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## Fakenham Town Council

# PENSION SCHEME POLICY

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## 1. Introduction

This policy sets out how Fakenham Town Council administers and operates its workplace pension arrangements through the NEST scheme. It is made in compliance with the Pensions Act 2008, the Pensions Acts 2011 and 2014, The Employers' Duties (Implementation) Regulations 2010, the Employers' Duties (Miscellaneous Amendments) Regulations 2017, and guidance issued by The Pensions Regulator.

## 2. Scope & Definitions

The following definitions are provided in line with the Pensions Act 2008 and The Pensions Regulator's guidance:

- **Eligible jobholder:** An employee aged 22 to State Pension age who earns above the automatic enrolment threshold. They must be automatically enrolled, with employer and employee contributions payable.
- **Non-eligible jobholder:** An employee aged 16–74 who does not qualify for automatic enrolment but has the right to opt in and receive employer contributions.
- **Entitled worker:** An employee aged 16–74 who earns below the lower earnings limit. They may join a pension scheme if they choose, but the employer is not required to contribute.
- **Employer contribution:** The percentage of qualifying earnings paid by the Council into the pension scheme.
- **Employee contribution:** The percentage of qualifying earnings paid by the employee, subject to statutory minimums and scheme rules.
- **Postponement:** The option to delay automatic enrolment and contribution assessment for up to three months.

- **Qualifying earnings:** Gross earnings used to calculate contributions, including salary, wages, overtime, bonuses, commission, and statutory payments (e.g. maternity, paternity, adoption, and sick pay).

### 3. Scheme Provider

The Council uses **NEST (National Employment Savings Trust)** as its qualifying workplace pension scheme.

### 4. Eligibility and Automatic Enrolment

- Employees meeting the criteria for an eligible jobholder will be automatically enrolled, unless they opt out.
- Non-eligible jobholders may request to opt in, with contributions made by both employee and employer.
- Entitled workers may request to join NEST but the Council is not required to contribute.
- The Council will assess eligibility each pay period.

### 5. Postponement Clause

- In accordance with The Pensions Regulator guidance, the Council may postpone automatic enrolment for up to three months from the employee's first day of employment or from when they first become eligible.
- During the postponement period, no employer or employee contributions will be deducted or paid.
- The Council will notify the employee in writing of the postponement decision within six weeks of the postponement start date, including information about their right to opt in.
- If the employee opts in during the postponement period, contributions will commence immediately.

### 6. Contribution Rates

- In compliance with the Pensions Act 2008, the Council will always meet or exceed the statutory minimum contribution levels. These are currently 3% from the employer and 5% from the employee. Of this 5%, most employees contribute around 4% directly, with approximately 1% provided through basic-rate tax relief claimed by NEST on their behalf. This totals 8% of qualifying earnings.
- The Council currently contributes **10%** of an employee's qualifying earnings. This exceeds the statutory minimum. As such, employees are not required to contribute unless they wish to.
- Employees may choose to make voluntary contributions of up to 100% of qualifying earnings through payroll deductions. In addition, one-off or lump-sum payments may be made directly to NEST. All contributions are subject to HMRC rules on tax relief and the annual allowance.

### 7. Opt-Out, Opt-In, and Re-Enrolment

- Employees may opt out following the scheme's statutory procedures.
- Non-eligible and entitled workers may request to join the scheme in line with legislation.
- Eligible jobholders who have opted out may be re-enrolled at the Council's re-enrolment date (currently every three years).

### 8. Record-Keeping & Reporting

The Council will:

- Maintain records of enrolment decisions, postponement notices, opt-in/opt-out requests, contributions paid, and correspondence, for at least six years.
- Monitor contributions and ensure timely payments into NEST.
- Comply with audit and reporting duties as required by The Pensions Regulator.

## 9. Responsibilities

- **The Council:** Holds overall responsibility for compliance with legislation, including auto-enrolment duties, payment of employer contributions, and record-keeping.
- **The Clerk / RFO / Payroll Provider:** Administer the scheme on the Council's behalf, including assessing eligibility, notifying employees, processing payroll deductions, and ensuring timely payments to NEST.
- **Employees:** Provide accurate information, notify changes to employment status, and exercise opt-in or opt-out rights in accordance with statutory procedures.

## 10. Implementation & Review

- This policy will be implemented under the direction of the Clerk/RFO, in line with the Council's statutory duties.
- This policy will be reviewed by the Council in line with changes in pension legislation, The Pensions Regulator's guidance, or the rules of the NEST scheme.
- As a minimum, the policy will be reviewed at the time of the Council's re-declaration of compliance with The Pensions Regulator (currently required every three years).
- Responsibility for coordinating the review process rests with the Clerk/RFO.

Reviewed and ratified at Governance & Finance Committee 21<sup>st</sup> October 2025