers with 1 to 29 staff; 958 with 1 to 4 staff; 1,740 with 5 to 29 staff

Looking at the combined set of responses, some of the same subgroup differences emerged. Positivity rose alongside the size of the employer (80 per cent of those with 20 to 29 staff agreed, vs. 69 per cent of those with one to two staff). Those who thought their business situation would improve over the next 12 months were more positive than those who thought it would get worse (80 per cent vs. 60 per cent).

Those who had been trading for fewer than five years were more positive than average (88 per cent, vs. 71 per cent overall). It is worth remembering that these firms had started trading *after* the introduction of automatic enrolment legislation, so may have had less of a reference point to a period before this.

[24] Both versions of this question were asked respectively to one half of the sample, chosen at random.

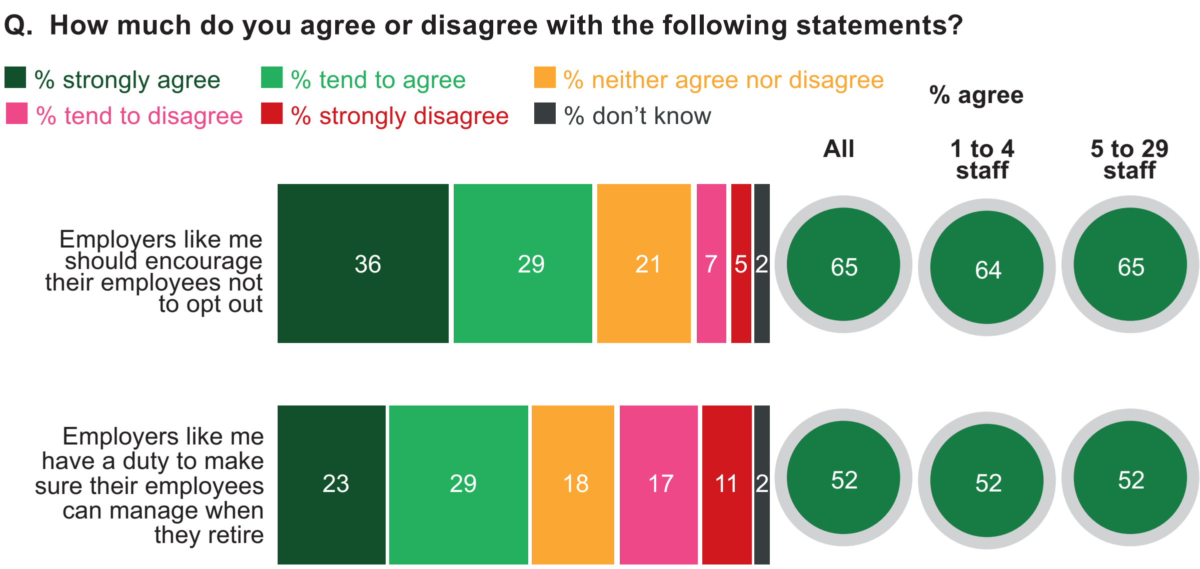
Two information sources around automatic enrolment were also associated with more positive attitudes. Those who recalled receiving information via a letter from The Pensions Regulator (TPR) (76 per cent) or having a phone call with TPR (90 per cent) were both more likely to agree than average (71 per cent).

5.3 Sense of personal responsibility towards retirement provision

Whereas agreement that workplace pensions were a good thing was overwhelming, smaller employers were more split over whether helping staff members to save for retirement was a corporate responsibility. Two-thirds (65 per cent) agreed that they should encourage their staff not to opt out of the workplace pension scheme, and around half (52 per cent) felt a sense of duty to make sure staff could manage financially in retirement. Across both questions, around a fifth of employers remained neutral, while a substantive minority of around a third (28 per cent) disagreed that it was their duty to support their workers' retirement. This suggests that, at present, small and micro employers' sense of personal or moral responsibility around workplace pensions is – compared to the other attitudes measured in this survey – relatively limited.

Nonetheless, those who already offered workplace pension schemes prior to automatic enrolment tended to have a greater sense of responsibility than average (70 per cent of this group felt they should encourage employees to stay in, and 56 per cent felt a sense of duty to make sure staff could manage financially in retirement).

Figure 5.3 Agreement that employers should encourage staff to stay in the workplace pension scheme and have a sense of duty to support workers to save for retirement



Bases: 2,698 small and micro employers with 1 to 29 staff; 958 with 1 to 4 staff; 1,740 with 5 to 29 staff

In terms of sense of personal duty, there was a very clear gap between organisations with 20 to 29 staff (58 per cent agreed) and the rest (51 per cent). This is unlike the other attitudes covered in this chapter, where agreement rose *gradually* alongside the size of the employer.

Employers within the finance and insurance industry (65 per cent), education sector (60 per cent) and health, social care and social work sectors (59 per cent) were more likely than average (52 per cent) to consider it a duty to support their workers' retirement. Once again, those in the retail, wholesale and vehicle repair sectors were among the least likely to agree (46 per cent).

As seen previously, those with a more positive business outlook, expecting their business situation to improve over the next 12 months, were also more likely to feel a sense of duty towards workers' retirements (58 per cent agreed) than those who felt their situation would decline (48 per cent agreed).

In England, employers in the top 25 per cent most deprived areas were more likely than others to feel that they had a duty to ensure their workers can manage financially when they retire (54 per cent, vs. 47 per cent of employers in the 25 per cent of least deprived areas).

6 Employer communications

This chapter covers how employers communicated automatic enrolment with their staff, and how much encouragement they say they gave their workers to stay in the workplace pension scheme.

6.1 Written communications

Employers are required to inform workers in writing about automatic enrolment no later than six weeks after staging. Nonetheless, one in five employers (18 per cent) reported that they did not send any form of written communication (either a letter to staff, all staff emails, or individual emails) about automatic enrolment or workplace pensions to their workers.

Those who reported less confidence managing their organisation's finances[25] or who disagreed that workplace pensions were good for staff were more likely not to send written communications (24 per cent and 26 per cent respectively). The former finding suggests that there are certain employers who are likely to be less confident – both with regards to financial administration of automatic enrolment, and communication of the subject.

Not sending written communication was more common among micro (30 per cent among those with one to four staff) than small employers (ten per cent among those with five to 29 staff). This difference was driven in particular by the smallest employers – either individuals employing domestic services (27 per cent) or those with only one or two members of staff (37 per cent).

Employers operating in food or hospitality were also more likely not to send written communication (29 per cent). This also reflects the slightly wider lack of engagement with automatic enrolment within this sector – employers in this sector were more likely than average to strongly disagree that the requirement for small employers, such as themselves, to automatically enrol their workers was a good thing (18 per cent, vs. nine per cent overall).

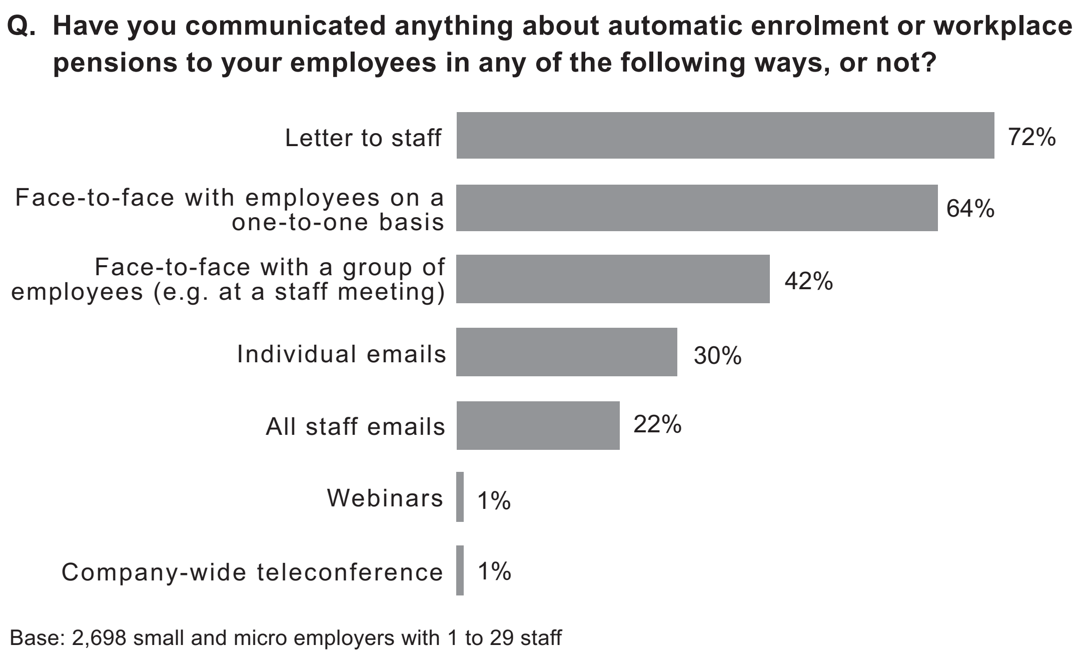
6.2 Other communications (including face-to-face)

The Department for Work and Pensions' (DWP) 2017 qualitative research with small and micro employers highlighted that these employers often chose different means of communication at the various stages of the automatic enrolment process, for example starting out with informal conversations around six months before staging, followed later by formal staff meetings, and finally the statutory letter. This informs the survey findings presented here, showing that the vast majority of employers have communicated the changes in multiple ways.

[25] This refers to those who disagreed that they were 'very confident' with this.

The various communication channels, beyond written communication, that employers used are shown in Figure 6.1. It was relatively rare for employers to just use letters or emails to communicate automatic enrolment to their staff (18 per cent did this). Moreover, most communicated the changes in various ways – very few adopted one, sole form of communication (just 13 per cent did this), such as only sending a letter (11 per cent), only an individual email (one per cent), or only an all staff email (one per cent) to their workers.

Figure 6.1 Employers' means of communicating automatic enrolment to their staff



The 2017 DWP qualitative research with small and micro employers also suggested that micro employers preferred face-to-face communication, as it felt more natural and they already had close one-to-one relationships with their staff. On this, the survey finds that communicating automatic enrolment personally to individual workers was common (64 per cent did this) but, perhaps understandably, employers with more staff were somewhat less inclined to do so. Seven in ten employers (72 per cent) with only one or two staff members communicated the changes to each of their workers, falling to six in ten employers (58 per cent) with 20 to 29 members of staff.

Employers who contributed more to workplace pensions than the minimum requirement were more likely to communicate automatic enrolment face-to-face (72 per cent used non-written communication, vs. 64 per cent overall).

Preference for face-to-face communication

The survey also asked employers about their preferred method of communicating automatic enrolment. Face-to-face communication with employees on a one-to-one basis was the most common preference (37 per cent), with a letter to staff being the next most common choice (27 per cent).

Findings elsewhere in the survey help to explain this, showing that small and micro employers considered face-to-face communication less burdensome than written communication. As covered in Chapter 4, employers were asked to rank communicating automatic enrolment on a scale of one to ten, where one indicated that this had led to no extra work at all and ten indicating that it had created a lot of extra work. Employers using any non-written forms of communication gave an average (mean) response of 3.7, while the 18 per cent of employers using only written forms of communication gave an average response of 4.6.

6.3 Potential impact of employer attitudes on communication

Employer attitudes towards workplace pensions may have also influenced how they chose to communicate automatic enrolment to their workers:

- Those who did not agree that saving into a workplace pension was a social norm for workers like theirs were more likely to send just one form of written communication (18 per cent, vs. 13 per cent on average).
- Employers who were generally less positive were similarly more inclined to send just one form of written communication about automatic enrolment. This includes those who did not feel workplace pensions were a good thing for their workers (18 per cent sent just one form of written communication, vs. 13 per cent on average), and those who did not think that automatic enrolment was a good thing (15 per cent sent just a single piece of written communication).

6.4 Encouraging workers to remain in the workplace pension

Employers were asked how much encouragement they felt they had given to their workers to remain within the scheme on a scale of one to ten, where one represented no encouragement and ten represented strong encouragement. Most reported that they had actively encouraged their workers to stay in the workplace pension scheme, with an average (mean) response of 6.3. Just one in ten (ten per cent) reported giving no encouragement at all.

The following groups of employers all said they had given a stronger sense of encouragement than the average (6.3): those who had a previous workplace pension prior to automatic enrolment (7.1), employers in the finance and insurance sector (7.4), and employers operating as non-profit organisations or charities (6.8).

7 Worker actions following automatic enrolment

This chapter looks at the proportion of eligible workers staying in or opting out of their workplace pension scheme, or ceasing active membership (i.e. a month or more after being enrolled). It also covers the characteristics and factors associated with opting out, in terms of employee demographics, employer characteristics and employer attitudes.

Information on the actions taken by employees (i.e. how many stayed in, opted out or ceased), and employee demographics were collected via the employers surveyed, rather than directly from the employees.

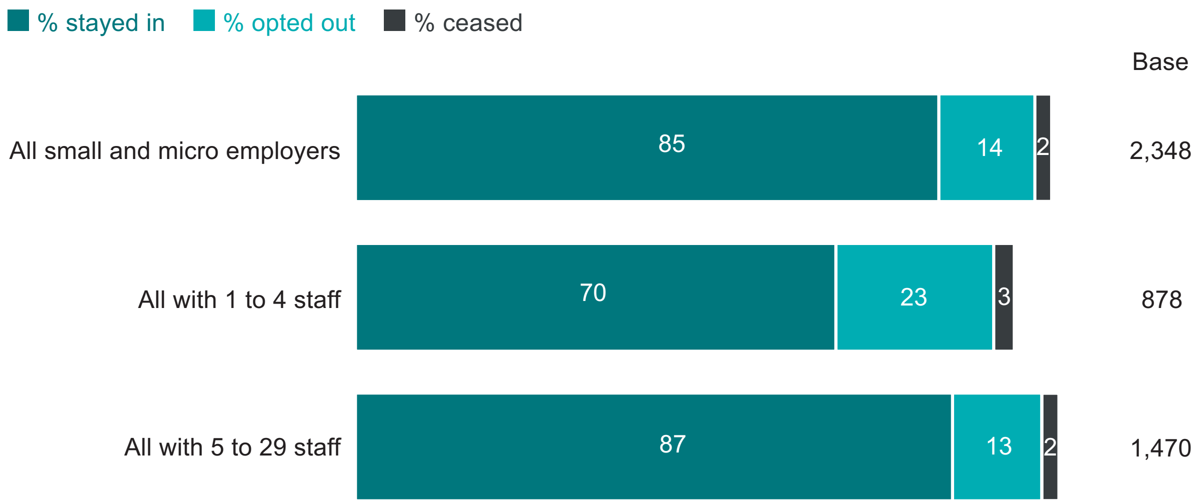
7.1 Worker opt-out and cessation rates

Overall, an average of over eight in ten eligible workers (85 per cent) from small and micro organisations stayed in their workplace pension scheme, while 14 per cent opted out within a month. A further two per cent initially stayed in, but then ceased contributions after a month.[26] Figure 7.1 also shows that opt-out rates were, on average, higher within micro organisations than in small ones.[27]

[26] For some of these employers, there would have been a very short period of time between implementation of automatic enrolment (e.g. March 2017) and the survey interview (July to October 2017). Cessation is therefore likely to be lower in this survey than in those where cessation is measured over a longer period.

