

Preparing for automatic enrolment : Occupational pension membership by Government Office Region

October 2011

Introduction

Workplace pension reform will require all employers to automatically enrol their eligible workers into a pension scheme. From 2012, all workers who are aged at least 22 and under the state pension age, and earning above a certain threshold, will be automatically enrolled into an employer-sponsored pension scheme. This analysis breaks down the likely number of workers affected, by Government Office Region, based on the latest data from the Annual Survey of Hours and Earnings.

Methodology

The Annual Survey of Hours and Earnings (ASHE)¹ is based on a 1 per cent sample of employee jobs, drawn from HM Revenue & Customs (HMRC) Pay As You Earn (PAYE) records. It collects information on the earnings of workers², and distinguishes between basic and total pay, and the amount of pension contributions from employers and workers. The results are then weighted to the Labour Force Survey, to produce population estimates. As earnings are reported by the employer, rather than the individual, it is generally thought to provide a more robust estimate of earnings than comparable sources, such as the Labour Force Survey.³ We present data from the last three iterations of the survey: 2008, 2009, and 2010.

Totals are restricted to the group eligible for automatic enrolment. This contains those who work in the public, private, and not-for-profit sectors, and who are:

- Aged at least 22, but under state pension age⁴.
- Earning above the earnings trigger.⁵

We report workers' membership of a workplace pension scheme, which is defined as any pension scheme where the employer makes a contribution.⁶ Personal pension schemes with no employer contribution are not counted in this analysis. Workers who are not currently saving in a pension scheme are classified as being in the "target group" for automatic enrolment.

Analysis is presented by the Government Office Region (GOR) of the workplace.⁷ Regional variation in the proportion of workers not saving in a pension arises from different sources, including differences in labour market participation by industry and sector. The public sector has higher pension participation than the private sector: 87% of men and 82% of women working in the public sector are members of an employer-sponsored pension scheme, compared with, only 39% of men and 28% of women in the private sector.⁸

Results

Table (1): Eligible pensioned and unpensioned workers, by Government Office Region, 2008

	Unpensioned workers	Pensioned workers	Total	Proportion of workers not saving in a pension %	95% confidence intervals
North East	300,000	470,000	760,000	39.1	±10,000
North West	830,000	1,310,000	2,140,000	38.9	±20,000
Yorkshire and the Humber	670,000	960,000	1,630,000	40.9	±20,000
East Midlands	590,000	770,000	1,360,000	43.6	±20,000
West Midlands	710,000	990,000	1,710,000	41.8	±20,000
South West	680,000	960,000	1,640,000	41.3	±20,000
East	760,000	1,020,000	1,780,000	42.8	±20,000
London	1,240,000	1,850,000	3,090,000	40.1	±20,000
South East	1,130,000	1,580,000	2,710,000	41.7	±20,000
Wales	320,000	550,000	870,000	36.9	±10,000
Scotland	650,000	1,160,000	1,810,000	35.9	±20,000
All	7,880,000	11,610,000	19,490,000	40.4	±60,000
<i>Unweighted base (n)</i>	40,000	60,000	110,000	110,000	-

Occupational pension membership by government office region

Table (2): Eligible pensioned and unpensioned workers, by Government Office Region, 2009

	Unpensioned workers	Pensioned workers	Total	Proportion of workers not saving in a pension %	95% confidence intervals
North East	290,000	490,000	780,000	37.7	±10,000
North West	840,000	1,250,000	2,100,000	40.2	±20,000
Yorkshire and the Humber	700,000	960,000	1,660,000	42.2	±20,000
East Midlands	590,000	770,000	1,370,000	43.4	±10,000
West Midlands	720,000	970,000	1,680,000	42.7	±20,000
South West	670,000	950,000	1,610,000	41.5	±20,000
East	760,000	930,000	1,690,000	45.0	±20,000
London	1,240,000	1,750,000	2,990,000	41.6	±20,000
South East	1,140,000	1,510,000	2,650,000	42.8	±20,000
Wales	310,000	530,000	850,000	37.1	±10,000
Scotland	660,000	1,140,000	1,800,000	36.6	±20,000
All	7,940,000	11,250,000	19,190,000	41.4	±50,000
<i>Unweighted base (n)</i>	<i>60,000</i>	<i>80,000</i>	<i>130,000</i>	<i>130,000</i>	-

