

DWP delays savings reform for small firms

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New rules which force firms to arrange pensions for employees will be delayed by a year for some companies, the Department for Work and Pensions admitted yesterday.

Auto-enrolment begins in autumn 2012 with a timetable of deadlines for different-sized firms to meet the employee pension requirements. But yesterday Steve Webb, minister for Pensions, said: "We are softening the timetable for implementation."

The U-turn on timing will affect small businesses with 50 or fewer employees. They now have to begin automatically enrolling their staff in May 2015, instead of the current timing of April 2014. The move will give small firms "additional breathing space", said Mr Webb.

Zoe Lynch, partner at the law firm Sacker, said the move was inevitable given the current economic turmoil. "It is a unfortunate quirk of timing that one of the major reforms to retirement planning has come to fruition at the time of the gloomiest economic outlook," she said.

Jennie Kreser, a partner at the law firm Silverman Sherliker, said: "Communication of the changes have not exactly been well publicised by DWP yet, so the difference of a few months is neither here nor there."

But Tom McPhail, the head of pensions research at Hargreaves Lansdown, accused the Government of panicking. "The present pensions crisis will only get worse if governments aren't prepared to take tough decisions," he said.