EXPLANATORY MEMORANDUM TO

THE AUTOMATIC ENROLMENT (EARNINGS TRIGGER AND QUALIFYING EARNINGS BAND) ORDER (NORTHERN IRELAND) 2020

S.R. 2020 No. 51

1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Department for Communities to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.

1.2 The Statutory Rule is made under sections 14 and 15A(1) of the Pensions (No. 2) Act (Northern Ireland) 2008 and is subject to the negative resolution procedure.

2. Purpose

2.1 This Order sets the amount of the lower limit of the automatic enrolment qualifying earnings band for the 2020-2021 year in line with the lower National Insurance contributions earnings limit for that year. It also specifies rounded figures for the earnings trigger and qualifying earnings band for that year.

3. Background

3.1 The amounts of the automatic enrolment and re-enrolment earnings trigger (the earnings level at which an employee must be automatically enrolled) and the qualifying earnings band (the earnings on which contributions must be paid) are set out in the Pensions (No. 2) Act (Northern Ireland) 2008 and the Pensions Act 2008.

3.2 Whenever the Secretary of State for Work and Pensions makes an order to substitute amounts and specify rounded figures for the earnings trigger and qualifying earnings band, the Department may make a corresponding order. The Department has no power to specify different amounts for Northern Ireland.

3.3 This year's order provides for the amount of the lower limit of the qualifying earnings band to be aligned with the lower National Insurance contributions earnings limit (£6,240) for the 2020-2021 tax year. It also specifies rounded figures for the earnings trigger and qualifying earnings band (where the pay reference period is not more than 12 months) so that employers will apply the proportionate amount of the annual figure to determine if a worker has jobholder status, and hence whether they should be enrolled automatically, in line with their usual pay period.

4. Consultation

4.1 There is no requirement to consult on this Order.

5. Equality Impact

5.1 In accordance with its duty under section 75 of the Northern Ireland Act 1998, the Department has conducted a screening exercise on the legislative proposals and as they merely discharge the Department's statutory duty to substitute the amount of the lower limit of the automatic enrolment qualifying earnings band and do not alter policy, has concluded that they do not have significant implications for equality of opportunity. In light of this, the Department considers that an Equality Impact Assessment is not necessary.

6. Regulatory Impact

6.1 This Order does not require a Regulatory Impact Assessment as it amends an existing regulatory regime and the associated administrative costs are low.

7. Financial Implications

7.1 None for the Department.

8. Section 24 of the Northern Ireland Act 1998

8.1 The Department has considered section 24 of the Northern Ireland Act 1998 and is satisfied that this Order –

(a) is not incompatible with any of the Convention rights,

(b) is not incompatible with Community law,

(c) does not discriminate against a person or class of person on the ground of religious belief or political opinion, and

(d) does not modify an enactment in breach of section 7 of the Northern Ireland Act 1998.

9. EU Implications

9.1 Not applicable.

10. Parity or Replicatory Measure

10.1 The corresponding Great Britain Order is the Automatic Enrolment (Earnings Trigger and Qualifying Earnings Band) Order 2020 (S.I. 2020/372) which comes into force on 6th April 2020. Parity of timing and substance is an integral part of the maintenance of single systems of social security, child support and pensions in line with section 87 of the Northern Ireland Act 1998.

11. 21 Day Rule

11.1 The Great Britain Order was made on 27th March 2020. The Order was made as soon as possible that day, 27th March 2020. Owing to parity considerations it is vital that the Order comes into operation on the same date as the Great Britain Order, in this instance 6th April 2020.