

Best practice case study

Reviewing appropriateness of existing pension provision at Arts Council England

LESSONS LEARNED

- >> Review existing pension provision to assess whether it is cost effective and auto-enrolment compliant
- >> Engage in open communication about the decision-making process
- >> Consider an employer pension contribution above the minimum legal threshold

"In comparison to other changes our organisation has gone through in recent years, auto-enrolment was fairly straightforward," says Ian Matthews, HR director of Arts Council England, a publically-funded body responsible for promoting and distributing public funding to arts organisations. "However, auto-enrolment resulted in us bringing in a new pension scheme to sit alongside our existing provision."

In preparing for auto-enrolment, Arts Council England gave considerable thought to how it could balance the requirement for regulatory compliance with the wider needs of the organisation. There were about 100 employees in the organisation not already paying into an employer pension. *"We had to take a decision as to whether we should automatically enrol staff into our existing final salary pension scheme, enrol them into a different scheme or give them the choice. After assessing our options we decided to introduce a new scheme to run alongside our existing one. This would be an off-the-shelf defined contribution scheme, with lower employer and employee*

contribution rates. Employees who we were required to auto-enrol into a scheme were then given the choice between the two."

A key challenge was how to communicate this decision to employees and their unions. *"We faced some scepticism about the decision to introduce another pension scheme when we had a good existing scheme in place," says Ian. "However, to demonstrate our continuing commitment to employees we decided to pay more than the minimum legal level of employer pension contribution into the new defined benefit scheme: 4% rather than 1%."*

What advice would Ian pass on to other organisations looking to implement auto-enrolment successfully?

"Do not auto-enrol staff into a costly or complex existing scheme if they have not been interested to date. Give them the choice to enrol into something that has more affordable contributions – for them and for your organisation."