

Employers' Pension Provision Survey 2013

Preliminary findings

April 2014

Employers' Pension Provision Survey 2013: Preliminary findings

DWP ad hoc research report no. 1

A report of research carried out by the Department for Work and Pensions

© Crown copyright 2014.

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/> or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk.

This document/publication is also available on our website at:
<https://www.gov.uk/government/collections/research-reports>

If you would like to know more about DWP research, please email:
Socialresearch@dwp.gsi.gov.uk

First published 2014.

ISBN 978-1-78425-144-4

Views expressed in this report are not necessarily those of the Department for Work and Pensions or any other Government Department.

Executive summary

The 2013 Employers' Pension Provision Survey

- This report presents preliminary findings from the 2013 Employers' Pension Provision Survey (EPP 2013). EPP 2013 was commissioned by the Department for Work and Pensions (DWP) and undertaken by TNS-BMRB Social Research and the National Institute of Economic and Social Research (NIESR).
- The EPP 2013 survey was conducted among a representative sample of private sector employers in Great Britain. The sample was drawn from the Inter-Departmental Business Register (IDBR); businesses without employees were excluded, as was the public sector. Fieldwork took place between 19th June and 4th November 2013 and some 3,079 organisations provided complete interviews. The response rate at the main interview stage was 45 per cent.
- The full findings from the survey will be published in the summer of 2014.

Overview of pension provision in 2013

- Around one third of private sector organisations (32 per cent) made some form of pension provision for their employees in 2013. Focusing on workplace pension schemes only (excluding contributions to personal pensions), 19 per cent of firms provided such a scheme. In 2011, the equivalent figures were 31 per cent and 24 per cent respectively.
- Despite the overall fall in the proportion of firms with workplace pension schemes, the proportion of firms with an open workplace scheme which offered employer contributions remained stable (10 per cent). Further, the percentage of private sector employees who were members of a pension scheme rose, from 26 per cent in 2011 to 35 per cent in 2013. This was the first increase for a decade and suggests that the workplace pension reforms have already had some effect.

Employers' experiences during the first year of automatic enrolment

- Two per cent of all private sector organisations had passed their staging date at the time of interview. These organisations accounted for 32 per cent of all private sector employees.
- Some staged employers had not yet automatically enrolled any employees into a workplace pension scheme, either because all of their existing employees were already members of a pension scheme or because they had

made use of the option to postpone automatic enrolment for a period of up to 3 months. Less than one per cent of organisations reported that they had already begun automatically enrolling employees into a pension scheme at the time of interview; however these organisations accounted for 26 per cent of all private sector employees.¹

- Around two-thirds (65 per cent) of staged employers who had begun automatic enrolment at the time of the survey already had a workplace pension scheme in place at the start of the reforms. In the vast majority (94 per cent) of these cases, the organisation chose to retain existing members within that scheme, rather than enrolling them into a new qualifying scheme. The vast majority (92 per cent) also chose not to alter their contribution rate for their existing members.
- Most (74 per cent) of the staged employers who had begun automatic enrolment had enrolled any non-members or new employees into their existing scheme, rather than setting up a new qualifying scheme.
- The proportion of employees who had opted out of, or left, a scheme after being automatically enrolled was between 9 and 10 per cent. The rate was lower among occupational schemes than among non-occupational schemes.

Awareness and expectations among firms that have not passed their staging date

- Among employers who had not passed their staging date, three-quarters (75 per cent) were aware that employers will be required to automatically enrol all eligible employees into a qualifying scheme. Fewer employers (41 per cent) were aware of the minimum requirements regarding contributions.
- Many employers (75 per cent) who had not yet passed their staging date planned to seek information or advice about choosing a pension provider. A slightly higher percentage (83 per cent) planned to seek information or advice on which type of scheme to use. The most commonly reported sources of such information or advice were an accountant or an Independent Financial Advisor; although the likely source varied by firm size.
- Around one tenth (12 per cent) of those firms which had not staged at the time of EPP 2013 already had members in a workplace pension scheme. The majority (59 per cent) of those employers reported that they expect to retain their existing scheme for current members once they begin automatic enrolment. However, there is considerable uncertainty among employers who have not yet staged about where they will enrol new members.

¹ In addition, some employers reported that they had begun automatic enrolment despite not having passed their staging date. These employers are likely to be those who include enrolment into a pension scheme as part of a worker's employment contract - known as contractual enrolment. This is not classified as automatic enrolment under the Pensions Act 2008 because the worker is considered to have consented to active membership of the scheme.

Contents

- Acknowledgements..... 1
- Notes to the report..... 2
- Reporting conventions..... 2
- Abbreviations..... 2
- 1. Introduction 3
- 2. Overview of pension provision in 2013 4
- 3. Employers' experiences during first year of automatic enrolment..... 8
 - 3.1 The incidence and staging of automatic enrolment..... 9
 - 3.2 Enrolment destinations..... 10
 - 3.3 Opt-out rates..... 10
- 4. Awareness and expectations among firms that have not passed their staging date 13
 - 4.1 Awareness of the reforms..... 15
 - 4.2 Sources of information and advice..... 15
 - 4.3 Enrolment destinations..... 15
- Technical appendix..... 18

Acknowledgements

We gratefully acknowledge the advice and support received from Michelle Harrison, who managed the research project within the Department for Work and Pensions. We are also grateful for the helpful suggestions made by participants at an internal seminar of initial findings. Above all, we thank the survey respondents for giving their time to participate in the survey.

Notes to the report

Reporting conventions

1. Row or column percentages may not sum to 100 due to rounding.
2. All reported items have less than ten per cent non-response, and all estimates have been calculated solely among respondents, unless otherwise stated.
3. Where multiple items appear in a single table, we report the lowest base that applies for any single row.

Symbols that appear in tables:

- 0 Less than 0.5 per cent, including none
- Estimate not available, or suppressed because based on fewer than 50 observations
- () Estimate based on between 50 and 99 observations; particular caution should be exercised over the precision of the estimate.

In common with the estimates from any sample survey, the estimates reported here are subject to sampling error. The magnitude will vary from estimate to estimate. However, a firm-weighted estimate of 50 per cent, when based on the full sample of 3,079 observations, can typically be expected to have a 95 per cent confidence interval of +/- 3.8 percentage points. An otherwise equivalent employment-weighted estimate can be expected to have a 95 per cent confidence interval of +/- 2.6 percentage points. When comparing estimates over time, we judge a change to have occurred if the difference between the two estimates is statistically significant at the 10 per cent level.

