

“To act or not to act, that is the question”

Apologies to the Bard of Avon for the heading but recent events have got me thinking about the merits of acting quickly, especially where Government policy is concerned, and in particular automatic enrolment contribution deferment.

The pre-conditioned adolescent brain is programmed to see a can and wants to kick it. Whilst society begins to dictate you should pick it up and bin it, the brain still wants what it wants and the urge does not disappear. There are many Peter Pans out there who still listen to that urge and are kicking that can well into later life.

However, as Chancellor of the Exchequer, you have to check your pointy hat and tights at the door and consider the implications of that can you plan to kick. When the Chancellor announced in his Autumn Statement that he was deferring the increase in automatic enrolment contributions we presume that the Chancellor didn't just look at the saving to the Treasury in tax relief, and looked a bit further to where the can landed.

In the midst of concern, outrage and mild panic the only constant on automatic enrolment was the strength of conviction that this would proceed firmly. It had to happen, was going to happen and non compliance would be punished. The failure of employers to take serious heed of stakeholder warnings meant a strong message was crucial. Employers may feel like they have heard it all before.

This is why no-one foresaw that the Chancellor would kick the automatic enrolment can down the road. Whilst delaying the contribution increments by six months doesn't sound a lot, it does have a knock on effect. Let's forget the upside for the Chancellor in the aforementioned saving to the Treasury, there is also a knock on affect for employers. Let's consider the poor companies who have paid for advice, and made decisions based on the existing contribution proposition? Many employers would have sought a cost benefit analysis on phasing the contributions in. The increased management and communication requirements can often outweigh the overall saving of deferring these increments. Small businesses need their pension scheme management working, as they generate the revenue in many cases. Therefore, decisions have been made based on pragmatism and reduction of management time. However, moving

the goal posts is not really fair on those who have spent time and effort looking at this and rewards the lethargic.

This is a problem blighting our industry. In September I was asked when a trustee board should look at the problem of VAT reclaim. I suggested waiting until it is almost too late and then acting. The general level of confusion made it clear, nobody was going to agree and a delay would come. Is that the right attitude? No, of course it is not, however it is borne out of significant and repetitive experience. Then come late October, we were given a year's extension on the deadline. What happens to the poor companies who have invested time and money in a solution that a year down the line may be challenged and replaced by something else?

Those who act early, take advice, plan and implement are the ones who end up disadvantaged when last minute changes like this are made. The best project managers do not get things done the quickest, they get them done on time, on budget and to specification. When setting timescales, we need to stop breaking our necks and work on what can be delivered. Does it make sense to increase contributions on complete tax years, of course it does. However, it also made sense three years ago when they first set them.

Having spent a lot of time in November visiting small employers, all they want is fairness, systems that work and some certainty. We need to start striving towards this. Is this the biggest risk to automatic enrolment? No, it probably is not. But to act or not to act? That is a very real question. ■



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