[27] It should be noted that the average opt-out and cessation rates quoted here are showing the average (mean) percentage of all *workers* in small and micro firms who opted-out or ceased contributing. This is different to the average opt-out rate across small and micro *employers*. As a worked example, if an employer with two staff had one of them opt out, and an employer with four staff had one of theirs opt out, the average *worker* opt-out rate would be 2/6 workers, or 33 per cent. The average opt-out rate across the two *employers* would be an average of 50 per cent and 25 per cent – in other words, 38 per cent. The approach taken in this report is consistent with the 2017 Employers' Pension Provision survey by DWP.

Figure 7.1 Summary of worker opt-out and cessation rates



Bases as stated on chart
Derived percentages are rounded and do not show "don't know" responses, which is why bars do not add to 100%

The opt-out and cessation rates presented here are very different from those found in the 2017 Employers' Pension Provision (EPP) survey (also carried out on behalf of Department for Work and Pensions (DWP)). That survey found opt-out rates of nine per cent among all employers and ten per cent specifically among micro employers. This difference is covered in detail in the Automatic Enrolment Review 2017 Analytical Report, which notes that the small and micro employer populations measured in EPP 2017 and in this survey are not directly comparable. EPP 2017 represents small and micro employers who started enrolling staff from June 2015 onwards, whereas this survey only includes employers who enrolled staff between autumn 2016 and spring 2017. EPP 2017 also defines small and micro employers as those with one to 49 staff, which is a broader definition than the one used in this survey (one to 29 staff).

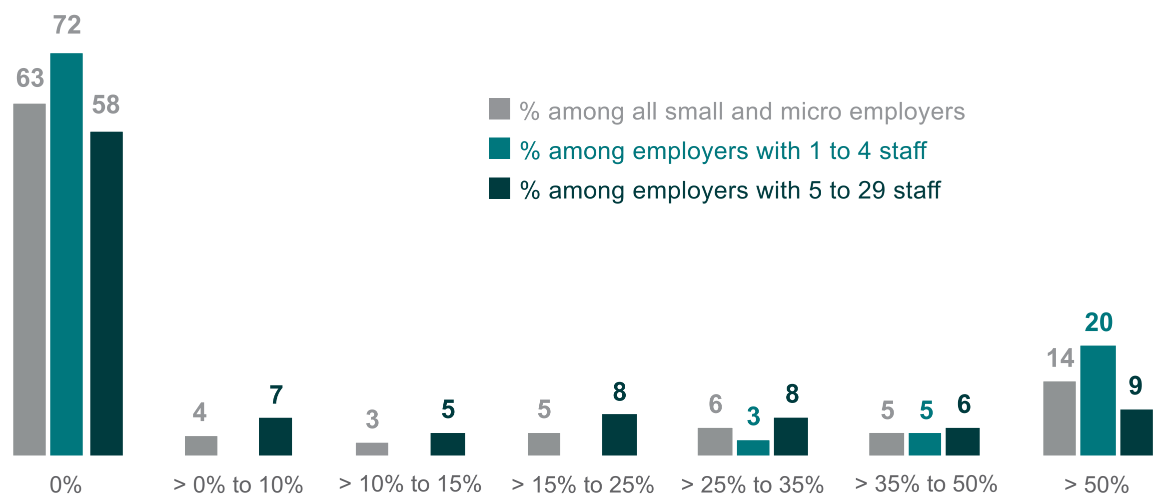
The fact that EPP 2017 found a lower average opt-out rate is to be expected given the population differences between the two surveys. The survey reported here covered small and micro employers enrolling staff for the first time, most likely without any previous culture of workplace pension provision. EPP 2017, by contrast, covered the opt-out rate of workers enrolled within the 2016/17 financial year, within small and micro employers who may have had staging dates stretching back to July 2015. Therefore, the small and micro employers in EPP 2017 were typically those where workplace pension schemes had already been normalised.

Clustering in the opt-out rate

Three in five employers (61 per cent) had more than 95 per cent of their eligible workers stay in. Figure 7.2 shows that three in five employers (63 per cent) had no eligible workers opting out and 14 per cent had a majority of their staff opting out.

Figure 7.2 also shows the clustering at either end of the scale. In the vast majority of cases, there were either *no* workers opting out, or – at the other extreme – all workers choosing to do so, and few cases in between. This kind of clustering is nonetheless to be expected given that the survey covers only the smallest employers.[28]

Figure 7.2 Proportion of employers with specific opt-out rates



Bases: 2,348 small and micro employers with 1 to 29 staff; 878 with 1 to 4 staff; 1,470 with 5 to 29 staff

[28] For example, an employer with two eligible employees will by definition only have opt-out rates of 100 per cent (if both workers opt out), 50 per cent (if only one opts out) or zero per cent (if both stay in), which lends itself to clustering at the extreme ends.

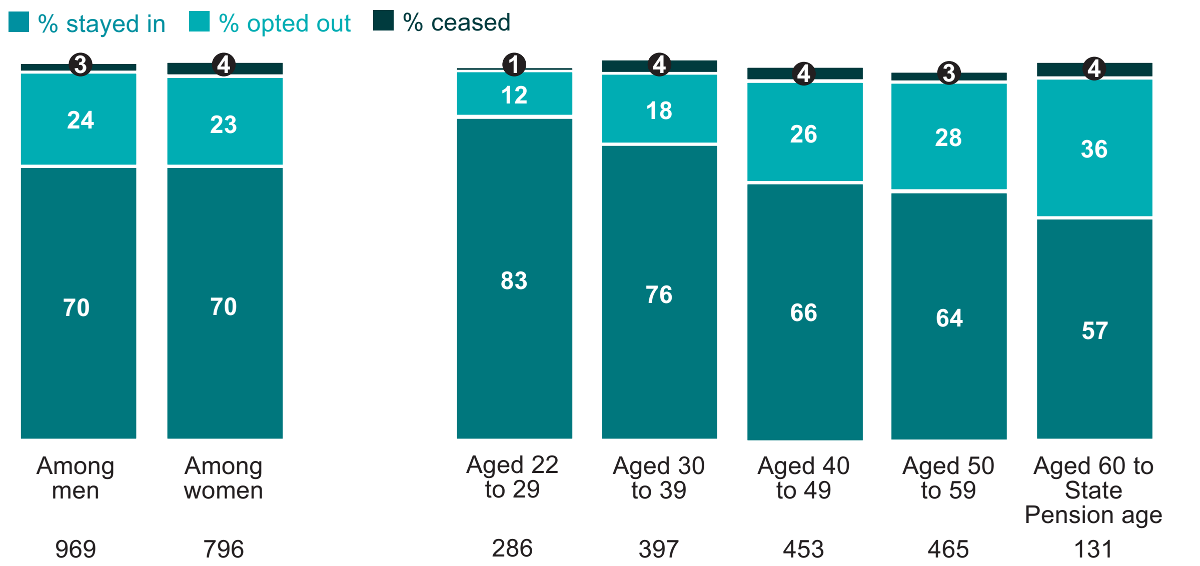
7.2 Characteristics of workers who opted out within micro employers

DWP's 2017 qualitative research with workers from small and micro organisations found that prominent reasons for workers opting out of a workplace pension scheme included them not thinking they could afford to save for retirement, or expecting that other provision would provide for them. This qualitative research also found older workers opting out because they felt they had sufficient existing pension provision or investments.

These reasons are all reflected in the survey findings, which show that part-time workers were more likely to opt out, as were the highest and lowest earners, older people and those who had worked at the employer for a longer period. These data are shown in Figures 7.3 and 7.4. The survey only collected full demographic data on workers within micro organisations (to reduce the burden of the survey for employers with a larger number of staff), so the following analysis excludes those working for small employers.

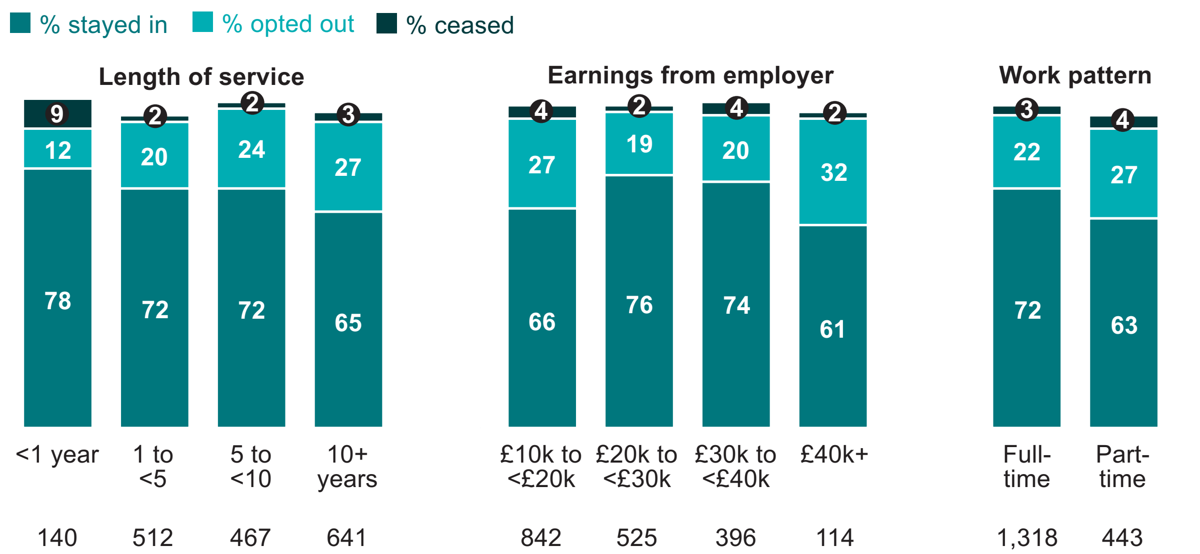
The DWP qualitative research identified another group – the 'transitory young' – who were more likely to opt out of the workplace pension scheme because they did not expect to be in the same job for very long. The survey suggests that as a whole, the younger age group (22 to 29 year-olds) and those who have been in their jobs for under a year were among the least likely to opt out, suggesting that inertia still plays a strong role in getting those transitioning between jobs to remain saving. Instead, it is more clearly the older age groups (aged 40+) who were most likely to opt out.

Figure 7.3 Proportion of eligible workers staying in, opting out and ceasing, by gender and age – micro workers only



Bases as stated under bar labels
Derived percentages are rounded and do not show "don't know" responses, which is why bars do not add to 100%

Figure 7.4 Proportion of eligible workers staying in, opting out and ceasing, by length of service, age and full/part-time – micro workers only



Bases as stated under bar labels
Derived percentages are rounded and do not show "don't know" responses, which is why bars do not add to 100%

7.3 Factors affecting opt-out rates

In order to more fully understand the factors that affected opt-out rates, beyond simple subgroup analysis, a statistical *key drivers analysis* was undertaken.[29] This analysis models the specific employer attitudes, employer characteristics and worker demographics that are observed to make an impact on the opt-out rate, *while controlling for other factors*.

The analysis was undertaken separately for micro employers (with one to four staff) and small employers (with five to 29 staff). The analysis for small employers looked at what factors could help explain instances where more than a fifth of eligible workers opted out. The analysis for micro employers had a higher threshold, accounting for the lower number of staff (meaning that opt-out rates would naturally be higher). It looked at what factors might explain instances where more than half of the eligible staff opted out within these micro firms.

Completed analysis revealed that the factors measured explained a very small proportion of differences in opt-out rates. Results are included here for transparency but should be treated with caution, given the low explanatory power. These results also help to underline the importance of other factors not measured in this survey, and the bigger role they are likely to play in influencing workers' decisions.

Results of the key drivers analysis

Table 7.1 shows the factors that emerged as statistically significant in the key drivers analysis for micro employers, and the percentages of micro employers fitting into these categories (which gives a sense of what the biggest areas are to be addressed). These factors suggest that employer attitudes have an impact on workers' choices. In this model, a greater tendency for workers to opt out was partially explained by micro employers:

- Disagreeing that a workplace pension was a good thing for their staff.
- Having a poorer sense of social norms (i.e. disagreeing that saving into a workplace pension was normal for staff like theirs).
- Not feeling that they should encourage staff to stay in when enrolled.

Demographic factors outlined earlier in this chapter, such as having higher proportions of lower earners, and lower proportions of younger staff members (under 30 years old), also emerge as significant drivers of opt-outs in this model.

[29] Technical details of this analysis can be found in Appendix A.

Table 7.1 Statistically significant key drivers of more than half the eligible workers opting out within a micro employer

	% of micro employers who fit this category
Having to set up a new qualifying workplace pension scheme (i.e. no previous workplace pension scheme in place)	89%
Having a previous workplace pension scheme that offered the same rate to all workers	58%
More than half of workers earning £10,000 to £20,000 a year	45%
More than half of all workers earning under £10,000 a year	22%
Employer disagrees that automatic enrolment is a good thing	21%
Less than half of all workers are aged under 30 years	18%
Employer disagrees that saving into a workplace pension is normal	15%
Employer disagrees that workplace pensions are good for their workers	13%
Employer disagrees that employers should encourage workers to stay in	13%
Employer feels automatic enrolment has caused extra work in assessing workers (giving a score of 8 to 10 at this question)	10%

The analysis for small employers, shown in Table 7.2, again suggests that employer attitudes do make a difference to opt-out rates, but a narrower set of factors emerge as statistically significant when compared to micro employers, implying that the impact these employers can make on their workers' choices around automatic enrolment is more limited than with micro employers.