Abbreviations

DWP	Department for Work and Pensions
EPP	Employers' Pension Provision Survey
GSIPP	Group self-invested personal pension scheme
IDBR	Inter-Departmental Business Register
IFA	Independent Financial Advisor
PAYE	Pay As You Earn
PP	Personal pension
SHP	Stakeholder pension scheme
NEST	National Employment Savings Trust
NIESR	National Institute of Economic and Social Research

1. Introduction

This report presents preliminary findings from the 2013 Employers' Pension Provision Survey (EPP 2013). The survey was conducted among a representative sample of 3,079 private sector employers in Great Britain and provided information about their provision, or non-provision, of pension schemes for their employees. EPP 2013 was the tenth in a biennial series which began in the mid-1990s.

The principal aim of each survey in the series has been to describe the extent and nature of pension provision among private sector employers. However EPP 2013 was the first in the survey series to have taken place since the introduction of the workplace pension reforms.² A substantial part of the 2013 survey therefore focused on the early impact of the reforms, as well as the intentions of employers who have yet to be directly affected.

This report presents the preliminary findings from the survey. The first section provides an overview of pension provision in 2013, looking at the overall extent and nature of pension provision among private sector employers. Some comparisons are made with provision in 2009 and 2011. The report then moves on to consider the characteristics and activities of those firms which had already passed their staging date at the time of the survey interview. The final section explores awareness and intentions among those employers for whom the reforms were yet to take effect.

EPP 2013 was commissioned by the Department for Work and Pensions (DWP) and undertaken by TNS-BMRB Social Research and the National Institute of Economic and Social Research (NIESR). Fieldwork for the survey was conducted between 19th June and 4th November 2013. Further details regarding the survey are contained in the Technical Appendix, published alongside this report.

The full findings from EPP 2013 will be published in the summer of 2014.

² Under the Pensions Act 2008, employers are required to automatically enrol all eligible workers into a workplace pension scheme, unless the worker chooses to opt out. Employers are also required to make a minimum contribution into the scheme. The new duties were introduced for the largest employers in October 2012 and will apply to all sizes of employer by April 2017. New businesses created after 1st April 2012 have additional time to comply.

2. Overview of pension provision in 2013

Around one third (32 per cent) of private sector firms offered at least some form of pension provision for their employees in 2013 (Table 2.1). Together these organisations employed around four-fifths (79 per cent) of all employees in the private sector. Both these figures had remained broadly stable since 2009.

Pension provision here refers to the provision of an occupational pension scheme, a GPP scheme, a workplace-based SHP scheme, NEST or employer contributions to employees' personal pensions. When focusing solely on workplace pension schemes, that is, excluding employer contributions to personal pensions, one fifth (19 per cent) of firms provided such a scheme in 2013. This represented a fall from earlier years; in 2011, around one quarter (24 per cent) of firms had some form of workplace pension provision. Nevertheless, in 2013, three-quarters (76 per cent) of private sector employees worked for a firm that offered a workplace pension scheme.

This fall in the proportion of firms with a workplace pension scheme was driven largely by a decrease in the proportion of firms offering a SHP scheme (declining from 19 per cent in 2011 to 12 per cent in 2013). At the same time, an increase was apparent in the percentage of firms making contributions to employees' personal pensions (from 10 per cent to 18 per cent). These opposing trends resulted in the broad stability observed in the overall proportion of firms offering any form of pension provision.

Despite the fall in the proportion of firms offering a workplace pension scheme, and the stability in the proportion of firms offering any form of pension provision, the percentage of private sector employees who were members of a pension scheme rose from 26 per cent in 2011 to 35 per cent in 2013. This was the first increase for a decade and suggests that the workplace pension reforms have already had some effect. Focusing on workplace pension schemes only, one third (32 per cent) of private sector employees were members of such a scheme in 2013, compared with 24 per cent in 2011.

Not all pension schemes are open to new members, or offer employer contributions. The proportion of employers offering an open workplace scheme had fallen, from around one quarter (24 per cent) in 2009 to approximately one sixth (16 per cent) in 2013 (Table 2.2). However, the proportion of firms with an open scheme which offered employer contributions remained broadly stable, at around one in ten firms (10 per cent in 2013).

Employers' Pension Provision Survey 2013: Preliminary findings

These firms employed just over three-fifths (63 per cent) of all private sector employees.

Table 2.1 Overall incidence and type of provision, 2009-2013

Type of pension provision:	<i>Cell percentages</i>											
	Private sector organisations			Employees working for private sector organisations			Active members of pension schemes ^d			Active members as % of all private sector employees ^{d,e}		
	2009	2011	2013	2009	2011	2013	2009	2011	2013	2009	2011	2013
Any occupational scheme	2	3	2	42	43	45	48	50	46	13	12	16
Defined benefit	1	1	1	32	29	31	32	28	18	10	7	6
Defined contribution	1	1	1	14	17	19	8	15	19	2	4	7
Hybrid	0	0	0	7	8	8	8	7	8	2	2	4
GPP scheme	5	5	5	30	31	34	30	26	28	8	7	10
GSIPP	1	1	0	6	6	4	2	3	1	1	1	0
Workplace-based SHP scheme	23	19	12	55	52	37	18	18	15	5	5	5
Contributions to personal pensions	5	10	18	12	16	18	3	6	7	1	1	2
Any pension provision^{a, b}	28	31	32	82	81	79	100	100	100	27	26	35
Any workplace pension scheme^{a, b, c}	27	24	19	81	79	76				26	24	32
<i>Weighted base</i>	<i>2498</i>	<i>3059</i>	<i>3015</i>	<i>2498</i>	<i>3059</i>	<i>3055</i>						
<i>Unweighted base</i>	<i>2508</i>	<i>3067</i>	<i>3043</i>	<i>2508</i>	<i>3067</i>	<i>3043</i>						

Base: all private sector organisations.

Notes:

- In 2013, the figures for 'Any pension provision' and 'Any workplace pension scheme' also include NEST. The proportion of employers who reported using NEST was one per cent and these schemes accounted for four per cent of active members.
- Figures for 'Any provision' may be lower than the sum of the individual forms of provision as some firms may provide more than one type of scheme.
- 'Any workplace pension scheme' refers to the provision of an occupational scheme, a GPP scheme, a workplace-based SHP scheme or access to the NEST scheme (2013 only). It thus excludes contributions to personal pensions.
- The figures for active membership of DB, DC and Hybrid schemes may not sum to the total active membership of all occupational schemes since the EPP survey collected data on occupational scheme membership for up to eight schemes, but identifies scheme type for the first six schemes only.
- Figures for 'Any provision' take account of multiple membership, thereby indicating the percentage of all private sector employees who are active members of a pension scheme. The EPP survey data do not allow us to adjust membership data at scheme level to account for this; accordingly the scheme-level figures will slightly over-estimate the percentage of private sector employees who belong to a particular scheme if employees belong to more than one scheme of the same type.

