EXPLANATORY MEMORANDUM

THE SOCIAL SECURITY PENSIONS (LOW EARNINGS THRESHOLD) ORDER (NORTHERN IRELAND) 2010

S.R. 2010 No. 96

1. Introduction

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

1.2 The Statutory Rule is made under section 130A of the Social Security Administration (Northern Ireland) Act 1992 and is subject to the negative resolution procedure.

2. Purpose

The Social Security Pensions (Low Earnings Threshold) Order (Northern Ireland) 2010 directs that for the tax years following 2009/10 the Low Earnings Threshold is to be increased from £13,900 to £14,100. The Order comes into operation on 6th April 2010.

3. Background

3.1 Each year the Secretary of State for Work and Pensions is required to review the level of average earnings and, where she considers that level to have increased, make an Order to set the low earnings threshold for the following year. The threshold is the point at which people begin to accrue entitlement to the State Second Pension, which is paid on top of their basic State Pension. Where the Secretary of State makes an Order for Great Britain, the Department may make a corresponding Order in respect of Northern Ireland.

3.2 The State Second Pension replaced the State Earnings-Related Pension Scheme from 6 April 2002. It was primarily aimed at low earners, and brought carers and some long-term disabled people with broken work records into the system for the first time.

3.3 The following groups are deemed to have earnings at the low earnings threshold thus ensuring that they can begin to accrue entitlement to State Second Pension:

- employees with earnings equal to or above the qualifying earnings factor (£5044 in 2010/11) but less than the low earnings threshold;
- qualifying carers; and
- qualifying disabled people.

3.4 Average earnings over the period from 1 October 2008 to 30 September 2009 rose by 1.2 per cent. And, as a result, this Order increases the low earnings threshold for the tax years following 2009-2010, from £13,900 to £14,100.

4. Consultation

There is no requirement to consult on the proposals in this Order.

5. Equality Impact

In accordance with its duty under section 75 of the Northern Ireland Act 1998, the Department has conducted a screening exercise on the proposal and has concluded that it does not have any implications for equality of opportunity. The Order discharges the Department's duty to increase the low earnings threshold in line with the increase set for Great Britain. It does not alter policy.

6. Regulatory Impact

The Order does not require a Regulatory Impact Assessment as it does not impose a cost on business, charities, social enterprise or voluntary bodies.

7. Financial Implications

None.

8. Section 24 of the Northern Ireland Act 1998

The Department has considered section 24 of the Northern Ireland Act 1998 and is satisfied the Rule is not incompatible with any of the Convention rights, is not incompatible with Community law, does not discriminate against a person or class of person on the ground of religious belief or political opinion, and does not modify an enactment in breach of section 7 of the Northern Ireland Act 1998.

9. EU Implications

Not applicable.

10. Parity or Replicatory Measure

The provisions come into operation on 6th April 2010 at the same time as the corresponding Great Britain provisions. Parity of timing and substance is an integral part of the maintenance of single systems of social security, pensions and child support provided for in section 87 of the Northern Ireland Act 1998.