Table 7.2 Statistically significant key drivers of more than a fifth of eligible workers opting out within a small employer

	% of small employers who fit this category
Employer disagrees they are very confident in dealing with the organisation's finances	93%
Employer disagrees that employers should encourage workers to stay in	39%
Employer does not use in-house accountant for bookkeeping or payroll	11%

It is worth noting that the results from both analyses have a very low R^2 value (12 per cent for micro employers and three per cent for small employers). This is a measure of explanatory power – the closer the R^2 value is to 100 per cent, the more closely the analysis explains what led workers to opt out. In this case, the very low values suggest that, in the round, the impact that employers had on whether their staff chose to opt out was marginal, in terms of employer attitudes and characteristics. Staff demographics – at least those measured in this survey, including gender, age, pay grade, length of service, and whether full-time or part-time – also appeared to play a relatively limited role overall in workers' choices. Instead, the findings suggest that other factors, such as staff attitudes and personal circumstances, may have the most impact. For example, DWP's Automatic Enrolment Review 2017 Analytical Report discusses two areas of staff attitudes that may be linked to lower opt-out rates:

- Whether workers felt that a workplace pension was a good thing for them personally.
- Whether they felt it was normal for someone like them to have a workplace pension.

As aforementioned, DWP's 2017 qualitative research with workers from small and micro organisations found that other factors, including pressure on incomes, feeling that retirement was a long way off, already having provision and having limited faith in private pensions, also played a part in workers' decisions to opt out. These kinds of staff attitudes and personal circumstances were not possible to measure in this employer survey.

Correlation between communication of automatic enrolment and opt-out rate

In terms of simple correlational analysis (i.e. outside of the more sophisticated key drivers analysis), there were no observed differences in opt-out rate based on the way employers communicated automatic enrolment. However, it is important to note that there were relatively small sample sizes for employers solely communicating via writing. In other words, the average opt-out rates across *typical* small and micro employers – those who communicated with staff via a range of channels – are likely to have been in line with those shown in Figure 7.1.

8 Increasing minimum contributions

At the time of research, the minimum contribution rate for employers was one per cent of a worker's qualifying earnings. In April 2018, this increased to two per cent, to be followed by a further increase to three per cent in April 2019.[30]

This section of the report addresses small and micro employers' awareness and attitudes with regards to these upcoming changes. The survey specifically asked about the increase to three per cent taking place in April 2019, and not the April 2018 increase to two per cent (because the Department for Work and Pensions' (DWP) qualitative research identified that there was more concern from employers and their workers about the affordability of the April 2019 increase). It is worth noting that The Pensions Regulator (TPR) July 2017 Ongoing Duties Survey found that most small employers (88 per cent) and micro employers (76 per cent) were aware of upcoming increases.

8.1 Awareness of upcoming changes to the minimum contribution rate

Awareness of the employer contribution rising to three per cent was relatively high, with eight in ten (78 per cent) saying they had heard about this. Even when focusing solely on those who were currently contributing less than three per cent, i.e. those who would be affected by this change, awareness was around the same level (at 77 per cent).

There was typically lower awareness among micro employers with one to four staff (71 per cent were aware), those in the health, social care and social work sectors (69 per cent), food and hospitality sectors (71 per cent) and those carrying out other service activities (72 per cent, which includes membership organisations, as well as repair, washing, hairdressing and sports services).

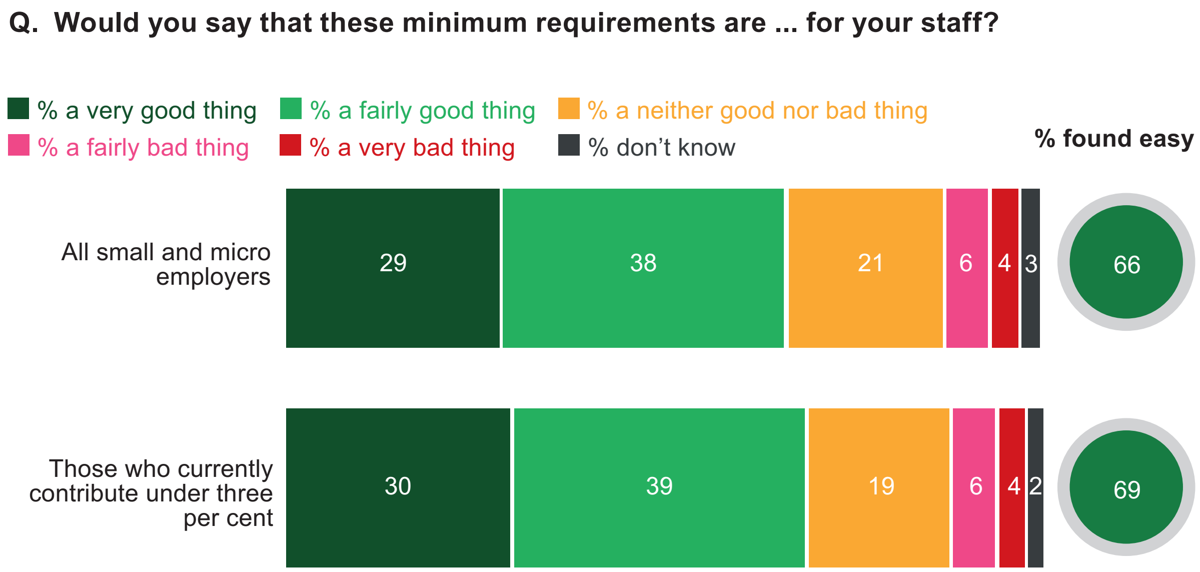
Those using external accountants for their payroll or bookkeeping were also typically somewhat less aware than those who had internal help or no help for this function (75 per cent aware, vs. 78 per cent on average).

[30] Alongside this increase, the minimum contribution from workers increased from one per cent to three per cent of their qualifying earnings in April 2018, and will increase to five per cent in April 2019.

8.2 Employer attitudes towards an increased minimum contribution rate

When asked what they thought about the increased contribution rate, most small and micro employers shared a generally positive view on the changes. Two-thirds (66 per cent) of employers believed the increase was a good thing for their staff, compared to just one in ten (ten per cent) who viewed it as a bad thing, as shown in Figure 8.1. Again, this is around the same level specifically for those who would be directly affected by this change.

Figure 8.1 Agreement that increased minimum employer contributions are a good thing for workers



Base: 2,698 small and micro employers with 1 to 29 staff; 1,545 contributing less than three per cent

Once more, this response was strongly linked to economic confidence (with 73 per cent of those who thought their situation would improve over the next 12 months agreeing, vs. 56 per cent of those who thought their situation would get worse). This suggests that employers' sense of their own financial situation may influence their views of whether higher pension contributions were good for their staff or not.

Those least positive about the upcoming changes tended to be from the retail, wholesale and vehicle repair sectors (60 per cent felt the changes were a good thing, vs. 66 per cent overall). Those in the information and communication sector (77 per cent), finance and insurance sector (77 per cent) and charitable or non-profit organisations (72 per cent) were most positive. As opposed to general attitudes about workplace pensions and about automatic enrolment, there was little difference by employer size in response to increasing contributions.

Within England, employers in the 25 per cent least deprived areas were more positive about increased minimum contributions than those from the top 25 per cent most deprived areas (68 per cent vs. 62 per cent agreeing).

Reasons for considering increased minimum employer contributions a good thing or bad thing

In the 2017 DWP qualitative work, small and micro employers were found to often have paternalistic concerns towards their staff, reflecting the close relationships that these smaller employers tended to have with staff generally.

This paternalism is also reflected in the survey findings. Among the two-thirds who said that increased minimum contributions were a good thing, eight in ten (80 per cent) said this was because it would help their workers save more for retirement. The second most common unprompted reason given (by 23 per cent) was also that they believed it would make their staff *think more* about retirement.

Among the ten per cent who considered higher contributions a bad thing for their workers, the most common objection raised was that staff would not find it affordable (44 per cent) – this reflected that the survey asked employers to consider both the rising employer *and worker* contribution rates. The objection that it was not affordable for the employer came second (25 per cent), with the next most common reason being that it should be the individual's choice about how much they contribute (17 per cent).

8.3 Perceived ease of compliance

Employers were asked how easy or difficult they would find coping with the increased minimum contribution rate. Over two-fifths (44 per cent) believed they would find it easy to comply and three in ten (29 per cent) thought they would find it difficult, as Figure 8.2 indicates.

Figure 8.2 Perceived ease of compliance with higher minimum contributions

Base: 2,698 small and micro employers with 1 to 29 staff; 1,545 contributing under three per cent

Micro employers with one to four staff were somewhat more likely to assume that complying with the changes would be easy (47 per cent, vs. 44 per cent overall).

In terms of who was more likely to find the changes difficult, those in the education sector stood out (43 per cent said it would be difficult, vs. 29 per cent overall), as did those who used unpaid help for their payroll or bookkeeping (42 per cent).

As might be expected, this response was also strongly linked to employers' economic confidence (20 per cent of those who thought their business situation would improve over the next 12 months thought coping with the changes would be difficult, versus 46 per cent of those who felt their situation would get worse).

The DWP 2017 qualitative research suggested that small and micro employers who felt they had more time to prepare and plan for the increases in contribution rate were more confident about their ability to cope with it. This survey also found an association between awareness of this upcoming change and perceived ease of coping (27 per cent of those aware of the change before taking part in the survey thought it would be difficult, vs. 35 per cent of those not aware). Taken together, these findings suggest that raising awareness may lead to greater ease with the planned increases.

9 Conclusions

How do small and micro employers feel towards workplace pensions?

Overall, there is widespread support for workplace pensions among small and micro employers. A large majority of employers were positive about the requirement to automatically enrol eligible staff, and saw saving into a workplace pension as a social norm. This is despite the fact that four-fifths had no prior experience of workplace pension schemes. Altogether, this may reflect that automatic enrolment itself has played a big part in normalising the notion of workplace pensions among these types of employers.

Like the Department for Work and Pensions' (DWP) 2017 qualitative research, there are also findings that suggest many employers of this size take a paternalistic approach to their staff, and have supported automatic enrolment or the upcoming increase in minimum employer contribution rates because it will help staff when it comes to retirement saving. With that said, it should also be remembered that these employers did not feel an especially strong sense of *duty* towards their staff in retirement – it may be unrealistic at this stage to expect many small and micro employers to go above and beyond the minimum requirements.

What has been the impact of automatic enrolment?

This survey confirms that the vast majority of workers from recently staging small and micro employers have stayed in a workplace pension after being automatically enrolled, echoing the findings of previous research and reviews of the policy.

Looking at the employers themselves, the vast majority note that they have found ongoing administration of their workplace pension schemes to be easy. Around four-fifths found there was a financial or time cost to administering the schemes, but this was typically estimated to be low – under half a day per month in most cases.

The findings also highlight the importance of the default minimum contribution rate. Overwhelmingly, employers have chosen to make contributions at this rate. Nonetheless, with increases in the default minimum contribution rates set for April 2018 and April 2019, the survey has also found a sizable minority of small and micro employers who have already future-proofed their pension schemes with a three per cent employer contribution.

Furthermore, there was an overall positive anticipation of the upcoming increases among small and micro employers. The vast majority were aware of these upcoming changes, but there was still a fifth who were unaware. Raising awareness among these employers may help ease them into the planned changes.

What are the factors behind opt-outs?

Those most likely to opt out within micro organisations were part-time workers, older people and those who had worked at the employer for a longer period, as well as those at both the highest and lowest paid ends of the spectrum.

However, while the findings suggest that both employer attitudes and staff demographics may have played a role in workers' decisions to opt out, they were very limited factors. It may therefore be that other factors not measured in this survey, such as staff attitudes and personal circumstances (e.g. whether they feel a workplace pension is good for them, a normal thing to have, or affordable) are more important factors in explaining opt-outs.

The important role of intermediaries among small and micro employers

Mirroring recent The Pensions Regulator (TPR) research, this survey highlights the important part that intermediaries such as accountants and financial services firms – and to a lesser extent, Independent Financial Advisers (IFAs) – played in small and micro employers' automatic enrolment journey. They were among the most common sources of information, advice and guidance, and those who used external intermediaries were more likely to have found compliance with automatic enrolment easy. They were also one of the most common expenses among those who faced ongoing scheme administration costs.

However, it is worth noting that those with external intermediaries were somewhat less aware of the planned increases in minimum employer contributions. There may, therefore, be some cases where these employers are reliant on these intermediaries to keep them informed, and have not actively sought out this information themselves.

Which small and micro employers are more or less engaged with workplace pensions?

Finally, the findings also highlighted which types of small and micro employers were more or less positive, experienced or aware when it came to workplace pensions, automatic enrolment and upcoming increased minimum contributions:

- Employers in the finance and insurance, information and communications, and health, social care or social work sectors, and not-for-profit organisations or charities, were all more likely than average to have had workplace pension schemes before staging, and to now be contributing more than the minimum requirement of one per cent. They were also among the most positive about the upcoming changes to minimum employer contributions.

- Those in the finance and insurance, and health, social care or social work sectors, as well as those in the education sector, were also more likely to consider it a duty to support their workers' retirement.

- By contrast, employers from the retail, wholesale and vehicle repair industries and from the food and hospitality sector tended to be less positive towards workplace pensions than others. Employers in the latter sector were also less likely than others to have written to their workers about automatic enrolment, and more likely than others to have increased their prices or restructured their workforce in response to automatic enrolment.

Appendix A: survey technical details

The research was carried out in accordance with the requirements of the international quality standard for Market Research, ISO 20252:2012, and with the Ipsos MORI Terms and Conditions which can be found at http://www.ipsos-mori.com/terms.

Survey and questionnaire development

The questionnaire was developed by Ipsos MORI and approved by the Department for Work and Pensions (DWP). Questions relating to employer attitudes were mapped to the Theoretical Domains Framework of behaviour change[31], to ensure that the various aspects of employer attitudes that were likely to affect behaviour were included.

An accompanying datasheet was developed to be sent to employers alongside a reassurance email if they did not agree to take part in the survey on the first call. The datasheet encouraged employers to gather relevant information on staff numbers and implementation costs before the survey, to reduce 'don't know' responses and otherwise improve the accuracy of responses.