Table 2.2 Incidence of open schemes and those attracting employer contributions, 2009-2013

Type of open scheme:	<i>Cell percentages</i>					
	Private sector organisations			Employees working for private sector organisations		
	2009	2011	2013	2009	2011	2013
Any open occupational scheme	1	2	1	25	26	29
Defined benefit	1	1	1	10	12	10
Defined contribution	0	0	0	10	13	16
Hybrid	0	0	0	6	4	6
Open GPP scheme	3	4	4	27	26	31
With employer contributions	3	3	4	26	26	30
Open SHP scheme	22	17	11	54	48	31
With employer contributions	4	6	4	24	22	15
Any open workplace pension scheme^{a,b}	24	21	16	78	77	73
With employer contributions	8	10	10	62	62	63
<i>Weighted base</i>	<i>2498</i>	<i>3063</i>	<i>3015</i>	<i>2498</i>	<i>3080</i>	<i>3055</i>
<i>Unweighted base</i>	<i>2508</i>	<i>3077</i>	<i>3043</i>	<i>2508</i>	<i>3077</i>	<i>3043</i>

Base: all private sector organisations.

Notes:

- 'Any open workplace pension scheme' refers to the provision of an occupational scheme, a GPP scheme or a workplace-based SHP scheme. It thus excludes contributions to personal pensions. In 2013, this figure also includes NEST. The proportion of employers who reported using NEST was one per cent.
- The figures for 'Any open workplace pension scheme' may be lower than the sum of the individual forms of provision since some firms may provide open schemes of more than one type.

3. Employers' experiences during the first year of automatic enrolment

3.1 The incidence of staging and automatic enrolment

The first employers passed their staging dates for automatic enrolment in October 2012, when the new employer duties were introduced for all PAYE schemes with at least 120,000 employees. By the time that fieldwork for EPP 2013 began in mid-June 2013, the duties had been extended to PAYE schemes with 4,099 employees, and by the time that fieldwork finished at the very beginning of November 2013, they had been extended to schemes with 800 employees.

Only two per cent of all private sector organisations had passed their staging date at the time of interview. However, together these organisations employed almost one-third (32 per cent) of all private sector employees. In practice, there is not a perfect relationship between organisation size and PAYE-scheme size, since large organisations may operate more than one PAYE scheme. Nevertheless, Table 3.1 shows that the majority of organisations with 2,000 or more employees had passed their staging date by the time of their survey interview.

Less than one per cent of organisations reported that they had already begun automatically enrolling employees into a pension scheme at the time of interview; these organisations accounted for 26 per cent of all private sector employees.³ Some staged employers had not yet automatically enrolled any employees into a workplace pension scheme, either because all of their existing employees were already members of a pension scheme or because they had made use of the option to postpone automatic enrolment.⁴ In most cases, these employers expected to begin automatically enrolling in late 2013/early 2014.

3.2 Enrolment destinations

Around two-thirds (65 per cent) of those staged employers who had begun automatic enrolment at the time of the survey already had a workplace pension scheme in place

³ In addition, some employers reported that they had begun automatic enrolment despite not having passed their staging date. These employers are likely to be those who include enrolment into a pension scheme as part of a worker's employment contract - known as contractual enrolment. This is not classified as automatic enrolment under the Pensions Act 2008, because the worker is considered to have consented to active membership of the scheme, and we do not classify it as automatic enrolment in this report.

⁴ Employers are permitted to postpone automatic enrolment of a worker for a period of up to three months. This can be applied at the employer's staging date, when an individual begins employment and when an individual becomes eligible for automatic enrolment. There are also transitional provisions which allow employers to defer automatic enrolment, for certain workers who are eligible to join a Defined Benefits Pension Scheme, until 2017.

at the advent of the reforms. In the vast majority (94 per cent) of these cases, the organisation chose to retain existing members within that scheme, rather than enrolling them into a new qualifying scheme (Table 3.2). Most (74 per cent) had also enrolled any non-members or new employees into that existing scheme. The vast majority (92 per cent) also chose not to alter their contribution rate for existing members.

The number of automatically-enrolling employers in the survey whose current workplace pension scheme was not in place at the start of the reforms was too few to permit any robust analysis of their enrolment destinations or contribution rates.

3.3 Opt-out rates

Most automatically-enrolling employers provided information about the scheme(s) they were using for automatic enrolment, including the number of employees who had been automatically enrolled into the scheme and the number who had opted-out. Looking across all such schemes, the proportion of employees who had opted out of, or left, a scheme after being automatically enrolled was between nine and ten per cent.⁵ The rate was lower among occupational schemes than it was among non-occupational schemes (six per cent, versus 12-14 per cent). The overall rate of between nine and ten per cent is in line with that found in previous qualitative research.⁶

Some of the schemes had been set up before the new duties came into force. However, among the subset of schemes set up in 2012 and 2013 (i.e. those most likely to have been set up in response to the reforms) the opt-out rate was not substantially different from that seen in the full sample, standing at between seven and eight per cent.⁷

⁵ A range is given because it was apparent that some employers had included opting-out employees within the total number of automatically enrolled employees, whilst others had not. We therefore compute the upper and lower bound of the opt-out rate in these circumstances. The opt-out rate has a 95 per cent confidence interval of +/- three percentage points.

⁶ Wood A, Downer K, Körbitz C and Amantani L (2013) *Automatic Enrolment: Qualitative Research with Large Employers*, Research Report 851, London: Department for Work and Pensions.

⁷ The sample only contained 61 schemes established in 2012 or 2013, however, and so this estimate should be treated with caution.

Employers' Pension Provision Survey 2013: Preliminary findings

Table 3.1: Whether organisation had passed staging date and had begun automatically enrolling at the time of interview, by size of organisation, 2013

Whether passed staging date and automatically enrolling at the time of interview:	Number of employees							Column percentages	
	1-49	50-249	250-499	500-999	1,000-1,999	2,000-4,999	5,000+	All organisations	All employment
	<i>Passed staging date:</i>								
Has begun automatic enrolment	0	2	1	2	11	34	68	0	26
Has not yet begun automatic enrolment	1	1	2	2	13	26	11	1	6
<i>Not passed staging date:</i>									
Has a workplace pension scheme	14	74	90	91	75	39	21	15	43
Has no workplace pension scheme	60	21	7	4	1	0	0	59	19
<i>Does not know whether passed staging date:</i>									
Has a workplace pension scheme	2	1	0	1	0	0	0	2	1
Has no workplace pension scheme	22	0	0	0	0	0	0	21	5
<i>Weighted base</i>	3,014	54	5	3	2	1	1	3,079	3,079
<i>Unweighted base</i>	1,324	593	299	357	227	145	134	3,079	3,079

Base: all private sector organisations indicated by column headings.

Notes:

1. Row 2 includes a small number of employers who had staged but did not know whether they had yet begun automatic enrolment.
2. Rows 4 and 6 include a small number of employers who did not know whether they had a workplace pension scheme.

