



London Borough of Enfield

Report Title	New Joiners & Leavers to the London Borough of Enfield Pension Fund
Report to	Pension, Policy & Investment Committee (PPIC)
Date of Meeting	04 October 2023
Cabinet Member	Cllr Tim Leaver
Executive Director / Director	Fay Hammond
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Classification	Part 1 Public

Purpose of Report

1. The purpose of this report is to update the PPIC on the number of Joiners and leavers to the Enfield Pension scheme.

Recommendations

2. The committee are asked to note the contents of the report.

Background

3. When new starters are employed by Enfield Council (the largest employer in the fund), they are auto-enrolled into the Pension Fund ("Fund"). These new starters have an option to opt-out within the first three months of the joining.
4. These employees pay a percentage of their salary into the Pension scheme.
5. Concerns were expressed at previous PPIC meetings that due to the cost of living crisis new starters may be opting out and existing members may also be choosing to leave the scheme.
6. The cost of living increased sharply across the UK during 2021 and 2022. The annual rate of inflation reached 11.1% in October 2022, a 41 year high, before easing in subsequent months. Inflation was 6.8% in July 2023. High inflation impacts the affordability of goods and services for households. There is concern

that employees may choose to leave the Pension Scheme to enable them to retain more of their income to meet day to day living expenses.

Cost of living impact on members

7. It's important to keep an ongoing review of membership numbers in order to identify trends and impacts.

It can be argued that an indication of the cost of living crisis, can be seen by focusing on the number of members opting out or moving to the 50/50 scheme. The issue is being looked at a national level and current discussions are taking place as to how data can be correctly captured to assess the full impact.

Some points to note in terms of data collection:

- If a member opts out before 3 months they are automatically refunded via their employer's payroll, so these records are not currently available.
- If a member wishes to opt out, the pensions team make members aware of the 50/50 scheme as an alternative option.
- Pension auto enrolment has an impact on data collection. All previously opted out members are automatically brought back into the Pension Scheme every 3 years. Enfield ran an auto enrolment in May 2022, which will impact on the numbers below.

8. Members opting out of the Fund

Period Start	Period End	Total
01/04/2020	31/03/2021	235
01/04/2021	31/03/2022	245
01/04/2022	31/03/2023	350
Average		277

Members Joining the 50/50 scheme

Period Start	Period End	Total
01/04/2020	31/03/2021	26
01/04/2021	31/03/2022	24
01/04/2022	31/03/2023	94
Average		48

Total Scheme Movement

Period Start	Period End	Actives Members	Deferred Members	Pensioners
01/04/2020	31/03/2021	8,319	10,035	6,259
01/04/2021	31/03/2022	8,354	10,589	6,618
01/04/2022	31/03/2023	8,389	11,269	6,934
Overall increase		+70	+1,234	+ 675

Scheme membership numbers have increased overall in the last three years. The biggest increase has been in deferred membership. It could be argued that this

increase relates to members who have opted out of the scheme due to cost of living implications.

9. It was agreed at the September Pension Board that the Pensions Administration section will look to carry out further work with new starters to educate them on the benefits of the scheme and explore options to capture details of why members are leaving the scheme.

Relevance to Council Plans and Strategies

10. An economy that works for everyone.

Financial Implications

11. Employees leaving the Pension will result in reduced Pension Contributions to the Pension Fund from both the employee and employer.

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Appendices

None.