AUTO-ENROLMENT EMPLOYER GUIDE
2. ASSESSING THE WORKFORCE

Where should you start?

You'll need to establish three main things when you assess your workforce:

- The worker's age
- Whether the worker ordinarily works in the UK
- Whether qualifying earnings are payable in the relevant pay reference period

These criteria will determine into which category of worker an individual or group falls, and thus what your employer duties are (see Auto-Enrolment Employer Guide Part 1. Getting Ready).

Assessing age should be straightforward, but whether the worker is ordinarily working in the UK can be more complicated, as can qualifying earnings.

When to make the assessment

You will have to assess a worker on:

- your staging date for a worker already in employment on that date,
- the first day of employment for a worker who starts employment after your staging date,
- the date of the workers 16th birthday (where this occurs after your staging date,
- the date of the workers 22nd birthday (where this occurs after your staging date,
- the deferral date (if you've used postponement for a worker),
- the first day of each pay reference period, where earlier assessment identifies the worker to be a non-eligible jobholder or entitled worker. In other words, each week for weekly paid workers, or each month for monthly paid workers.

You must make the assessment based on the worker's circumstances on the assessment date. You may be able to carry out the assessment ahead of time if you're confident that the circumstances won't change.

Ordinarily working in the UK

A worker works wholly in the UK if their contract provides for them to be based at a UK location and there is no simultaneous employment relationship with an employer outside the UK (i.e. the worker hasn't been sent to the UK by an affiliated employer, such as on a secondment.

It doesn't matter if the worker makes occasional business trips outside the UK as part of their work, nor whether the worker is a UK national or not (as long as they're working legally in the UK).

Where a worker isn't working wholly in the UK, they may still be ordinarily working in the UK. The primary issue is where the worker is based, what the worker's contract of employment states and how the contract is operated in practice. The following factors will be will need to be considered:

- where the worker begins and ends their work
- where their private residence is, or is intended to be
- where the worker's headquarters is
- whether they pay National Insurance in the UK
- what currency they are paid in

Due to the potential complexity of this issue, the TPR* detailed guidance on assessing the workforce is useful and provides some really useful examples.

Are qualifying earnings payable?

You must determine whether qualifying earnings are payable in the relevant pay reference period. For workers earning a regular, unchanging amount assessment will be straightforward. Where earnings fluctuate, the following steps must be taken on the assessment date:

1. Identify the relevant pay reference period
2. Identify what is payable in that period
3. Compare what is payable with the lower level of qualifying earnings and the earnings trigger for automatic enrolment.

What are pay reference periods?

This is the period of time to which an amount of pay relates - because workers must be assessed based on their earnings in the pay reference period in which the assessment day falls. This means that assessment is based on pro rata thresholds. The table below gives a breakdown of the 2018/19 figures by pay reference period on a pro rata basis:

Pay Reference Period	Lower Earnings Limit	Earnings Trigger
1 Week	£116.00	£192.00
Fortnight	£232.00	£384.00
4 Weeks	£464.00	£768.00
1 Month	£503.00	£833.00
1 Quarter	£1,508.00	£2,499.00
Bi-Annual	£3,016.00	£4,998.00
Annual	**£6,032.00**	**£10,000.00**

The usual pay reference period for a worker is the period of time by reference to which you pay the worker their regular wage or salary. It is **not** the interval between the dates the worker actually receives their pay, although the two do sometimes coincide.

What are qualifying earnings?

Qualifying earnings refers to earnings between £6,032 and £46,350 made up of any of the following components:

- Salary
- Wages
- Commission
- Bonuses
- Overtime
- Statutory sick pay
- Statutory maternity pay
- Ordinary or additional statutory paternity pay
- Statutory adoption pay

Identifying payable earnings

The key word here is 'payable'. This means earnings actually paid as well as what is due to be paid or was due to be paid in the pay reference period.

You must consider what is payable in the whole of the pay reference period even if the assessment date (such as the first day of employment or the worker's 22nd birthday) falls part way through a pay reference period.

If auto-enrolment is triggered from the assessment date , contributions are calculated based on the earnings paid from the assessment date for the rest of the pay reference period.

Where to get more help

Our auto-enrolment team are here to help with your queries. You can contact them online or by telephone:
aspirafp.co.uk/auto-enrolment
0800 048 0150

*The Pensions Regulator (TPR) has some very useful flowcharts to help you in making your assessments of workers or groups of workers. In fact, their detailed guidance is a very useful reference