Table 3.2: Enrolment destinations used by employers who were providing pensions before beginning automatic enrolment, by type of employee, 2013

Destination:	<i>Column percentages</i>	
	Employers providing pensions before automatic enrolment	
	Employees in membership before AE	Non-members/ new employees
Retain/enrol all in existing scheme	94	74
All into a new qualifying scheme	5	14
Enrol into a combination of schemes	1	3
Other/ Don't know	0	9
<i>Weighted base</i>	3	4
<i>Unweighted base</i>	138	155

Base: All private sector organisations which were already providing pensions before beginning automatic enrolment.

Note: new qualifying schemes may include NEST.

4. Awareness and expectations among firms that have not passed their staging date

4.1 Awareness of the reforms

This final section focuses on those employers who had not passed their staging date at the time of EPP 2013.⁸ Among this group of firms, three-quarters (75 per cent) were aware that employers will be required to automatically enrol all eligible employees into a qualifying pension scheme (Table 4.1). Fewer firms, around two-fifths (41 per cent), were aware of the minimum requirements regarding contributions. Awareness of both aspects was much higher among larger employers than in smaller firms.

4.2 Sources of information and advice

The vast majority (91 per cent) of employers who had not passed their staging date thought they were likely to seek information or advice in relation to at least some aspect of the reforms. Those who stated that they would seek information or advice on choosing a pension provider (75 per cent) or which type of scheme to use (83 per cent) were asked about the likely source of this advice. Among smaller firms, the most commonly cited sources were an accountant (reported by 82 per cent of firms with 1 to 49 employees), and an Independent Financial Advisor (IFA) (74 per cent) (Table 4.2). IFAs were also a likely source of advice among larger employers (cited by 65 per cent of firms with more than 250 employees), however, these firms were just as likely to report that they would seek information or advice from The Pensions Regulator (64 per cent).

4.3 Enrolment destinations

Among those firms which had not staged at the time of EPP 2013, just under one fifth (17 per cent) already had a workplace pension scheme (or schemes) in place and around one tenth (12 per cent) had members in such a scheme. Around three-fifths (59 per cent) of this last group of employers expect to retain their existing scheme for current members once they begin automatic enrolment (Table 4.3). However, firms with a current scheme were just as likely to say that non-members and new employees would be enrolled into a new qualifying scheme (25 per cent) as they were to say that they would be enrolled into the existing scheme (24 per cent). Almost three-fifths (56 per

⁸ This includes 216 employers who did not know whether they had passed their staging date.

Employers' Pension Provision Survey 2013: Preliminary findings

cent) of those firms without a current workplace pension scheme said they would enrol employees into a single new qualifying scheme. However, Table 4.3 shows that many employers are still uncertain about where they will enrol new members. Similar levels of uncertainty were apparent in EPP 2011 (see Tables 7.4-7.6 of the 2011 report).⁹

⁹ Forth J, Stokes L, Fitzpatrick A and Grant C (2012) *Employers' Pension Provision Survey 2011*, Research Report 802, London: Department for Work and Pensions.

Table 4.1 Awareness of the workplace pension reforms among employers who have not yet staged, by size of organisation, 2013

	Size of organisation (employees)											<i>Column percentages</i>	
	1-4	5-9	10-19	20-49	50-99	100-499	500-999	1,000+	1-49	50-249	250+	All firms	Employees working in such firms
	<hr/>												
Aware of automatic enrolment:													
Yes	71	82	88	93	99	99	100	100	75	99	100	75	92
No	29	18	12	7	1	1	0	0	25	1	0	25	8
Aware of contribution requirements:													
Yes	37	41	61	72	75	92	97	96	40	81	96	41	73
No	63	59	39	28	25	8	3	4	60	19	4	59	27
<i>Weighted base</i>	2232	386	221	116	34	23	3	2	2955	52	10	3017	2096
<i>Unweighted base</i>	381	260	321	334	242	617	333	226	1296	571	847	2714	2714

Base: all private sector organisations which have not yet staged (including those that did not know if they had staged).

Employers' Pension Provision Survey 2013: Preliminary findings

Table 4.2 Likely sources of information or advice on choosing a pension provider or type of scheme, among employers who have not yet staged, by size of organisation, 2013

Source of information or advice:	<i>Column percentages</i>											
	Size of organisation (employees)									All firms		
	1-4	5-9	10-19	20-49	50-99	100-499	500-999	1,000+	1-49		50-249	250+
Accountant	84	81	79	71	62	41	34	14	82	56	28	82
Independent Financial Advisor	73	76	74	80	74	68	62	66	74	72	65	74
The Pensions Regulator	47	51	41	46	65	60	61	76	47	63	64	47
Trade industry body	37	35	26	22	23	24	22	28	35	24	23	35
Business forum	29	22	13	22	14	21	17	5	26	17	15	26
Employee Benefits Consultant	23	23	17	25	23	29	44	61	22	25	43	22
Lawyer/legal advisor	19	19	15	21	27	19	29	17	19	24	20	19
Somewhere else	4	5	3	4	7	2	5	2	4	6	4	4
None of these	0	1	1	0	1	2	2	1	0	1	1	0
<i>Weighted base</i>	<i>1866</i>	<i>337</i>	<i>194</i>	<i>91</i>	<i>26</i>	<i>15</i>	<i>2</i>	<i>1</i>	<i>2488</i>	<i>39</i>	<i>5</i>	<i>2532</i>
<i>Unweighted base</i>	<i>313</i>	<i>228</i>	<i>270</i>	<i>261</i>	<i>176</i>	<i>369</i>	<i>169</i>	<i>101</i>	<i>1072</i>	<i>393</i>	<i>422</i>	<i>1887</i>

Base: all private sector organisations which have not yet staged, and stated that they were likely to seek information or advice about choosing a pension provider or which type of scheme to use.

Table 4.3 Expected enrolment destinations among employers who have not yet staged, by type of employee, 2013

Expected destination:	<i>Column percentages</i>		
	Employers currently providing pensions		Employers not currently providing pensions
	Existing members	Non-members/ new employees	All employees
Retain/enrol all in existing scheme	59	24	-
All into a new qualifying scheme	9	25	56
Enrol into a combination of schemes	8	8	4
Other/Not decided/Don't know	24	43	40
<i>Weighted base</i>	349	505	2523
<i>Unweighted base</i>	1494	1830	891

Base: all private sector organisations which have not yet staged.

Note: new qualifying schemes may include NEST.

Technical appendix

1. Introduction

In 2013 the Department for Work and Pensions (DWP) commissioned TNS-BMRB Social Research and the National Institute of Economic and Social Research (NIESR) to undertake the Employers' Pension Provision Survey 2013 (EPP), the tenth in a series of biennial surveys dating back to 1994. The survey collected quantitative information on the current nature and extent of non-state pension provision within private sector employing organisations in Great Britain in 2013. In addition, the 2013 survey included a substantial module regarding employer responses to the workplace pension reforms¹⁰.