The questionnaire and datasheet were tested with nine cognitive testing interviews undertaken by Ipsos MORI between 3 and 12 May 2017. Interviews were around 40 minutes and conducted by telephone. They were recruited using a sample provided by The Pensions Regulator (TPR) (as part of the sample frame for the main survey), with minimum quotas by size, sector and month of compliance.

A pilot survey consisting of 100 telephone interviews with eligible employers (also from the same TPR sample frame) was then conducted between 12 and 30 June 2017. Small changes to the questionnaire and datasheet were made based on feedback from the cognitive testing and pilot survey.

Sampling

The sample frame was the list of employers who submitted their declaration of automatic enrolment compliance to TPR between September 2016 and March 2017. This included employers representing profit-making organisations, non-profit organisations or charities, and individuals employing domestic services (e.g. a nanny or a cleaner).

[31] This is a behaviour change framework used to map the determinants of current and desired behaviours in a population. The Theoretical Domains Framework was developed by behavioural scientists and implementation researchers in 2005 and revalidated in 2012. Further information and background can be found in: Atkins et al. (2017) 'A guide to using the Theoretical Domains Framework of behaviour change to investigate implementation problems', *Implementation Science*, Volume 12(77).

By definition, the employers represented in this survey were compliant with their automatic enrolment duties. This does nonetheless represent the vast majority of employers – TPR reported that 503,178 employers declared compliance by March 2017, whereas 40,206 received compliance notices from TPR (issued when an employer is contravening their automatic enrolment duties) up to this date.[32]

Sample preparation and selection

Prior to the pilot and main stage sample selection, the sample was cleaned. This involved removing leads with invalid telephone numbers (such as overseas numbers and numbers with too many/few digits) and removing duplicate leads. Ipsos MORI also sent advance letters to the selected sample giving them an opportunity to opt out of the research.

The cognitive testing and pilot survey highlighted an important issue regarding sample quality – a very high proportion of telephone numbers on the TPR sample were found to be numbers for intermediaries that had completed the declaration of compliance, rather than the employer themselves. To avoid the survey bias and low eligibility that would have resulted from screening out these organisations, automated telephone matching was carried out using the UKChanges business and consumer telephone databases. In addition, two sets of sample leads were sent for attempted manual number searching online: sample leads without telephone numbers; and those where the number was found to belong to an agent or otherwise was an unusable number during the main stage.

For the main stage survey, a sample of 14,223 employers was selected, with an additional 20 per cent reserve sample taking the total selected to 17,068. Not all of this sample was used in the main stage – in total, 8,162 leads were issued – and the sample that was used was released in batches. Each batch was stratified based on disproportionate size and sector targets (aimed at achieving enough sample in certain sectors and in the non-micro size bands for subgroup analysis) as well as the relative unadjusted response rate of each size by sector cell in the previous batch.

Fieldwork

A probability sample telephone survey was undertaken with 2,698 eligible small and micro employers. Fieldwork took place between 17 July and 9 October 2017.

With the probability sample nature of the survey, each lead was called a minimum of 12 times unless it had already achieved a final outcome, and an outcome was sought for every lead in the sample.

[32] The enforcement bulletins showing the number of employers found to contravene the automatic enrolment duties can be found on the TPR website, at: http://www.thepensionsregulator.gov.uk/doc-library/enforcement-bulletins.aspx.

Ineligible sample and screen-outs

The following respondents were screened out of the survey at the beginning of the phone call as ineligible:

- Those who could not recall submitting a declaration of compliance report, despite being reminded of the date of compliance held by TPR.
- Those who did not know or refused to confirm the number of workers in the organisation, despite being told the information held on the TPR-supplied sample.
- Employers who were exempt from setting up a qualifying workplace pension scheme. These included: organisations where no workers were eligible for automatic enrolment, and no workers had asked to opt into a qualifying workplace pension scheme; organisations where the only worker was also a director.

Fieldwork outcomes and response rates

The survey achieved an adjusted response rate of 50 per cent. A breakdown of the sample outcomes is presented in Table A.1.

Table A.1 Sample outcomes

	Number
Completed interviews	2,698
Incomplete interviews (stopped by respondent)	26
Ineligible – established during screener	493
Ineligible – established pre-screener[33]	623
Hard refusals[34]	1,132
Unusable leads with working numbers	349
Unusable numbers	382
Working numbers with unknown eligibility (active leads)	2,459
Total issued sample	*8,162*

[33] This included vulnerable adults employing a carer (38 cases), companies out of business (54 cases) and, in the majority of cases, leads with a number for an intermediary, where no other number could be found after manual searching (531 cases).

[34] This excludes soft refusals, where respondents did not explicitly request to not be called back again. These soft refusals (692 cases) are included within the working numbers.

Table A.2 shows the response rate calculations.

Table A.2 Response rate calculations

Hard refusal rate	14%
Expected eligibility of active leads[35]	69%
Expected eligibility of numbers screened[36]	85%
Unadjusted response rate	33%
Adjusted response rate[37]	50%

Data processing and weighting

The data were weighted by size and sector to be representative of this small and micro employer population, based on population profile figures from TPR. The population profile was rebased to exclude the 48 per cent of organisations where sector was unidentified (i.e. the weighting assumed that these 48 per cent matched the profile of those where sector *was* identified).

[35] (completed interviews + incomplete interviews + [refusals × expected eligibility of numbers screened]) / (total issued sample – unusable numbers – working numbers with unknown eligibility)

[36] (completed interviews + incomplete interviews) / (completed interviews + incomplete interviews + leads established as ineligible during screener)

[37] completed interviews / (completed interviews + incomplete interviews + [refusals × expected eligibility of numbers screened] + [working numbers with unknown eligibility × expected eligibility of active leads])

Appendix B: questionnaire

Introduction screen

READ OUT TO ALL
Is this [SAMPBUSINESS]?

SHOW IF [SAMPNAME BLANK]: May I please speak to [SAMPNAME]?

Hello, my name is … and I'm calling from Ipsos MORI, the independent research organisation. We are carrying out an important Government survey on automatic enrolment on behalf of the Department for Work and Pensions. The survey explores the views of small employers like you towards the automatic enrolment of employees into a workplace pension scheme. It is your chance to give feedback on how the process has gone for you and what the impact has been on you and your staff.

I would like to speak to the person within the organisation with most responsibility for employee pensions provision. We know in most cases this would be the owner, Managing Director or Finance Director. We are not able to interview external accountants, agents or pension providers acting on behalf of the organisation. Just to check, would you be the right person to talk to?

SHOW IF [SAMPNAME BLANK]: May I speak to the person within the organisation with most responsibility for employee pensions provision. We know in most cases this would be the owner, Managing Director or Finance Director. We are not able to interview external accountants, agents or pension providers acting on behalf of the organisation.

You should have received a letter in the post about this survey in late June or early July.

IF NECESSARY: Would you like me to email you a copy of this letter again over email?

The survey takes around 15 minutes on average, and for many employers it will take less time than this. Would you be happy to take part?

REASSURANCES IF NECESSARY:

- Taking part is totally confidential and anonymous for all individuals and organisations. It will not be possible to identify you, your organisation or your employees from the published findings.
- Findings will be published on the GOV.UK website in early 2018 to help employers like you, as well as the Government, to understand how best to approach automatic enrolment.
- Your organisation has been selected at random from records from The Pensions Regulator.

Q1. SCREENER
We have created a single-page help card with a small number of pre-interview questions, which gives you a sense of the questions we will ask and helps you and us to speed up the interview. Would you like us to email you this and arrange a convenient time to call you back?

1. Yes
2. Wants reassurance email/datasheet SEND REASSURANCE EMAIL/ DATASHEET (VERSION A IF SAMPSIZE<5 AND VERSION B IF SAMPSIZE>4)
3. ALL OTHER OUTCOME CODES PLUS THE FOLLOWING BESPOKE OUTCOME CODES:
    - 171 refused – confidentiality concerns
    - 172 refused – think survey is not genuine
    - 173 refused – company no-name policy
    - 174 ineligible – external accountants, agents or pension providers and will not divulge organisation's contact details
    - 175 ineligible – vulnerable adult employing a carer
    - 176 refused – soft refusal
    - 177 refused – hard refusal

Screening questions

READ OUT TO ALL
First, I'd like to confirm some details about your organisation, to make sure that we only ask relevant questions.

ASK ALL
Q2. ENROLA
Our records suggest that your organisation completed a declaration of compliance online form on The Pensions Regulator website in [SAMPMONTH]. Can I check that you had complied with your automatic enrolment duties in that same month?
(SP)
PROMPT TO CODE

1. Yes
2. No – complied with automatic enrolment duties in a different month
3. No – not yet complied with automatic enrolment duties
4. DO NOT READ OUT: Don't know

ASK IF ENROLLED EMPLOYEES IN A DIFFERENT MONTH (ENROLA CODE 2)
Q3. ENROLB
In what month did you comply with your automatic enrolment duties?
(SP)
PROMPT TO CODE

1. September 2016
2. October 2016
3. November 2016
4. December 2016
5. January 2017
6. February 2017
7. March 2017

ASK IF SAY THEY HAVE NOT YET COMPLIED WITH AUTOMATIC ENROLMENT DUTIES OR DO NOT KNOW (ENROLA CODES 3–4)
Q4. ENROLCHECK
Employers who already had pensions schemes may not have had to change anything in order to comply, but would still have had to fill in an online form on The Pensions Regulator website. Filling in the form would indicate that they had complied with their automatic enrolment duties.

Can I just check again if your organisation has complied with its automatic enrolment duties or not?

1. Yes – have complied
2. No – have not yet complied THANK AND CLOSE
3. DO NOT READ OUT: Don’t know THANK AND CLOSE

READ OUT IF HAVE COMPLIED BUT NOT SURE WHEN (ENROLCHECK CODE 1)
For the rest of this interview, I will refer to you having complied with your automatic enrolment duties in [SAMPMONTH], which is when The Pensions Regulator received your declaration of compliance.

DO NOT ASK
Q5. ENROLC
DUMMY VARIABLE MERGING ENROLB WITH SAMPMONTH

ASK ALL
Q6. QUALIFY
Which of the following best describes what happened when you complied with your automatic enrolment duties in [ENROLC MONTH]?
(SP)
READ OUT

1. You had to set up a new qualifying workplace pension scheme
2. You continued an existing workplace pension scheme that already qualified
3. Your organisation did not have to set up or continue a qualifying workplace pension scheme

ASK IF THINK THEY WERE EXEMPT (QUALIFY CODE 3)
Q7. CHECK
Organisations are exempt from setting up a qualifying workplace pension scheme in specific circumstances. These include:

- organisations where no employees are eligible for automatic enrolment, **and** no employees have asked to join a qualifying workplace pension scheme
- organisations with one director and other staff, where the director has an employment contract, but no other employees are eligible for automatic enrolment.

Can I just check that your organisation definitely fits one of these categories, so was exempt?
IF NECESSARY: Eligible employees are those who are:

- aged between 22 and State Pension age
- earning £10,000 or more per year, before tax
- and usually working in the UK.

Employees who are not eligible for automatic enrolment are still entitled to join a qualifying scheme if they are aged between 16 and 74. They are entitled to a contribution from their employer if they earn £5,876 or more per year.
(SP)
DO NOT PROMPT

1. Yes THANK AND CLOSE
2. No RETURN TO QUALIFY

ASK ALL
Q8. SIZEA
Can I just check that you had [SAMPSIZE] employee(s) or worker(s) when you complied with your automatic enrolment duties in [ENROLC MONTH]? This includes yourself and any directors, if these individuals had employment contracts.
ADD IF NECESSARY: By employee or worker, we mean anyone for whom you deduct tax and National Insurance Contributions from their wages. This includes outworkers (those not working on site) and part-time workers, but excludes any freelancers or contractors working at your premises.
(SP, ALLOW DK)
DO NOT PROMPT
INTERVIEWER NOTE: IF REFUSED, REASSURE ABOUT CONFIDENTIALITY TO AVOID SCREEN OUT

1. Yes – [SAMPSIZE] correct
2. No
3. Refused THANK AND CLOSE

ASK IF DIFFERENT SIZE (SIZEA CODE 2 OR DK)
Q9. SIZEA_2
How many employees or workers did you have when you complied with your automatic enrolment duties in [ENROLC MONTH]? This includes yourself and any directors, if these individuals had employment contracts.
ADD IF NECESSARY: By employee or worker, we mean anyone for whom you deduct tax and National Insurance Contributions from their wages. This includes outworkers (those not working on site) and part-time workers, but excludes any freelancers or contractors working at your premises.
INTERVIEWER NOTE: IF DON'T KNOW, PROBE FOR BEST ESTIMATE TO AVOID SCREEN OUT
INTERVIEWER NOTE: IF REFUSED, REASSURE ABOUT CONFIDENTIALITY TO AVOID SCREEN OUT

WRITE IN 1–99
SOFT CHECK IF SIZE>29

1. DO NOT READ OUT: Don't know THANK AND CLOSE
2. DO NOT READ OUT: Refused THANK AND CLOSE

DO NOT ASK
Q10. SIZENUM
DUMMY VARIABLE MERGING SIZEA WITH SAMPSIZE
DO NOT ASK
Q11. SIZEBAND
DUMMY VARIABLE MERGING SIZEA AND SAMPSIZE INTO FOLLOWING BANDS (SP)

1. 1 employee
2. 2 employees
3. 3 to 4 employees
4. 5 to 9 employees
5. 10 to 19 employees
6. 20 to 29 employees
7. 30 employees or more

ASK ALL
Q12. LEGAL
Are you … ?
(SP)
READ OUT

1. A profit-making organisation
2. A non-profit making organisation or charity
3. An individual employing domestic services (e.g. a nanny or a cleaner) or other workers in your home

ASK IF ORGANISATION AND SECTOR IN SAMPLE (LEGAL CODES 1–2 AND SAMPSECTOR NOT BLANK)
Q13. SECTORA
We have [SAMPSECTOR] as your main industry sector. Can I just check that this is correct?
(SP, ALLOW DK)
DO NOT PROMPT

1. Yes – correct
2. No – not correct

ASK IF ORGANISATION AND SECTOR MISSING ((LEGAL CODES 1–2 AND SAMPSECTOR BLANK) OR SECTORA CODE 2 OR DK)
Q14. SECTORB
What is the main activity of this organisation?
(SP)
PROMPT TO CODE