Occupational pension membership by government office region

Table (3): Eligible pensioned and unpensioned workers, by Government Office Region, 2010

	Unpensioned workers	Pensioned workers	Total	Proportion of workers not saving in a pension	95% confidence intervals
North East	290,000	470,000	760,000	38.3	±10,000
North West	870,000	1,220,000	2,090,000	41.5	±20,000
Yorkshire and the Humber	690,000	940,000	1,630,000	42.5	±20,000
East Midlands	610,000	740,000	1,350,000	45.2	±10,000
West Midlands	730,000	960,000	1,700,000	43.1	±20,000
South West	680,000	910,000	1,590,000	42.5	±20,000
East	780,000	960,000	1,740,000	44.7	±20,000
London	1,260,000	1,780,000	3,040,000	41.4	±20,000
South East	1,130,000	1,490,000	2,620,000	43.1	±20,000
Wales	320,000	530,000	850,000	37.5	±10,000
Scotland	660,000	1,150,000	1,810,000	36.2	±20,000
All	8,010,000	11,160,000	19,170,000	41.8	±50,000
<i>Unweighted base (n)</i>	<i>60,000</i>	<i>80,000</i>	<i>130,000</i>	<i>130,000</i>	<i>-</i>

Notes for tables (1-3):

1. *Figures, unweighted observations, and confidence intervals are rounded to the nearest 10,000. Percentages are round to the nearest tenth of a percent. Figures may not sum due to rounding.*
2. *Figures are for Great Britain.*
3. *Weighted totals are indicative only, and do not provide the most robust estimate of the size of the labour force. The Labour Force Survey (LFS) provides more robust estimates of the size and composition of the labour force, and is used when reporting labour force national statistics.*
4. *Confidence intervals express the range of uncertainty around the central estimates. There is a 95% probability that the true value for the number of pensioned and unpensioned workers lies within the range shown in the confidence interval column.*

Source: Annual Survey of Hours and Earnings, 2008-2010

¹ For details of ASHE methodology, see here: <http://www.ons.gov.uk/ons/guide-method/method-quality/specific/labour-market/annual-survey-of-hours-and-earnings/index.html>.

² ASHE samples both workers with a permanent contract, and also those who work through an employment agency.

³ Although, as with all survey data, there will be some non-response, particularly from smaller employers.

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⁴ We assume the state pension age to be 65 for men, and 60 for women, as it was at the time of the survey..

⁵ We have assumed a trigger of £7,475 in 2011/12 terms, for indicative purposes only. This trigger was recommended by the 2010 “Making Automatic Enrolment Work” review. The actual value for 2012/13 will be announced in Parliament in early 2012. The trigger is calculated on “qualifying earnings” which is defined as salary, wages, overtime, commission, bonuses and statutory sickness, maternity, paternity and adoption pay.. This figure is decreased in line with average weekly earnings for analysis, which gives thresholds of £6,905 in 2008, £7,147 in 2009, and £7,233 in 2010.

⁶ There are minimum contribution requirements for automatic enrolment: the employer must enrol their workers into a defined-benefit scheme, or a defined contribution scheme where the employer contributes the equivalent, however calculated, of at least 3% of qualifying earnings. The analysis presented here shows all pension schemes with an employer contribution.

⁷ Government Office Region of the employee’s home address was considered for this analysis, but the large volume of missing observations indicated that workplace-based analysis would be more robust.

⁸Pension Trends 2011, Figure 7.7: <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-228879>