The main aims of the survey were:

- To provide an up-to-date picture of current workplace pension provision made by employers for comparison with findings from previous EPP surveys;
- To provide an indication of the extent of **non**-provision amongst such organisations and the groups of employees affected by this;
- To obtain data on recent changes made to the type and extent of pension provision;
- To provide information on changes in provision planned by such organisations for the immediate future and the reasons for these changes.
- To measure employers' responses to, awareness of, and attitudes towards the workplace pension reforms.
- To measure how employers, both pre and post staging date for automatic enrolment, respond to the reforms.

¹⁰ The Workplace Pension reforms were first introduced in the Pensions Act 2008. They consist of four key elements: employers will be required to automatically enrol their eligible jobholders into a qualifying workplace pension; minimum contributions of eight per cent on a band of earnings, of which at least three per cent must come from the employer; a compliance regime to ensure employers meet their obligations; and a low-cost pension scheme to provide a suitable savings vehicle for those moderate-to-low

2. Overview of survey method

The survey interviewed a representative sample of 3,079 private sector employers in Great Britain. The sample for the survey was obtained from the Office for National Statistics' Inter-Departmental Business Register (IDBR). After an initial screening stage to collect the contact details of the most suitable person to complete the survey, employers were sent a letter, an information sheet summarising the workplace pension reforms and an interview preparation sheet, by the Department for Work and Pensions, inviting organisations to participate in the survey.

The survey was conducted using Computer Assisted Telephone Interviewing (CATI) and achieved a response rate of 45 per cent. Conducting the interview by telephone ensured methodological consistency with past versions of the survey. Telephone interviewing also offers a number of advantages, namely that it benefits from higher response rates than self-completion methodologies and the quality of data collected is more reliable as the telephone interviewer can help respondents with any queries they may have during the interview.

The interview was conducted electronically with all questions and routing programmed automatically, meaning interviewers were free to concentrate on the respondents' answers and data was recorded accurately, a prime consideration for this particular survey where complex and detailed information was collected.

Telephone fieldwork encouraged participation and also allowed the respondent to participate at a time that suited them. Respondents were able to schedule appointment times for the interviewer to call, ensuring the sample and the interviewer's time was used most efficiently and respondents were more committed to taking part. On some occasions these appointments were broken due to the busy nature of the organisations surveyed. However, a simple electronic process allowed the interviewers to re-schedule an appointment and then move on to the next interview.

3. Sample Selection

The survey is intended to provide estimates of pension provision that were to be representative of private sector employers in Great Britain in 2013. For the 2013 survey, as for the previous surveys, the sample was obtained from the Inter-Departmental Business Register (IDBR). The IDBR is a government database maintained by the Office for National Statistics (ONS) which is based on Value Added Tax (VAT) and Pay As You Earn (PAYE) records. It was preferred over

alternative sampling frames due to its greater coverage, particularly of smaller companies, and the amount of detail that could be obtained from the frame such as number of employees, legal status, and SIC07 code. The main drawback with the IDBR for this particular survey was that only a small proportion of records had telephone numbers. Therefore, telephone numbers had to be obtained after the sample was drawn through a tracing exercise.

The population for the survey was defined as all private sector employers in Great Britain including private companies, sole proprietorships, partnerships, and non-profit making organisations. All public sector employers such as central government, local government and other public bodies such as health authorities, educational institutions and universities were excluded from the survey. Since the survey was only concerned with the attitudes of private sector employers who employed at least one employee, extremely small businesses that consisted only of owner-proprietors or owning partners (i.e. with no employees) were also excluded from the survey.

As in previous years, the sample design placed a great emphasis on large organisations. Although such organisations are relatively few in number, they account for a large proportion of the total labour force and so are important in terms of providing estimates for pension provision among private sector employees. In order to achieve a degree of over sampling among larger organisations the IDBR was first stratified by size band. Within each size band the file was further stratified by number of employees, SIC07 division, legal status and alphabetically by postcode.

Table A.1 shows the sample fractions applied for each size band and the percentage of the universe sampled within each size band. In order to achieve the required initial sample in each size band, a different sampling fraction was applied to each.

Table A.1 Sample fractions for each size band in the relevant universe

Employee Size bands	Initial sample provided from IDBR	% of universe sampled	Sample 1 in N
1	4167	0.66%	151.43
2	4167	1.31%	76.53
3	4167	2.81%	35.57
4	4167	4.02%	24.86
5-12	4584	1.71%	58.63
13-19	3056	5.02%	19.90
20-49	2214	3.42%	29.21
50-99	1771	9.38%	10.66

Employers' Pension Provision Survey 2013: Preliminary findings

100-249	1574	14.45%	6.92
250-499	1634	47.03%	2.13
500-999	1452	81.19%	1.23
1000-4999	1490	100.00%	1.00
5000+	348	100.00%	1.00
Total	34,791		

Prior to the telephone number look-up, a number of records were excluded from the sample. There were a number of SIC07 categories where it was felt the majority of employees would be covered by a public-sector pension scheme. These were mainly in the education sector. Thus, all organisations with the following SIC codes were excluded from the sample at this stage.

- 85200 (Primary education)
- 85310 (General secondary education)
- 85320 (Technical and vocational secondary education)
- 85410 (Post-secondary non-tertiary education)
- 85420 (Tertiary education)
- 85421 (First-degree level higher education)
- 85422 (Post-graduate level higher education)

This resulted in a total of 624 organisations being removed from the sample.

A comprehensive check for duplicate records was then conducted across the remaining sample. This was initially based on full postcodes. Where duplicate postcodes were identified, all the records were manually checked. Where it was established that duplicate records did exist in the sample, they were removed. This resulted in 74 cases being removed.

The remaining sample (employers with fewer than 500 employees) was then divided into five random batches with an additional pilot sample batch of 550 records. All records with 500 or more employees (batch 5) were sent for number lookup. The remaining batches were sent sequentially for telephone number lookup. This resulted in sufficient numbers being obtained from batches 1-3 and therefore batch 4 was not sent for lookup and was excluded from any further calculations. All subsequent matching rates and response analysis exclude any sample from batch 4. The pilot batch was separated at this stage and is excluded from all further analysis of the sample (due to time restraints the pilot batch was subject only to electronic number lookup).

Table A.2 Sample allocation to batches prior to number lookup

Employee Size bands	Pilot Sample	Batch 1	Batch 2	Batch 3	Batch 4	Batch 5
1	75	1,015	1,005	1,021	1,022	
2	75	1,021	1,008	1,026	1,023	
3	75	1,020	1,010	1,025	1,023	
4	75	1,019	1,008	1,023	1,024	
5-12	50	1,126	1,112	1,131	1,129	
13-19	50	747	738	748	751	
20-49	50	534	528	537	537	
50-99	50	417	412	418	418	
100-249	25	372	367	372	373	
250-499	25	372	374	374	375	
500-999						1,318
1000-4999						1,351
5000+						324
Total	550	7,643	7,557	7,675	7,675	2,993

Table A.3 shows how the main stage sample of 25,868 was broken down by size band both pre and post-tracing for telephone numbers.