1. Administrative or support services (e.g. cleaners, rentals, tourism etc.)
2. Other services (e.g. hairdressers)
3. Agriculture, forestry or fishing
4. Arts, entertainment or recreation
5. Construction
6. Education
7. Electricity, gas or air conditioning
8. Financial or insurance activities (excluding accountants)
9. Food or hospitality
10. Health, social care or social work
11. Information or communications
12. Manufacturing
13. Mining or quarrying
14. Professional, scientific or technical activities (including accountants)
15. Real estate activities
16. Retail trade
17. Transportation or storage
18. Vehicle repair
19. Water, sewage or waste management
20. Wholesale trade

DO NOT ASK
Q15. SECTORC
DUMMY VARIABLE MERGING LEGAL AND SECTORB WITH SAMPSECTOR

- CODE 3 AT LEGAL MERGE INTO SINGLE CODE 20 (DEFINED AS "Households as employers") AT SECTORC
- CODES 16, 18 AND 20 AT SECTORB MERGE INTO SINGLE CODE 16 AT SECTORC

Employer characteristics

ASK IF POSTCODE AREA MISSING (SAMPAREA BLANK)
Q16. PCODE
We would like to see how findings differ across the country. What is the first part of your head office postcode and the first digit of the second part? This is usually the first 3 or 4 digits.
IF NECESSARY: For example, I am calling from postcode EH6 7EZ, so the first part is EH6 and the first digit of the second part is 7.
IF NECESSARY: Neither you nor your organisation would be identifiable in the published findings.
(ALLOW DK AND REF, SCRIPT TO VALIDATE POSTCODE AREA)

WRITE IN FIRST PART OF POSTCODE ON FIRST SCREEN
WRITE IN FIRST DIGIT OF SECOND PART OF POSTCODE (1–9) ON SECOND SCREEN

DO NOT ASK
Q17. PCODEB
DUMMY VARIABLE MERGING PCODE WITH SAMPAREA

ASK IF ORGANISATION (LEGAL CODES 1–2)
Q18. TRADING
Roughly, how long has your organisation been operating for?
(SP, ALLOW DK)
PROMPT TO CODE

1. Under 6 months
2. 6 months to under 1 year
3. 1 year to under 3 years
4. 3 years to under 5 years
5. 5 years to under 10 years
6. 10 years to under 20 years
7. 20 years or more

ASK ALL
Q19. HELP
Does your organisation use or have any of the following for services such as payroll administration or bookkeeping?
(MP, ALLOW DK AND NULL, RANDOMISE)
READ OUT

1. External accountants, bookkeepers or advisers
2. In-house accountants, bookkeepers or finance staff
3. Unpaid help (e.g. from family, friends or investors)

Business confidence

ASK ALL
Q20. CONFID
Do you think that the business situation for your own organisation will improve, stay the same or get worse over the next 12 months?
(SP, ALLOW DK)
DO NOT PROMPT

1. Improve
2. Stay the same
3. Get worse

Awareness and attitudes relating to automatic enrolment

READ OUT TO ALL
I'd now like to ask some questions about pensions and retirement.
ASK ALL
Q21. ATTITUDES
How much do you agree or disagree with the following statements?
(SP, ALLOW DK, RANDOMISE STATEMENTS, REVERSE SCALE)
READ OUT STATEMENTS AND SCALE

a. Employers like me have a duty to make sure that their employees can manage financially when they retire
b. Saving into a workplace pension is the normal thing to do if you work for an employer like me
c. I believe a workplace pension is a good thing for my employees
d. I am very confident when dealing with my organisation's finances
e. Employers like me should encourage their employees to stay in and not opt out of the workplace pension scheme when enrolled
f. ASK HALF SAMPLE (HALF=1): The requirement for all employers to automatically enrol their qualifying employees into a workplace pension is a good thing
g. ASK HALF SAMPLE (HALF=2): The requirement for small employers like me to automatically enrol their qualifying employees into a workplace pension is a good thing

1. Strongly agree
2. Tend to agree
3. Neither agree nor disagree
4. Tend to disagree
5. Strongly disagree

ASK ALL
Q22. INFOX
From where, if anywhere, have you previously received any information or advice about how to comply with your automatic enrolment duties?
(MP, ALLOW DK AND NULL)
DO NOT PROMPT
PROBE FULLY (I.E. IF “ONLINE”, THEN WHERE ONLINE, AND IF “THE PENSIONS REGULATOR”, THEN WHAT CHANNEL?)
CODE NULL FOR “NOWHERE”

1. Advertising campaign (e.g. TV or radio)

Individuals

2. Accountant/financial services firm
3. Business contacts/other businesses
4. Employee Benefits Consultant
5. Independent Financial Adviser
6. Internal staff (e.g. in finance, legal or management board roles)
7. Investors
8. Lawyer/legal adviser
9. Other bookkeeper
10. Pensions adviser

Organisations

11. Accounting software (e.g. Sage)
12. Trade association or similar representative body (e.g. FSB)
13. Regulator (e.g. FCA)
14. Pension provider (e.g. NEST)
15. The Pensions Regulator (TPR) – by email
16. The Pensions Regulator (TPR) – by phone
17. The Pensions Regulator (TPR) – by post
18. Department for Work and Pensions (DWP)

Online

19. Google/search engine
20. Government’s workplace pensions website/workplacepensions.gov.uk (specific mention of these terms)
21. GOV.UK website (no mention of workplacepensions.gov.uk)
22. Government website (no mention of gov.uk)
23. Pension provider’s website (e.g. NEST website)
24. The Pensions Regulator (TPR) website
25. Regulator (e.g. FCA) website
26. Social media (e.g. Facebook, Twitter etc.)
27. Trade association website (e.g. FSB website)
28. Payroll provider
29. Other WRITE IN

Overview of pension provision

READ OUT TO ALL
The next few questions are about any workplace pension provision you had [IF TRADING CODES 1–2: when you started operating] [IF TRADING NOT CODES 1–2: around 12 months **before** you complied with your automatic enrolment duties in [ENROLC MONTH]].

ASK ALL
Q23. PRECOMP
[IF TRADING CODES 1–2: When you started operating] [IF TRADING NOT CODES 1–2: Around 12 months before [ENROLC MONTH]], did you offer any workplace pension schemes?
(SP)
DO NOT PROMPT

1. Yes
2. No

ASK IF ALREADY HAD WORKPLACE PENSION SCHEME (PRECOMP CODE 1)
Q24. PRECOMPTYPE
Which of the following best describes the employer contribution rate for any workplace pension schemes [IF TRADING CODES 1–2: when you started operating] [IF TRADING NOT CODES 1–2: around 12 months before [ENROLC MONTH]]?
(SP, ALLOW DK)
READ OUT

1. We had a workplace pension scheme that offered the same employer contribution rate to all employees on the scheme
2. We had a workplace pension scheme or schemes that offered varying employer contribution rates to employees on the schemes

ASK IF OFFERED SAME CONTRIBUTION RATE (PRECOMPTYPE CODE 1)
Q25. PRECOMPRATE
What was the employer contribution rate offered to employees on the workplace pension scheme [IF TRADING CODES 1–2: when you started operating] [IF TRADING NOT CODES 1–2: around 12 months before [ENROLC MONTH]]?
(ALLOW DK)
[IF NON-MICRO (SAMPSIZE>4): INTERVIEWER NOTE: THIS QUESTION WAS ON THE PRE-INTERVIEW QUESTIONS DATASHEET]

WRITE IN 1–19%
DO NOT READ OUT: Under 1%
SOFT CHECK IF PRECOMPRATE>9%
ASK IF OFFERED VARYING CONTRIBUTION RATES (PRECOMPTYPE CODE 2)
Q26. PRECOMPWHY
Which of the following are reasons for why the employer contribution rates varied [IF TRADING CODES 1–2: when you started operating] [IF TRADING NOT CODES 1–2: around 12 months before [ENROLC MONTH]]?
(MP, ALLOW DK AND NULL, RANDOMISE)
READ OUT

1. To match employee contributions
2. Some employees are on an older scheme
3. Based on how long staff have been with the organisation
4. Based on seniority of employee

ASK IF OFFERED VARYING CONTRIBUTION RATES (PRECOMPTYPE CODE 2)
Q27. PRECOMPMIN
What was the **lowest** employer contribution rate offered across employees on the workplace pension scheme or schemes [IF TRADING CODES 1–2: when you started operating] [IF TRADING NOT CODES 1–2: around 12 months before [ENROLC MONTH]]?
(ALLOW DK)
[IF NON-MICRO (SAMPSIZE>4): INTERVIEWER NOTE: THIS QUESTION WAS ON THE PRE-INTERVIEW QUESTIONS DATASHEET]

WRITE IN 1–19%
DO NOT READ OUT: Under 1%
SOFT CHECK IF PRECOMPMIN>9%

ASK IF OFFERED VARYING CONTRIBUTION RATES (PRECOMPTYPE CODE 2)
Q28. PRECOMPMAX
What was the **highest** contribution rate offered across employees on the workplace pension scheme or schemes [IF TRADING CODES 1–2: when you started operating] [IF TRADING NOT CODES 1–2: around 12 months before [ENROLC MONTH]]?
(ALLOW DK)
[IF NON-MICRO (SAMPSIZE>4): INTERVIEWER NOTE: THIS QUESTION WAS ON THE PRE-INTERVIEW QUESTIONS DATASHEET]

WRITE IN PRECOMPMIN–19%
DO NOT READ OUT: Under 1%
SOFT CHECK IF PRECOMPMAX>9%

READ OUT TO ALL
And now I would like to ask you about the workplace pension provision you **currently** have.

ASK IF SET UP A NEW SCHEME (QUALIFY CODE 1)
Q29. PROVIDER
Who is your current workplace pension scheme provider?
(SP, ALLOW DK)
PROMPT TO CODE
INTERVIEWER: IF THEY HAVE MORE THAN ONE PROVIDER, ASK FOR THE ONE THEY SET UP OR CONTINUED IN ORDER TO COMPLY WITH THEIR AUTOMATIC ENROLMENT DUTIES.

1. Aegon
2. Amber Pension Trust
3. Aon
4. Ascot Lloyd
5. Atlas Master Trust (provided by Capita)
6. Aviva
7. BBS (including SuperTrust)
8. Beaufort Consulting
9. BlackRock
10. The BlueSky Pension Scheme (TBPS)
11. Carey Pensions
12. The Cheviot Trust
13. The Citrus Pension Plan
14. Corpad
15. Corporate Pensions Trust (including the Lighthouse Pensions Trust and Trust Pensions)
16. Creative Pension Trust (also known as Creative Auto Enrolment)
17. Fairstone
18. Family Asset Protection Company
19. Federated Pension Plan (provided by PAN)
20. FriendsLife
21. Goddard Perry Consulting (GPC, including the Salvus Master Trust, NAEA Master Trust and Spinnaker Master Trust)
22. Legal & General
23. LifeSight (provided by WillisTowersWatson)
24. Mercer
25. Moore Stephens
26. National Employment Savings Trust (NEST)
27. National Pension Trust (provided by Xafinity Consulting)
28. NOW: Pensions
29. Nurture Pensions
30. Opt Pensions (including the Open Pension Trust)
31. Pensions Umbrella Trust (provided by Dean Wetton Advisory Limited)
32. Premier Pensions Management
33. Royal London
34. Scottish Widows
35. Smart Pension (provided by GenLife)
36. Standard Life
37. Strawberry Pensions
38. The People’s Pension (provided by BC&E)
39. True Potential Investor
40. TPT Retirement Solutions
41. Welplan Pensions
42. Workers Pension Trust
43. Zurich
44. Other WRITE IN

ASK IF MORE THAN ONE EMPLOYEE (SIZEBAND NOT CODE 1)
Q30. POSTCOMPTYPE
Which of the following best describes the current employer contribution rate for any workplace pension schemes?
(SP, ALLOW DK)
READ OUT

1. We have a workplace pension scheme that offers the same employer contribution rate to all employees on the scheme
2. We have a workplace pension scheme or schemes that offer varying employer contribution rates to employees on the schemes

DO NOT ASK
Q31. POSTCOMPTYPEB
DUMMY VARIABLE MERGING SIZEBAND AND POSTCOMPTYPE

- CODE 1 IF SIZEBAND CODE 1
- CODE 1 IF POSTCOMPTYPE CODE 1
- CODE 2 IF POSTCOMPTYPE CODE 2

ASK IF OFFER SAME CONTRIBUTION RATE (POSTCOMPTYPEB CODE 1)
Q32. POSTCOMPRATE
What is the employer contribution rate offered to employees on the current workplace pension scheme?
(ALLOW DK)
[IF NON-MICRO (SAMPSIZE>4): INTERVIEWER NOTE: THIS QUESTION WAS ON THE PRE-INTERVIEW QUESTIONS DATASHEET]
WRITE IN 1–19%
DO NOT READ OUT: Under 1%
SOFT CHECK IF POSTCOMPRATE>9%

ASK IF OFFER VARYING CONTRIBUTION RATES (POSTCOMPTYPEB CODE 2)
Q33. POSTCOMPWHY
Which of the following are reasons for why the current employer contribution rates vary?
(MP, ALLOW DK AND NULL, RANDOMISE)
READ OUT

1. To match employee contributions
2. Some employees are on an older scheme
3. Based on how long staff have been with the organisation
4. Based on seniority of employee

ASK IF OFFER VARYING CONTRIBUTION RATES (POSTCOMPTYPEB CODE 2)
Q34. POSTCOMPMIN
What is the **lowest** employer contribution rate offered across employees on the workplace pension scheme or schemes?
(ALLOW DK)
[IF NON-MICRO (SAMPSIZE>4): INTERVIEWER NOTE: THIS QUESTION WAS ON THE PRE-INTERVIEW QUESTIONS DATASHEET]

WRITE IN 1–19%
DO NOT READ OUT: Under 1%
SOFT CHECK IF POSTCOMPMIN>9%

ASK IF OFFER VARYING CONTRIBUTION RATES (POSTCOMPTYPEB CODE 2)
Q35. POSTCOMPMAX
What is the **highest** contribution rate offered across employees on the workplace pension scheme or schemes?
(ALLOW DK)
[IF NON-MICRO (SAMPSIZE>4): INTERVIEWER NOTE: THIS QUESTION WAS ON THE PRE-INTERVIEW QUESTIONS DATASHEET]

