Written evidence from CBI (PB 56)

When I gave oral evidence to the committee last week, I said I would send a follow-up note on our views as regards clause 34. This issue was also discussed in DWP’s recent consultation, *Technical Changes to Automatic Enrolment Regulations* and a briefing note has been subsequently published this week by DWP on this clause.

There are some circumstances when auto-enrolment or pensions saving may not be appropriate, for example when an individual has given notice of retirement during a deferral period. Under current regulations, businesses are still required to auto-enrol such individuals, which is inconsequential because the employee will soon leave employment. There is a case for exceptions for auto-enrolment to be established so that situations like this can be avoided and resources effectively targeted elsewhere in the auto-enrolment process.

In principle, therefore, the CBI supports the intention of the clause. It is, however, too broadly drafted. As written, the provisions for exemptions will be framed by categories or descriptions of workers, or *in some other way* which will be at the discretion of the Secretary of State for Work and Pensions. The inclusion of “in some other way” would provide too broad a power to government to change the scope of automatic enrolment at any time it saw fit. For instance, it would provide the Secretary of State with a secondary legislation power to exempt some businesses. This is a move the CBI could not support, as it undermines the consensus that was reached on pensions reform by giving exempted firms a cost advantage over those within the regime. We believe, therefore, that the Government should remove the term “in some other way” to address this.

I have copied this letter to the minister and the shadow minister. Should you have any further questions, do not hesitate to get in touch with myself or Lena Tochtermann who leads the CBI’s pensions team.

*July 2013*