Telephone numbers were obtained for 65% of the sample selected. This was achieved through a variety of methods and sources and represents an improvement from 2011 when the matching rate was 54%. These included both electronic tracing and, where this failed to generate a number, manual tracing of numbers.

Additionally, where a telephone number already existed from the IDBR this was used if the tracing process failed to generate a number. Finally, once the tracing process was exhausted, the small number of large companies (1000+) where a number had not already been obtained were re-examined to try to obtain a contact number through company websites.

The success rate in obtaining numbers for small employers was lower than for larger employers, but this had been anticipated in advance and had been taken into account when specifying the initial sample sizes by size band.

Table A.3 Pre and post-trace sample by size band

Employers' Pension Provision Survey 2013: Preliminary findings

Size band	Initial sample from IDBR sent for number lookup		Final sample after telephone matching		Percentage of sample selected with telephone number
	Number of employees	Number of units	%	Number of units	%
1	3,041	11.76%	963	5.27%	31.67%
2	3,055	11.81%	1,121	6.66%	36.69%
3	3,055	11.81%	1,444	8.58%	47.27%
4	3,050	11.79%	1,619	9.62%	53.08%
5-12	3,369	13.02%	2,456	14.59%	72.90%
13-19	2,233	8.63%	1,829	10.86%	81.91%
20-49	1,599	6.18%	1,434	8.52%	89.68%
50-99	1,247	4.82%	1,112	6.60%	89.17%
100-249	1,111	4.29%	1,013	6.02%	91.18%
250-499	1,115	4.31%	999	5.93%	89.60%
500-999	1,318	5.10%	1,271	7.55%	96.43%
1000-4999	1,351	5.22%	1,275	7.57%	94.37%
5000 or over	324	1.26%	301	1.79%	92.62%
Total	25,868	100.00%	16,837	100.00%	65.09%

After the telephone number lookup a comprehensive check for duplicate records was done across the entire sample. This was initially based on full postcode and telephone number. Where duplicate postcodes or duplicate telephone numbers were identified, all the records were manually checked. Where it was established that duplicate records did exist in the sample, they were removed.

Once the process of eliminating ineligible and duplicate records was completed a final sample for the initial screening stage was drawn. The final sample for the initial screening was done by applying a selection probability specific to each size band. The sample was randomly allocated to batches and was loaded into the screener batch by batch. This allowed the amount of sample loaded and the response rate to be monitored throughout the screener stage. In total 10,239 records were loaded into the screener (detailed in table A.4).

At the initial screening stage a number of businesses (1,330) were identified as being out of scope either because they had gone out of business, they were a public-sector

Employers' Pension Provision Survey 2013: Preliminary findings

organisation, they had no employees, or the telephone number was unobtainable or incorrect.

Of the remaining 8,909 records in scope, contact names were obtained and contact details confirmed for 83 per cent of the sample (7,352 records).

This sample was again stratified by size band and within each size band further stratified by number of employees, SIC07 division, legal status and alphabetically by postcode. The sample was again randomly allocated to batches for the main stage and was loaded batch by batch. In total all 7,352 records were selected for the main stage. All employers were mailed a letter, an information sheet and an interview preparation sheet¹¹. The distribution of the sample selected for the main stage according to size band is detailed in Table A.4

Table A.4 Selected Screener stage and Main stage sample by size band

Size band	Final sample loaded into screener		Successful screener outcome		Loaded mainstage sample	
	Number	% of employers contacted	Number	% of employers contacted	Number	% of employers contacted
1	920	9.0%	479	6.5%	479	6.5%
2	483	4.7%	239	3.3%	239	3.3%
3	459	4.5%	284	3.9%	284	3.9%
4	366	3.6%	230	3.1%	230	3.1%
5-12	891	8.7%	622	8.5%	622	8.5%
13-19	794	7.8%	601	8.2%	601	8.2%
20-49	836	8.2%	652	8.9%	652	8.9%
50-99	801	7.8%	606	8.2%	606	8.2%
100-249	857	8.4%	655	8.9%	655	8.9%
250-499	985	9.6%	761	10.4%	761	10.4%
500-999	1271	12.4%	975	13.3%	975	13.3%
1000-4999	1275	12.5%	954	13.0%	954	13.0%
5000+	301	2.9%	294	4.0%	294	4.0%

¹¹ An interview preparation sheet was only sent to organisations with 20 or more employees

Employers' Pension Provision Survey 2013: Preliminary findings

Total	10,239	<i>100.00%</i>	7,352	<i>100.00%</i>	7,352	<i>100.00%</i>
--------------	---------------	----------------	--------------	----------------	--------------	----------------

4. Fieldwork

The survey fieldwork was conducted between 19th June 2013 and 4th November 2013.

Fieldwork involved three main stages.

Stage One: The screener stage of the survey involved contacting sampled organisations to identify the most appropriate person to interview, an essential stage to ensure the survey was conducted with the person who was most capable of answering the questions asked during the interview. The correct person was identified by asking to speak to the person responsible for making the decisions about pension provision in the organisation. If the eligible person was not available their name and contact details were collected from someone else in the organisation.

This stage also checked that the organisation had more than one employee and was still trading.

Stage Two: Despatching an advance letter, an information sheet about the workplace pension reforms and to organisations with 20 or more employees a paper 'interview preparation form'. The option to complete the preparation form online was also offered at this stage, to employers with 20 or more employees.

Stage Three: The main interview with the person identified at stage one.

5. Advanced Letter, information sheet, interview preparation form and website

As in previous years, an advanced letter, information sheet and interview preparation form were sent to the person identified at stage one of the fieldwork before they took part in the main interview at stage three.

The letter was tailored to the size of the organisation, with a different version of the letter being produced for:

- Small employers (1-19 employees)
- Medium and large employers (20 to 4,999 employees)
- Very large employers (census – 5000+ employees)

The letter was despatched on DWP headed paper, this helped to reassure respondents of the genuine nature of the research and therefore encourage response. The letter explained the purpose of the research in terms of collecting information to help inform key government policies on future pension arrangements. The letter also explained that organisations had been randomly selected to participate in the research and that an interviewer would be in touch in the future. Contact details were provided for a member of the research team at TNS-BMRB so that any organisation could get in touch if they had any queries about the research.

Before taking part in the survey respondents working for organisations with 20 or more employees were asked to record some information about their organisation on an interview preparation form to use as a guide during the interview. The preparation form provided a description of the main types of pension schemes the organisation might provide and contained some of the key factual questions asked during the survey. This allowed respondents to gather the more complex and detailed information required before taking part in the survey, as they would be unlikely to be able to answer the questions accurately in a telephone interview without having been able to reference the information requested beforehand.