WRITE IN POSTCOMPMIN–19%
DO NOT READ OUT: Under 1%
SOFT CHECK IF POSTCOMPMAX>9%

DO NOT ASK
Q36. CHANGE
DUMMY VARIABLE WHERE HAD PREVIOUS PROVISION (PRECOMP CODE 1) AND:

- CODE 1 IF CONTRIBUTION LESS GENEROUS (POSTCOMPRATE<PRECOMPRATE OR POSTCOMPMIN<PRECOMPMIN OR POSTCOMPMAX<PRECOMPMAX)
- CODE 2 IF CONTRIBUTION MORE GENEROUS (POSTCOMPRATE>PRECOMPRATE OR POSTCOMPMIN>PRECOMPMIN OR POSTCOMPMAX>PRECOMPMAX)
- CODE 3 IF CHANGED VARIATION IN CONTRIBUTION RATES (POSTCOMPTYPEB≠PRECOMPTYPE FOR CODES 1–2 OR POSTCOMPWHY≠PRECOMPWHY FOR CODES 1–4)

(MP)

ASK IF EMPLOYER CONTRIBUTION ABOVE COMPLIANCE REQUIREMENT (POSTCOMPRATE>1% OR POSTCOMPMIN>1%)
Q37. PHASE
Currently, the minimum mandatory contribution that employers need to make to a qualifying workplace pension scheme is 1%. You mentioned your organisation contributes [POSTCOMPRATE OR POSTCOMPMIN]. What are your reasons for contributing more than 1%?
(MP, ALLOW DK)
DO NOT PROMPT

1. As a bonus/perk/benefit for my employee(s)
2. Avoid need for changes in future/when mandatory rate increased
3. Employee/staff retention
4. Employees expect more than 1%
5. Encourages participation in workplace pension scheme
6. In line with existing pension scheme before automatic enrolment
7. Provide best return for employees
8. Suggested by external accountant or agent
9. Suggested by pension provider
10. Other reason WRITE IN

ASK IF CHANGED CONTRIBUTION RATES SOMEHOW (CHANGE CODES 1–3)
Q38. CHANGEHOW
You mentioned you have changed the way or amount you contribute to employees' workplace pensions compared with [IF TRADING CODES 1–2: when you started operating] [IF TRADING NOT CODES 1–2: 12 months before [ENROLC MONTH]]. Which of the following have you done?
(SP, ALLOW DK)
READ OUT

1. Enrolled or moved everyone to a single workplace pension scheme that existed previously
2. Enrolled or moved everyone to a single new workplace pension scheme
3. Enrolled some employees in a new workplace pension scheme and kept old scheme members on their existing scheme

IF CHANGED CONTRIBUTION RATES SOMEHOW (CHANGE CODES 1–3)
Q39. CHANGEWHY
What were the reasons for these changes?
(MP, ALLOW DK)
DO NOT PROMPT
PROBE FULLY (IF THEY JUST SAY "BECAUSE OF AUTOMATIC ENROLMENT" PROBE WHAT NEEDED TO CHANGE BECAUSE OF AUTOMATIC ENROLMENT)

1. Avoid two-tier system
2. Convenience/less burdensome
3. Fairer to have a single scheme
4. New scheme meets automatic enrolment qualifying criteria
5. New scheme costs employer less
6. New scheme costs employer more
7. New scheme more generous
8. New scheme is portable (i.e. employees can transfer pension pots)
9. Old scheme more generous
10. Restructuring/reducing workforce
11. Other reason WRITE IN

IF CHANGED CONTRIBUTION RATES SOMEHOW (CHANGE CODES 1-3)
Q40. CHANGEAE
To what extent do you feel that your organisation made these changes as a result of automatic enrolment?
(SP, ALLOW DK, REVERSE SCALE)
READ OUT

1. To a great extent
2. To some extent
3. Not at all

Seeking new workplace pensions schemes

DO NOT ASK
Q41. SCHEMENEW
DUMMY VARIABLE CODE 1 WHERE NEW SCHEME (PRECOMP CODE 2 OR CHANGEHOW CODES 2–3)
(SP)

ASK IF HAVE A NEW SCHEME (SCHEMENEW CODE 1)
Q42. SCHEMESEEK
From which of the following sources, if any, did you seek any advice or guidance on choosing the new workplace pension scheme?
(MP, ALLOW DK AND NULL, RANDOMISE)
READ OUT

1. An Independent Financial Adviser
2. An accountant or financial services firm
3. A bookkeeper
4. A lawyer or legal adviser
5. The Pensions Regulator
6. An Employee Benefits Consultant
7. Trade association or other representative body (e.g. FSB)
8. Payroll provider
9. Pensions adviser
10. Pension provider (e.g. NEST)

ASK IF HAVE A NEW SCHEME (SCHEMENEW CODE 1)
Q43. SCHEMEWHY
And what were your reasons for choosing this particular workplace pension scheme?
(MP, ALLOW DK)
DO NOT PROMPT
PROBE FULLY (IF THEY JUST SAY “BECAUSE OF AUTOMATIC ENROLMENT” PROBE WHAT NEEDED TO CHANGE BECAUSE OF AUTOMATIC ENROLMENT)

1. Accessible/can be managed online
2. Following external advice/recommendation (e.g. by accountant or trade association)
3. Scheme is portable (i.e. employees can transfer their pot)
4. Simplicity/not a complex scheme
5. Linked to Government/Government-backed (i.e. NEST)

6. Low administration burden for employer (not necessarily fees)
7. Low/favourable set-up/administration fees
8. Low/favourable charges for employer
9. Low investment risk for employer
10. Low investment risk for employees
11. Low maintenance/provider handles admin
12. No time/resources to look at alternatives
13. Popular scheme/lots of employers choosing it
14. Prefer this pension provider/used them before
15. Was the only option available
16. Other WRITE IN

Perceived burden of automatic enrolment

ASK ALL
Q44. EASEA
Generally speaking, how easy or difficult did you find it as an employer to comply with your automatic enrolment duties in [ENROLC MONTH]? Please think about everything that took place up to and including declaring compliance to The Pensions Regulator. This might include communicating to employees, assessing employee eligibility and processing opt-outs.
(SP, ALLOW DK, REVERSE SCALE)
READ OUT

1. Very easy
2. Fairly easy
3. Neither easy nor difficult
4. Fairly difficult
5. Very difficult

ASK ALL
Q45. EASEB
And how easy or difficult have you found it as an employer to carry out the **ongoing administration** of the workplace pension scheme or schemes? This includes making deductions, dealing with new joiners or leavers, and payment of contributions to the schemes.
(SP, ALLOW DK, REVERSE SCALE)
READ OUT

1. Very easy
2. Fairly easy
3. Neither easy nor difficult
4. Fairly difficult
5. Very difficult

ASK ALL
Q46. MOREWORK
On a scale of 1 to 10, with 1 being no extra work at all and 10 being a lot of extra work, how much **extra** work has each of the following involved for your organisation as a whole, compared with before [ENROLC MONTH]?

(SP, ALLOW DK)
READ OUT STATEMENTS

a. Communicating automatic enrolment to your employees
b. Assessing the workforce for eligibility
c. Processing opt-outs
d. Processing any opt-ins, i.e. where staff not eligible for automatic enrolment asked to join a qualifying workplace pension scheme
e. Declaring compliance with The Pensions Regulator
f. Ongoing administration of the workplace pension scheme or schemes, including making deductions, dealing with new joiners or leavers, and payment of contributions to the schemes

WRITE IN 1–10
DO NOT READ OUT: Not applicable

READ OUT TO ALL
Now I would like to ask some specific questions about the **ongoing administration** of the workplace pension scheme or schemes.

ASK ALL
Q47. COST
Overall, have you incurred any increased financial or time cost to carry out the ongoing administration of the workplace pension scheme or schemes? This includes the cost of making deductions, dealing with new joiners or leavers, and administering employer contributions, but not the cost of the employer contribution itself.
(SP)
DO NOT PROMPT

1. Yes
2. No

ASK IF FACE ADMINISTRATION COSTS (COST CODE 1)
Q48. COSTTYPE
Which of the following types of administration cost, if any, have you incurred? Please only include costs that you think you would not have incurred without automatic enrolment requirements.
(MP, ALLOW DK AND NULL, RANDOMISE BUT KEEP CODES 1 AND 2 TOGETHER)
READ OUT

1. Additional time for Chief Executives or managers
2. Additional time for internal staff in professional occupations, e.g. finance, human resources or legal staff
3. Additional time for internal admin or secretarial staff
4. Paid more for an external accountant, agent or bookkeeper
5. Paid more for external advice (e.g. from a consultant)
6. Purchased software

ASK IF ADDITIONAL TIME COSTS (COSTTYPE CODES 1–3)
Q49. EXTRATIME
Approximately, how much additional staff time do you use per month to administer

your workplace pension scheme or schemes?
(SP, ALLOW DK)
READ OUT

1. Under half a day a month
2. Half a day to under 1 day a month
3. 1 to 2 days a month
4. 3 to 5 days a month
5. 6 days a month or more

ASK IF STAFF OR EXTERNAL TIME COST (COSTTYPE CODES 1–4)
Q50. INVOLVE
How involved would you say each of the following groups have been in the ongoing administration of the workplace pension scheme or schemes?
(SP, ALLOW DK, REVERSE SCALE)
READ OUT STATEMENTS AND SCALE

a. ASK IF THIS COST INCURRED (COSTTYPE CODE 1): Chief Executives or managers
b. ASK IF THIS COST INCURRED (COSTTYPE CODE 2): Staff in professional occupations, e.g. finance, human resources or legal staff
c. ASK IF THIS COST INCURRED (COSTTYPE CODE 3): Admin or secretarial staff
d. ASK IF THIS COST INCURRED (COSTTYPE CODE 4): External accountants, agents or bookkeepers

1. Very involved
2. Fairly involved
3. Not very involved

ASK IF FACE ADMINISTRATION COSTS (COST CODE 1)
Q51. ADMINNOW
To date, have you done any of the following to help absorb this increased administration cost, or not?
(MP, ALLOW DK AND NULL, RANDOMISE BUT KEEP CODES 1 AND 2 TOGETHER)
READ OUT

1. ASK IF HAD EXISTING SCHEME (PRECOMP CODE 1): Reduced contribution levels for existing workplace pension scheme members
2. ASK IF HAD EXISTING SCHEME (PRECOMP CODE 1): Changed your existing workplace pension scheme in another way
3. Taken a reduction in profits or absorbed as part of overheads
4. Lower wage increases
5. Reduced other employee benefits
6. Increased prices
7. Restructured or reduced workforce

ASK ALL
Q52. COSTEST
Can you tell me roughly how much it has cost your organisation **overall** to implement automatic enrolment? This includes the costs of paid-for advice but does not include the costs of making contributions to workers' pensions.

(ALLOW DK AND REF)
INTERVIEWER: PROBE FOR BEST ESTIMATES BEFORE CODING "DON'T KNOW"
INTERVIEWER NOTE: THIS QUESTION WAS ON THE PRE-INTERVIEW QUESTIONS DATASHEET
WRITE IN £0–£9,999
SOFT CHECK IF COSTEST<£10 OR COSTEST>£999

Attitudes to phasing

READ OUT TO ALL
By 2019, the minimum contribution in a qualifying workplace pension scheme will be 8% of an employee's qualifying earnings, of which the employer must contribute at least 3%.

ASK ALL
Q53. PHASINGUP
Before this survey, were you aware of these minimum requirements?
IF NECESSARY: By 2019, the minimum contribution in a qualifying workplace pension scheme will be 8% of an employee's qualifying earnings, of which the employer must contribute at least 3%.
(SP, ALLOW DK)
DO NOT PROMPT

1. Yes
2. No

ASK ALL
Q54. PHASINGATT
Would you say that these minimum requirements are … ?
IF NECESSARY: By 2019, the minimum contribution in a qualifying workplace pension scheme will be 8% of an employee's qualifying earnings, of which the employer must contribute at least 3%.
(SP, ALLOW DK, REVERSE SCALE)
READ OUT

1. … a very good thing for my employees
2. … a fairly good thing for my employees
3. … neither a good thing nor a bad thing for my employees
4. … a fairly bad thing for my employees
5. … a very bad thing for my employees

ASK IF CONSIDER PHASING GOOD THING (PHASINGATT CODES 1–2)
Q55. PHASINGGOOD
You said that these minimum requirements would be a good thing for your employees. What makes you say this?
IF NECESSARY: By 2019, the minimum contribution in a qualifying workplace pension scheme will be 8% of an employee's qualifying earnings, of which the employer must contribute at least 3%.
(MP, ALLOW DK)
DO NOT PROMPT

PROBE FULLY (FOR ANY REASONS GIVEN, DOES THIS RELATE TO EMPLOYERS OR EMPLOYEES?)

1. Automatic enrolment a good idea generally
2. Good for low earners
3. Good for older employees
4. Good for younger employees
5. Helps saving/saving more for retirement
6. Makes people think more about retirement
7. More employees will stay in/join a workplace pension scheme
8. Most people will stick to the minimum contribution
9. Nothing to lose/free money for employees
10. Not large/significant cost for employees
11. Not large/significant cost for employers
12. Simple/easy to understand
13. Other WRITE IN

ASK IF CONSIDER PHASING BAD THING (PHASINGATT CODES 4–5)
Q56. PHASINGBAD
You said that these minimum requirements would be a bad thing for your employees. What makes you say this?
IF NECESSARY: By 2019, the minimum contribution in a qualifying workplace pension scheme will be 8% of an employee's qualifying earnings, of which the employer must contribute at least 3%.
(MP, ALLOW DK)
DO NOT PROMPT
PROBE FULLY (FOR ANY REASONS GIVEN, DOES THIS RELATE TO EMPLOYERS OR EMPLOYEES?)

1. Automatic enrolment not a good idea generally
2. Complicated/too hard to understand
3. Employees will opt out
4. Happening too early
5. Happening too late
6. Inhibits future pay rises/other benefits
7. Not affordable for employees/costs more
8. Not affordable for employer/costs more
9. Not good/suitable for employers like me/small employers
10. Not good/suitable for low earners
11. Not good/suitable for older employees
12. Not good/suitable for younger employees
13. Should be individual's choice/Government interference
14. Still not enough/not enough for retirement/minimum contributions too low
15. Other saving should be prioritised (e.g. for a home/paying off debt etc.)
16. Pension providers vary too much/hard to pick one
17. Other WRITE IN

ASK ALL
Q57. PHASINGEASE
How easy or difficult do you think it will be for your organisation to cope with these minimum requirements?
IF NECESSARY: By 2019, the minimum contribution in a qualifying workplace pension scheme will be 8% of an employee's qualifying earnings, of which the employer must contribute at least 3%.
(SP, ALLOW DK, REVERSE SCALE)
READ OUT

1. Very easy
2. Fairly easy
3. Neither easy nor difficult
4. Fairly difficult
5. Very difficult

Employer communication

ASK ALL
Q58. COMMS
Have you communicated anything about automatic enrolment or workplace pensions to your employees in any of the following ways, or not?
(MP, ALLOW DK AND NULL, RANDOMISE)

1. Face-to-face communication with employees on a one-to-one basis
2. Face-to-face communication with a group of employees (e.g. at a staff meeting)
3. Letter to staff
4. All staff emails
5. Individual emails
6. Company-wide tele-conference
7. Webinars

ASK IF COMMUNICATED IN MULTIPLE WAYS (MORE THAN ONE CODE 1–8 GIVEN AT COMMS)
Q59. COMMSMAIN
And which of the following would you say was your **preferred** method of communication?
(SP, ALLOW DK, INCLUDE ONLY CODES GIVEN AT COMMS)

1. Face-to-face communication with employees on a one-to-one basis
2. Face-to-face communication with a group of employees (e.g. at a staff meeting)
3. Letter to staff
4. All staff emails
5. Individual emails
6. Company-wide tele-conference
7. Webinars

ASK IF COMMUNICATED (COMMS CODE 1–8)
Q60. ENCOURAGE
On a scale of 1 to 10, where 1 is giving **no encouragement** to your employees to stay in a workplace pension scheme and 10 is giving **strong** encouragement to your employees to stay in a workplace pension scheme, how would you say you communicated automatic enrolment and workplace pensions to your staff overall?
(SP, ALLOW DK)

WRITE IN 1–10

Employee actions following automatic enrolment (non-micro employers)

READ OUT IF NON-MICRO (SIZEBAND NOT CODES 1–3)
You mentioned earlier that you had [SIZENUM] employees when you complied with your automatic enrolment duties in [ENROLC MONTH]. Now I'd like to ask some questions about what your [SIZENUM] employees have done following automatic enrolment. If you looked at the pre-interview questions help card before this interview, this will be helpful to have in front of you during this section.

ASK IF NON-MICRO (SIZEBAND NOT CODES 1–3)
Q61. ELIGIBLE
Not all employees are eligible for automatic enrolment into a qualifying workplace pension scheme. Eligible employees are those who are:

- aged between 22 and State Pension age
- earning £10,000 or more per year, before tax
- not already in a qualifying workplace pension scheme
- and usually working in the UK.

How many of your [SIZENUM] employees, if any, were eligible for automatic enrolment in [ENROLC MONTH]?
(ALLOW DK)
INTERVIEWER NOTE: THIS QUESTION WAS ON THE PRE-INTERVIEW QUESTIONS DATASHEET

WRITE IN 0–SIZENUM

ASK IF HAD ELIGIBLE STAFF (ELIGIBLE>0)
Q62. OPTOUT
IF ELIGIBLE>1: Of the [ELIGIBLE] eligible employees, how many, if any, opted out of the workplace pension scheme within one month, when automatically enrolled in [ENROLC MONTH]?
IF ELIGIBLE=1: Did the eligible employee opt out of the workplace pension scheme within one month, when automatically enrolled in [ENROLC MONTH]?
INTERVIEWER NOTE: THIS QUESTION WAS ON THE PRE-INTERVIEW QUESTIONS DATASHEET
(ALLOW DK)

WRITE IN 0–COUNTERA

ASK IF HAD MORE THAN ONE OPT-OUT (OPTOUT>1)
Q63. MALE
Of the [OPTOUT] employees who opted out, how many were male?
(ALLOW DK AND REF)
INTERVIEWER: PROBE FOR BEST ESTIMATES BEFORE CODING “DON’T KNOW”
INTERVIEWER NOTE: THIS QUESTION WAS ON THE PRE-INTERVIEW QUESTIONS DATASHEET

WRITE IN 0–OPTOUT

ASK IF HAD ONE OPT-OUT (OPTOUT=1)
Q64. MALEB
Was the employee who opted out male or female?
(ALLOW REF)
INTERVIEWER NOTE: THIS QUESTION WAS ON THE PRE-INTERVIEW QUESTIONS DATASHEET

1. Male
2. Female

DO NOT ASK
Q65. MALEC
DUMMY VARIABLE FOR MALE OPT-OUTS

- CODE 1 IF MALEB CODE 1
- CODE 0 IF MALEB CODE 2
- OTHERWISE CODE RESPONSE AT MALEA

DO NOT ASK
Q66. FEMALE
DUMMY VARIABLE FOR FEMALE OPT-OUTS

- CODE 0 IF MALEB CODE 1
- CODE 1 IF MALEB CODE 2
- OTHERWISE FEMALE = OPTOUT – MALE

ASK IF HAD OPT-OUTS (OPTOUT>0)
Q67. AGE
IF OPTOUT>1: Of the [OPTOUT] employees who opted out, how many were in each of the following age bands?
IF OPTOUT=1: Which of the following age bands did they fall into?
(ALLOW DK AND REF, SCRIPT AS A GRID, RESPONSES MUST TOTAL TO OPTOUT)
PROBE FULLY (I.E. UNTIL RESPONSES TOTAL TO RIGHT AMOUNT)
INTERVIEWER: PROBE FOR BEST ESTIMATES BEFORE CODING “DON’T KNOW”
INTERVIEWER NOTE: THIS QUESTION WAS ON THE PRE-INTERVIEW QUESTIONS DATASHEET

1. 22 to 29 WRITE IN 0–OPTOUT
2. 30 to 39 WRITE IN 0–OPTOUT
3. 40 to 49 WRITE IN 0–OPTOUT
4. 50 to 59 WRITE IN 0–OPTOUT
5. 60 to 64 WRITE IN 0–OPTOUT
6. 65 and over WRITE IN 0–OPTOUT

(ERROR TEXT IF RESPONSES DO NOT TOTAL OPTOUT: This does not add up to [OPTOUT] employee(s). Can I check these figures with you again?)

ASK IF HAD OPT-OUTS (OPTOUT>0)
Q68. PAY
IF OPTOUT>1: Of the [OPTOUT] employees who opted out, how many were in each of the following pre-tax annual pay bands?
IF OPTOUT=1: Which of the following pre-tax annual pay bands did they fall into?
(ALLOW DK AND REF, SCRIPT AS A GRID, RESPONSES MUST TOTAL TO OPTOUT)
PROBE FULLY (I.E. UNTIL RESPONSES TOTAL TO RIGHT AMOUNT)
INTERVIEWER: PROBE FOR BEST ESTIMATES BEFORE CODING "DON'T KNOW"
INTERVIEWER NOTE: THIS QUESTION WAS ON THE PRE-INTERVIEW QUESTIONS DATASHEET

1. £10,000 to under £20,000 WRITE IN
2. £20,000 to under £30,000 WRITE IN
3. £30,000 to under £40,000 WRITE IN
4. £40,000 to under £45,000 WRITE IN
5. £45,000 and over WRITE IN

(ERROR TEXT IF RESPONSES DO NOT TOTAL OPTOUT: This does not add up to [OPTOUT] employee(s). Can I check these figures with you again?)

ASK IF HAD OPT-OUTS (OPTOUT>0)
Q69. LENGTH
IF OPTOUT>1: Of the [OPTOUT] employees who opted out, how many had been employed at this organisation for each of the following periods?
IF OPTOUT=1: For which of the following periods had they been employed at this organisation?
(ALLOW DK AND REF, SCRIPT AS A GRID, RESPONSES MUST TOTAL TO OPTOUT)
PROBE FULLY (I.E. UNTIL RESPONSES TOTAL TO RIGHT AMOUNT)
INTERVIEWER: PROBE FOR BEST ESTIMATES BEFORE CODING "DON'T KNOW"
INTERVIEWER NOTE: THIS QUESTION WAS ON THE PRE-INTERVIEW QUESTIONS DATASHEET

1. Up to 1 year WRITE IN
2. More than 1 year, up to 5 years WRITE IN
3. More than 5 years, up to 10 years WRITE IN
4. More than 10 years WRITE IN

(ERROR TEXT IF RESPONSES DO NOT TOTAL OPTOUT: This does not add up to [OPTOUT] employee(s). Can I check these figures with you again?)

ASK IF HAD OPT-OUTS (OPTOUT>0)
Q70. FULLTIME
IF OPTOUT>1: Of the [OPTOUT] employees who opted out, how many, if any, were working full-time (i.e. 30 hours a week or more)?
IF OPTOUT=1: And were they working full-time (i.e. 30 hours a week or more)?
(ALLOW DK AND REF)
INTERVIEWER: PROBE FOR BEST ESTIMATES BEFORE CODING “DON’T KNOW”
INTERVIEWER NOTE: THIS QUESTION WAS ON THE PRE-INTERVIEW QUESTIONS DATASHEET
IF OPTOUT=1: INTERVIEWER: CODE 1 FOR “YES – WORKING FULL-TIME”, OTHERWISE CODE 0

WRITE IN 0–OPTOUT

DO NOT ASK
Q71. PARTTIME
DUMMY VARIABLE FOR PART-TIME OPT-OUTS (PARTTIME = OPTOUT – FULLTIME)

DO NOT ASK
Q72. STAYINA
DUMMY VARIABLE FOR NUMBER STAYING IN INITIALLY (STAYINA = ELIGIBLE – OPTOUT)

ASK IF HAVE EMPLOYEES WHO STAYED IN (STAYINA>0)
Q73. CEASE
Now thinking about the [STAYINA] employee(s) who stayed in the workplace pension scheme when automatically enrolled in [ENROLC MONTH], [IF STAYINA>1: how many, if any, have subsequently ceased contributing to the scheme after one month] [IF STAYINA=1: did they subsequently cease contributing to the scheme after one month]?
(ALLOW DK)
INTERVIEWER NOTE: THIS QUESTION WAS ON THE PRE-INTERVIEW QUESTIONS DATASHEET
IF STAYINA=1: INTERVIEWER: CODE 1 FOR “YES – CEASED CONTRIBUTING AFTER ONE MONTH”, OTHERWISE CODE 0

WRITE IN 0–STAYINA

ASK IF HAVE EMPLOYEES WHO HAVE LEFT THE SCHEME AFTER ONE MONTH (CEASE>0)
Q74. REASON
From what you know or have been told, [IF CEASE>1: how many of these [CEASE] employees ceased contributing to the scheme for any of the following reasons] [IF CEASE=1: did that employee cease contributing to the scheme for any of the following reasons]?
(ALLOW DK AND REF, SCRIPT AS A GRID, RESPONSES MUST TOTAL TO LESS THAN CEASE)
PROBE FULLY (I.E. STOP IF RESPONSES TOTAL TO RIGHT AMOUNT)
INTERVIEWER: PROBE FOR BEST ESTIMATES BEFORE CODING "DON'T KNOW"

1. Because they left your organisation WRITE IN 0–CEASE
2. Because they joined a different pension scheme WRITE IN 0–CEASE
3. Because they actively decided to stop saving into a pension scheme WRITE IN 0–CEASE

(ERROR TEXT IF RESPONSES ACROSS STATEMENTS TOTAL MORE THAN CEASE: This adds up to more than [CEASE] employee(s). Can I check these figures with you again?)

DO NOT ASK
Q75. STAYINB
DUMMY VARIABLE FOR NUMBER STAYING IN AND NOT CEASING (STAYINB = STAYINA – CEASE)

DO NOT ASK
Q76. INELIGIBLE
DUMMY VARIABLE OF INELIGIBLE EMPLOYEES (INELIGIBLE = SIZENUM – ELIGIBLE)

ASK IF ALREADY HAD WORKPLACE PENSION SCHEME AND HAD INELIGIBLE EMPLOYEES (PRECOMP CODE 1 AND INELIGIBLE>0)
Q77. ALREADY
IF INELIGIBLE>1: Of your [INELIGIBLE] employees who were not eligible for automatic enrolment, how many were already in a workplace pension scheme?
IF INELIGIBLE=1: Thinking of your 1 employee who was not eligible for automatic enrolment, were they already in a workplace pension scheme?
(ALLOW DK)
IF INELIGIBLE=1: INTERVIEWER: CODE 1 FOR "YES – ALREADY IN A SCHEME", OTHERWISE CODE 0

WRITE IN 0–INELIGIBLE

DO NOT ASK
Q78. CANOPTIN
DUMMY VARIABLE OF EMPLOYEES WHO COULD OPT IN (CANOPTIN = INELIGIBLE – ALREADY)

ASK IF HAD EMPLOYEES WHO COULD OPT IN (CANOPTIN>0)
Q79. OPTIN
IF CANOPTIN>1: Employees who are not eligible for automatic enrolment and not already in a workplace pension scheme are still entitled to join. Of your [CANOPTIN] employees who were not eligible for automatic enrolment, how many, if any, joined a workplace pension scheme in [ENROLC MONTH]?
IF CANOPTIN=1: Employees who are not eligible for automatic enrolment and not already in a workplace pension scheme are still entitled to join. Thinking of your 1 employee who was not eligible for automatic enrolment, did they join a workplace pension scheme in [ENROLC MONTH]?
(ALLOW DK)
INTERVIEWER NOTE: THIS QUESTION WAS ON THE PRE-INTERVIEW QUESTIONS DATASHEET
IF CANOPTIN=1: INTERVIEWER: CODE 1 FOR “YES – JOINED A SCHEME”, OTHERWISE CODE 0

WRITE IN 0–INELIGIBLE

ASK IF HAD EMPLOYEES WHO OPTED IN (OPTIN>0)
Q80. ENTITLED
In certain cases, when employees who are not eligible for automatic enrolment join a workplace pension scheme, the employer is still required to make a minimum contribution to their pension. This includes any employees who are:

- aged between 16 and 74
- and earning £5,876 or more per year, before tax.