Respondents working for organisations with 20 or more employees were also given the option of completing the interview preparation form online, before taking part in the telephone interview. The online information was then pulled into the telephone interview meaning that the questions were not re-asked during the survey.

As in the 2011 survey, alongside the letter, employers were sent an information sheet which provided employers with background information on the government's proposals for workplace pension reform.

To help encourage response, a website was created for respondents to access: <http://www.surveyofpensions.org/>. The website was mentioned in the advance letter and respondents were encouraged to access the site if they wanted more detailed information on the survey. The website also contained some extracts from previous reports so respondents could understand the nature of the survey and how the results would be used. Via the website respondents were able to access the online version of the interview preparation form and were also able to download a copy of the letter, the information sheet and the paper interview preparation form.

6. Questionnaire

The EPP questionnaire takes an average of 30 minutes to complete. The structure of the questionnaire is such that an employer offering access to a higher number of

pension schemes will have a slightly longer interview length. Smaller employers tended to have a slightly shorter interview (around 25 minutes), while larger employers tended to have a slightly longer interview length (around 35 minutes).

The questionnaire consisted of eight main sections:

Section A: About the Organisation

This section collected a range of information about the organisation, including the type of organisation and its workforce composition;

Section B: Selection of Schemes

This section collected information on the types of pension schemes and arrangements the organisation had in place and also included some questions for non-pension providing employers. For the first time this included whether organisations had enrolled employees into the National Employer Savings Trust (NEST)¹²;

Section C: Stakeholder Pension Schemes

This section collected detailed information on any Stakeholder schemes the organisation had in place, including details on contributions;

Section D: NEST Schemes

This section collected detailed information about enrolment into NEST;

Section E: Occupational Schemes

This section collected information on the type, size and valuation of occupational pension schemes, information on contributions and other topical issues;

Section F: Group Personal Pensions

This section collected information on Group Personal Pension arrangements, including contributions;

Section G: Multiple pension membership and attitude to risk

¹² NEST was set up by Government to support automatic enrolment. NEST is one of many qualifying schemes an employer can choose to use to fulfill their automatic enrolment duties but it is the only scheme with a Public Service Obligation that requires it to accept any employer who wishes to use it for automatic enrolment.

This section collected information about multiple pension membership and attitudes to risk exploring potential options for Defined Ambition pension schemes.

Section H: Employers Intentions Module

This section looked at the extent of awareness of the workplace pension reforms among employers and explored their attitudes and likely responses in relation to key aspects of the policy. Some employers would have passed their staging date whilst others were still approaching their staging date, so the questionnaire was designed to route employers to questions regarding what they had done as a result of the reforms or what they intended to do, as appropriate.

This section of the questionnaire included sections on:

- Scheme set up and preparation
- Early automatic enrolment
- Waiting periods
- Enrolment destinations
- Contribution rates
- Responses to increases in costs

The survey was conducted using CATI software. The same version of the questionnaire was used for all organisations with the relevant routing built into the CATI script. Section C was repeated for each Stakeholder pension scheme the organisation had in place, up to a maximum of three times. Sections E and F were repeated for each occupational or Group Personal Pension scheme the organisation had in place. For Sections E and F, to limit the burden on respondents, only the three largest schemes, based on the number of active members, were asked about in full detail. Where organisations had more than three schemes they were only asked a reduced subset of questions for schemes 4-6. This subset of questions included key questions to allow classification of the type of provision and the extent of provision made across the workforce. Where organisations had a number of pension schemes in place or a particularly complicated set of arrangements, filtering the questionnaire in this way and asking a reduced set of questions for some provision ensured the burden on respondents was kept to a minimum. Very basic information was also collected for schemes 7 and 8 but this was limited to the number of employees participating in the scheme.

7. Response rate

Table A.5 shows that from the initial issued sample of 7,352 a total of 462 cases (6%) were established as being out of scope for various reasons. From the remaining

Employers' Pension Provision Survey 2013: Preliminary findings

sample a total of 3,079 interviews were achieved, representing a response rate of 45%. The main reason for non-response was refusal (31%). Respondents away during the fieldwork period or those who could not commit to a time to complete the survey (general call backs) accounted for 15% of the eligible sample.

Table A.5 Response rate for main stage sample

	N	Screened Sample %
Total Issued sample	7,352	100
Out of scope		
Number incorrect/unobtainable	21	0.29%
Fax/computer line	0	0.00%
Duplicate record	62	0.84%
Ineligible company ¹³	379	5.16%
Total out of scope	462	6.28%
Total Eligible sample	6,890	100
Unproductive outcomes		
Abandoned/incomplete interviews	88	1.28%
No reply/engaged	231	3.35%
40+ unsuccessful calls (with contact)	311	4.51%
Refused	2,145	31.13%
Away during fieldwork period	555	8.06%
General call back	481	6.98%
Total unproductive	3,811	55.31%
Total interviews	3,079	44.69%

Table A.6 shows response rate broken down by size category. Among smaller companies the main reasons for companies being ineligible were primarily because it

¹³ Reasons for ineligibility included companies with no employees, companies that had closed down or moved, and companies that categorised themselves as being in the public sector.

was established they had no employees or the company had gone out of business. For larger companies very few were recorded as being out of scope, a small proportion had closed down and a small number of duplicate numbers were identified during fieldwork. This shows that there were no strong non-response biases based on employer size. The highest response rate (50%) was achieved among the largest employers with over 5,000 employees.

Table A.6 Main stage response rates by size band

Size band	Issued sample	Out of scope		Total in scope	Total non-response	Achieved interviews ¹⁴	Response rate
	N	N	%	N	N	N	%
Small (1-19)	2,455	336	13.0	2,119	1717	969	45.7
Medium (20-499)	2,674	57	1.8	2,617	2163	1,182	45.2
Large (500-4999)	1,929	59	2.7	1,870	1103	786	42.0
Very large (5,000+)	294	10	3.1	284	144	142	50.0
Total	7,352	462	6.3	6,890	3811	3,079	44.7

8. Data preparation and data output

The CATI questionnaire incorporated a number of checks to try and resolve any discrepancies during the interview. The only post interview editing was generally limited to correcting any filtering inconsistencies that occurred as a result of any responses in 'other' category being back-coded into an existing pre-code.

All verbatim answers at 'other-specify' and open-ended questions were inspected by coders. This resulted in some additional codes being added to the code frames of some questions. In all questions, the aim was to reduce the proportion of answers left in the non-specific "other" category to below 10%.

The final SPSS file produced was at the level of the company or organisation and consisted of 3,079 records.

9. Weighting

¹⁴ It should be noted that the response analysis has been done on the basis of the number of employees as taken from the IDBR. Since the analysis in the rest of the report uses the number of employees given in the interview the number of interviews achieved in each size band will not match the tables in the main part of the report.