IF OPTIN>1: Of your [OPTIN] employees who were not eligible for automatic enrolment, but still joined a workplace pension scheme, how many were both aged between 16 and 74 and earning £5,876 or more?
IF OPTIN=1: Thinking of your 1 employee who was not eligible for automatic enrolment, but still joined a workplace pension scheme, were they both aged between 16 and 74 and earning £5,876 or more?
(ALLOW DK)
INTERVIEWER NOTE: THIS QUESTION WAS ON THE PRE-INTERVIEW QUESTIONS DATASHEET
IF OPTIN=1: INTERVIEWER: CODE 1 FOR “YES – AGED 16–74 AND EARNING £5,876+”, OTHERWISE CODE 0

WRITE IN 0–OPTIN

DO NOT ASK
Q81. NOTENTITLED
DUMMY VARIABLE OF EMPLOYEES NOT ENTITLED TO MINIMUM EMPLOYER CONTRIBUTION WHEN OPTING IN (NOTENTITLED = OPTIN – ENTITLED)

DO NOT ASK
Q82. LEFTOUT
DUMMY VARIABLE OF EMPLOYEES NOT OPTING IN (LEFTOUT = CANOPTIN – OPTIN)

ASK IF HAD EMPLOYEES WHO OPTED IN (OPTIN>0)
Q83. CHOICE
IF OPTIN>1: And can I just check, of the [OPTIN] employees who were not eligible for automatic enrolment, but still joined a workplace pension scheme, which of the following best describes this situation?
IF OPTIN=1: And thinking of the 1 employee who was not eligible for automatic enrolment, but still joined a workplace pension scheme, which of the following best describes this situation?
(SP, ALLOW DK, RANDOMISE)

1. [IF OPTIN>1: These employees] [IF OPTIN=1: This employee] asked to join
2. You had a policy of enrolling [IF OPTIN>1: these employees] [IF OPTIN=1: this employee] by default, unless they chose not to be enrolled

ASK IF HAD POLICY OF ENROLLING INELIGIBLE EMPLOYEES (CHOICE CODE 2)
Q84. POLICY
You said you have a policy of enrolling all employees into a workplace pension scheme, including those who are not eligible for automatic enrolment. What are your reasons behind having such a policy?
(MP, ALLOW DK)
DO NOT PROMPT
PROBE FULLY (I.E. “ANYTHING ELSE?”)

1. A staff benefit/perk
2. Avoid two-tier system/fairer to have all staff enrolled
3. Convenience/less burdensome to administer
4. Cost is low/insubstantial
5. Employees requested it
6. Helps employee recruitment/retention
7. Helps employees save for retirement
8. Want to help our employees generally
9. Other reason WRITE IN

Employee actions following automatic enrolment (micro employers)

READ OUT IF MICRO (SIZEBAND CODES 1–3)
You mentioned earlier that you had [SIZENUM] employee(s) when you complied with your automatic enrolment duties in [ENROLC MONTH]. Now I’d like to ask some questions about [IF SIZENUM>1: what each of your [SIZENUM] employees have] [IF SIZENUM=1: what your employee has] done following automatic enrolment. I’d just like to reassure you again that the information collected here is strictly confidential, and it will not be possible to identify you, your organisation or your employee(s) in the published findings. If you looked at the pre-interview questions help card before this interview, this will be helpful to have in front of you during this section.

SCRIPT TO ASK ELIGIBLEN TO DISABN IN LOOP FOR EACH EMPLOYEE AT SIZENUM, EXCEPT CHOICEM, WHICH IS ONLY ASKED ONCE AND NOT REPEATED

READ OUT IF MICRO (SIZEBAND CODES 1–3)
Not all employees are eligible for automatic enrolment into a qualifying workplace pension scheme. Eligible employees are those who are:

- aged between 22 and State Pension age
- earning £10,000 or more per year, before tax
- not already in a qualifying workplace pension scheme
- and usually working in the UK.

READ OUT IF LOOP 1: First, I'd like you to consider one of your employees on their own. Just pick any single employee, including yourself.
READ OUT IF LOOP 2: Now, I'd like you to consider your second employee.
READ OUT IF LOOP 3: Now, I'd like you to consider your third employee.
READ OUT IF LOOP 4: Now, I'd like you to consider your fourth employee.

ASK AS LOOP IF MICRO (SIZEBAND CODES 1–3)
Q85. ELIGIBLEM
Was this employee eligible for automatic enrolment?
IF NECESSARY: Eligible employees are those who are:

- aged between 22 and State Pension age
- earning £10,000 or more per year, before tax
- not already in a qualifying workplace pension scheme
- and usually working in the UK.

(SP, ALLOW DK)
DO NOT PROMPT
INTERVIEWER NOTE: THIS QUESTION WAS ON THE PRE-INTERVIEW QUESTIONS DATASHEET

1. Yes
2. No

ASK IF ELIGIBLE EMPLOYEE (ELIGIBLEM CODE 1)
Q86. ACTIONA
Which of the following best describes this employee?
(SP, ALLOW DK)
READ OUT
INTERVIEWER NOTE: THIS QUESTION WAS ON THE PRE-INTERVIEW QUESTIONS DATASHEET

1. They were automatically enrolled into a qualifying workplace pension scheme and have stayed in
2. They were automatically enrolled into a qualifying workplace pension scheme and opted out within one month
3. They were automatically enrolled into a qualifying workplace pension scheme and stayed in initially, but ceased contributing to the scheme after one month

ASK IF EMPLOYEE CEASED CONTRIBUTING (ACTIONA CODE 3)
Q87. REASONM
From what you know or have been told, did this employee cease contributing to the scheme for any of the following reasons?
(ALLOW DK, NULL AND REF, RANDOMISE STATEMENTS)

READ OUT EACH STATEMENT
PROBE FULLY
INTERVIEWER: PROBE FOR BEST GUESS BEFORE CODING "DON'T KNOW"

1. Because they left your organisation
2. Because they joined a different pension scheme
3. Because they actively decided to stop saving into a pension scheme

ASK IF INELIGIBLE EMPLOYEE (ELIGIBLEM CODE 2)
Q88. ACTIONB
Which of the following best describes this employee?
(SP, ALLOW DK)
READ OUT
INTERVIEWER NOTE: THIS QUESTION WAS ON THE PRE-INTERVIEW QUESTIONS DATASHEET

1. ASK IF ALREADY HAD WORKPLACE PENSION SCHEME (PRECOMP CODE 1): They were already in a workplace pension scheme before [ENROLC MONTH]
2. They joined a workplace pension scheme in [ENROLC MONTH]
3. They did not join any workplace pension scheme

ASK IF JOINED A QUALIFYING SCHEME (ACTIONB CODES 1–2)
Q89. CHOICEM
Which of the following best describes why this employee joined a workplace pension scheme?
(SP, ALLOW DK)
READ OUT

1. They asked to join
2. You had a policy of enrolling all employees by default, unless they chose not to be enrolled

DO NOT ASK
Q90. CHOICEX
DUMMY VARIABLE MERGING CHOICE AND CHOICEM

ASK IF HAD POLICY OF ENROLLING INELIGIBLE EMPLOYEES (CHOICEM CODE 2)
Q91. POLICYM
You said you have a policy of enrolling all employees into a workplace pension scheme, including those who are not eligible for automatic enrolment. What are your reasons behind having such a policy?
(MP, ALLOW DK)
DO NOT PROMPT
PROBE FULLY (I.E. "ANYTHING ELSE?")

1. A staff benefit/perk
2. Avoid two-tier system/fairer to have all staff enrolled
3. Convenience/less burdensome to administer
4. Cost is low/insubstantial
5. Employees requested it
6. Helps employee recruitment/retention
7. Helps employees save for retirement
8. Want to help our employees generally
9. Thought we had to/it was a legal requirement
10. Other reason WRITE IN

DO NOT ASK
Q92. POLICYX
DUMMY VARIABLE MERGING POLICY AND POLICYM

ASK AS LOOP IF MICRO (SIZEBAND CODES 1–3)
Q93. GENDERM
Are they male or female?
(SP, ALLOW DK AND REF)
DO NOT PROMPT
INTERVIEWER NOTE: THIS QUESTION WAS ON THE PRE-INTERVIEW QUESTIONS DATASHEET

1. Male
2. Female
3. Define themselves in some other way

ASK AS LOOP IF MICRO (SIZEBAND CODES 1–3)
Q94. AGEM
Which of the following age bands do they fall into?
(SP, ALLOW DK AND REF)
PROBE FULLY (I.E. UNTIL CORRECT RESPONSE REACHED)
INTERVIEWER NOTE: THIS QUESTION WAS ON THE PRE-INTERVIEW QUESTIONS DATASHEET

1. ASK IF ELIGIBLEM CODE 2: Under 16
2. ASK IF ELIGIBLEM CODE 2: 16 to 21
3. 22 to 29
4. 30 to 39
5. 40 to 49
6. 50 to 59
7. 60 to 64
8. ASK IF ELIGIBLEM CODE 2: 65 and over

ASK AS LOOP IF MICRO (SIZEBAND CODES 1–3)
Q95. PAYM
Which of the following pre-tax annual pay bands do they fall into?
(SP, ALLOW DK AND REF)
PROBE FULLY (I.E. UNTIL CORRECT RESPONSE REACHED)
INTERVIEWER NOTE: THIS QUESTION WAS ON THE PRE-INTERVIEW QUESTIONS DATASHEET

1. ASK IF ELIGIBLEM CODE 2: Under £5,876
2. ASK IF ELIGIBLEM CODE 2: £5,876 to under £10,000
3. £10,000 to under £20,000
4. £20,000 to under £30,000
5. £30,000 to under £40,000
6. £40,000 to under £45,000
7. £45,000 and over

ASK AS LOOP IF MICRO (SIZEBAND CODES 1–3)
Q96. LENGTHM
Which of the following best describes how long they have been an employee at this organisation?
(SP, ALLOW DK AND REF)
PROBE FULLY (I.E. UNTIL CORRECT RESPONSE REACHED)
INTERVIEWER NOTE: THIS QUESTION WAS ON THE PRE-INTERVIEW QUESTIONS DATASHEET

1. Up to 1 year
2. More than 1 year, up to 5 years
3. More than 5 years, up to 10 years
4. More than 10 years

ASK AS LOOP IF MICRO (SIZEBAND CODES 1–3)
Q97. FULLTIMEM
Which of the following best describes their working status?
(SP, ALLOW DK AND REF)
PROBE FULLY (I.E. UNTIL CORRECT RESPONSE REACHED)
INTERVIEWER NOTE: THIS QUESTION WAS ON THE PRE-INTERVIEW QUESTIONS DATASHEET

1. Full-time (i.e. 30 hours a week or more)
2. Part-time (i.e. under 30 hours a week)

ASK AS LOOP IF MICRO (SIZEBAND CODES 1–3)
Q98. PCODEM
What is the first part of their home postcode and the first digit of the second part? This is usually the first 3 or 4 digits.
IF NECESSARY: For example, I am calling from postcode EH6 7EZ, so the first part is EH6 and the first digit of the second part is 7.
IF NECESSARY: This helps us to analyse the findings by geography. Neither you, your organisation nor any employees would be identifiable in the published findings.
(ALLOW DK AND REF, SCRIPT TO VALIDATE POSTCODE AREA)

WRITE IN FIRST PART OF POSTCODE ON FIRST SCREEN
WRITE IN FIRST DIGIT OF SECOND PART OF POSTCODE (1–9) ON SECOND SCREEN

END LOOP

DO NOT ASK
Q99. MISSING
DUMMY VARIABLE WHERE MISSING DETAILS
CODE 1 IF (SIZEBAND CODES 1–3 AND DK AT COSTEST) OR (ANY DK AT ELIGIBLEM, ACTIONA, ACTIONB, GENDERM, AGEM, PAYM, LENGTHM, FULLTIMEM OR PCODEM, FOR ANY LOOP)

Appendix C: guide to statistical reliability

It should be remembered that final data from the survey are based on a weighted sample, rather than the entire population of small and micro employers who declared compliance between September 2016 and March 2017. Percentage results are therefore subject to margins of error, which vary with the size of the sample and the percentage figure concerned.

For example, for a question where 50 per cent of the 2,698 businesses sampled in the survey give a particular answer, the chances are 95 in 100 that this result would not vary more or less than 2.1 percentage points from the true figure – the figure that would have been obtained had the entire UK business population responded to the survey. The margins of error that are assumed to apply in this report are given in Table C.1.[38]

Table C.1 Margins of error (in percentage points) applicable to percentages at or near these levels

	10% or 90%	30% or 70%	50%
2,698 small and micro employers	±1.2	±1.9	±2.1
958 micro firms (1 to 4 workers)	±2.1	±3.2	±3.5
1,740 small firms (5 to 29 workers)	±1.5	±2.4	±2.6

There are also margins of error when looking at subgroup differences (i.e. the subgroup compared to the average). A difference must be of at least a certain size to be statistically significant. Table C.2 is a guide to these margins of error.

Table C.2 Differences required (in percentage points) from overall (average) result for significance at or near these percentage levels

	10% or 90%	30% or 70%	50%
958 micro firms (1 to 4 workers)	±1.7	±2.6	±2.8
1,740 small firms (5 to 29 workers)	±1.0	±1.5	±1.6

[38] In calculating the margins of error shown in these tables, a design effect of 1.2 has been assumed for the sample as a whole, and all subgroups, due to minor post-survey weighting. The actual design effect has been taken into account throughout the report, where only differences that are statistically significant post-weighting are commented on.

References

DWP. (2017). *Automatic Enrolment Review 2017: Analytical Report*, available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/668657/automatic-enrolment-review-2017-analytical-report.pdf

OMB Research. (2017a). *Intermediaries' understanding and activity relating to automatic enrolment and ongoing duties*, TPR, available at: http://www.thepensionsregulator.gov.uk/docs/intermediaries-automatic-enrolment-research-report-2017.pdf

OMB Research. (2017b). *Ongoing Duties Survey*, TPR, available at: http://thepensionsregulator.gov.uk/docs/employer-automatic-enrolment-ongoing-duties-survey-2017.pdf

Wood, A., Downer, D., Hulme, A. and Phillips, R. (2017). *Automatic enrolment: qualitative research with small and micro employers*, DWP Research Report No. 949, available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/643581/automatic-enrolment-qualitative-research-with-small-and-micro-employers.pdf