Employers' Pension Provision Survey 2013: Preliminary findings

The aim of weighting is to remove observed biases from the achieved sample. This ensures that the survey estimates are representative of the population along those dimensions that have been targeted in the weighting methodology. By removing these observed biases one also expects to decrease the risk that unobserved biases remain present in the weighted data.

The survey population for EPP 2013 comprised all private sector enterprises in Great Britain with one or more employee, except those operating in primary, secondary or higher education (i.e. SIC(2007) Groups 85.2, 85.3 and 85.4). This population comprises 1.7m enterprises which, together, employ around 21.2m employees.

The sample for the survey was selected from the IDBR held by the ONS. Enterprises on the register were divided into 16 strata, and a total of 25,872 units were then selected using disproportionate stratified sampling. The sampling fractions were smallest for those enterprises with 1 employee and largest for those with 1,000 or more employees.

Universe counts were provided by ONS along with the selected sample. However, these universe counts included enterprises from the education sectors listed above. The size and profile of the universe *without* these units was therefore estimated by TNS-BMRB by examining the prevalence of enterprises from the aforementioned SIC Groups within each cell of the selected sample, and projecting these figures back onto the population.

The weights for EPP 2013 were derived in four stages:

1. A design weight was applied to compensate for differences in the probability of selection within different IDBR size bands. This weight applied was the inverse of the effective sampling fraction within each size band, this being computed as: the number of units selected, divided by the estimated size of the universe in that size band. These sampling fractions are traditionally shown in Table A.1 in the Technical Report. As the sampling fractions are lowest for the smallest enterprises, the design weights are largest for these enterprises.
2. Once these differences in the probability of selection had been compensated for, the achieved sample was weighted to the IDBR population by means of a rim weighting procedure. The aim of the rim weighting is to ensure that the profile of the weighted sample by size (as reported in the interview) and industry closely approximates to the population profile of the universe as indicated by the IDBR. After applying design weights, the achieved sample typically has a lower proportion of small firms than suggested by the IDBR, because: (i) the lower

visibility of phone numbers for the smallest businesses causes proportionately more attrition among smaller firms than larger firms during the phone number matching process; and (ii) the time lag between sampling and fieldwork gives time for firms to grow out of the lowest size band. The rim weighting therefore typically involves giving a further boost to the weights for smaller workplaces. The population totals that were used to derive the rim weights were based on the estimated distribution of the IDBR population by size of organisation (11 categories¹⁵) and industry group (19 categories¹⁶).

3. The under-representation in the selected sample of certain types of employer means that a small number of cases receive very large weights in the rim weighting procedure. To reduce the influence of a very small number of cases on individual estimates, very large weights were capped (fixed) at a maximum value. This was done with the aim that one firm should not account for more than:

- 1% of the weighted sum of firms in the full sample
- 10% of the weighted sum of firms in its size group
- 20% of the weighted sum of firms in its industry class (there being more industry classes than size groups)

These thresholds are, of course, arbitrary but they serve to reduce the dominance of any one case whilst also keeping the number of weights that are capped to a minimum. The process of capping large weights inevitably introduces some small element of sample bias, but it has the value of reducing the influence of individual cases and is also likely to reduce standard errors (thus reducing mean square error). In fact the profile of the weighted sample was not altered to any substantial degree during the capping process.

4. Once the firm-level weight has been derived, it is multiplied by employment (as reported in the interview) to provide an employment-based weight. Checks are made to ensure that the weighted sample provides a reasonable approximation of the profile of employment in the universe (again using population data from the IDBR). Checks are also made to ensure that there are no large employment weights. Specifically, we seek to ensure that no individual firm accounts for more than:

- 2.5% of the weighted sum of employment in the full sample
- 5% of the weighted sum of active members in the full sample

¹⁵ Categories (number of employees): 1, 2, 3, 4, 5, 6-12, 13-19, 20-49, 50-99, 100-249, 250 or more.

¹⁶ SIC(2007) Divisions A-S.

Employers' Pension Provision Survey 2013: Preliminary findings

If a firm is found to exceed these thresholds, its firm-level weight is scaled back accordingly and the employment-weight re-derived as the multiple of this new weight and interview size (the aim is to ensure that the employment-based weight is always a simple multiple of the firm-based weight and interview size).

5. Finally the weights are re-scaled so that the sum of weighted cases in the full sample equals 100. The individual weight for each case then indicates its percentage contribution to any statistic based on the full sample.

In practice, the derivation of the weights is an iterative process involving repeated applications of the rim weighting procedure in order to identify a set of weights that perform best in bringing the sample profile into line with the population profile in respect of both firms and employment. These weights must then be examined in detail to identify dominant weights that exceed the thresholds noted in points 3 and 4 above. The final capped versions must then be evaluated against each other. The derivation of weights that meet each of the stated objectives is far from easy and is an inherent challenge in any employer survey.

The final weighted profile for EPP 2013 is detailed in Table A.7. This compares the universe profile with that of the final weighted sample for both employer and employee estimates.

Table A.7 Population estimates and weighting profile for EPP 2013

Employer size	Employers		Employees	
	Universe %	EPP achieved weighted sample %	Universe %	EPP achieved weighted sample %
1	41.5%	41.3%	3.3%	3.4%
2	18.0%	17.9%	2.9%	2.9%
3	8.7%	8.8%	2.1%	2.1%
4	5.8%	5.9%	1.9%	1.9%
5 to 12	16.2%	16.3%	9.6%	10.0%
13 - 19	3.9%	3.9%	4.9%	5.0%
20 - 49	3.8%	3.8%	9.1%	9.1%
50 - 99	1.1%	1.1%	6.3%	6.2%
100 - 249	0.6%	0.6%	7.7%	7.7%
250 - 499	0.2%	0.2%	5.8%	4.6%

Employers' Pension Provision Survey 2013: Preliminary findings

500 - 999	0.1%	0.1%	5.9%	5.5%
1000-4999	0.1%	0.1%	14.1%	15.2%
5000+	0.0%	0.0%	26.4%	26.4%
All	100.0%	100.0%	100.0%	100.0%

The same process for deriving the weights was used in EPP 2007, 2009 and 2011. The only notable differences were that:

- The 2007 and 2009 data relied upon SIC(2003) whereas the 2011 and 2013 data rely upon SIC(2007). One implication is that Stage 2 of the rim weighting procedure used 19 industry categories in 2011 and 2013, compared with just 10 in 2007 and 2009.
- EPP 2013 was the first survey for which the weighting methodology used universe estimates that *excluded* enterprises from SIC(2007) Groups 82.2, 82.3 and 82.4. This represents a minor improvement on the weighting methodology when compared with earlier years.

We do not expect these issues to have a substantive effect on the comparability of the data between years.