EXPLANATORY MEMORANDUM

THE SOCIAL SECURITY PENSIONS (LOW EARNINGS THRESHOLD) ORDER (NORTHERN IRELAND) 2015

S.R. 2015 No. 112

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 sections 130A and 165(1), (4) and (5) 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) 2015 sets out that the low earnings threshold for the purposes of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 for the tax years following 2014-2015 shall be £15,300.

3. Background

3.1 The Order corresponds to an Order being made by the Secretary of State for Work and Pensions. Each year the Secretary of State for Work and Pensions is required to review the level of average earnings and, where it is considered that the level has increased, make an Order to set the low earnings threshold for the following year. Where the Secretary of State makes an Order for Great Britain, the Department may make a corresponding Order in respect of Northern Ireland. The Department has no power to set a different threshold for Northern Ireland.

3.2 The State Second Pension replaced the State Earnings-Related Pension Scheme from 6 April 2002. It is 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 but less than the low earnings threshold;
- qualifying carers; and
- qualifying disabled people.

3.4 The increase in earnings is measured using the Office for National Statistics' Average Weekly Earnings statistic September year-on-year change (non-seasonally adjusted, including bonuses). This shows that average earnings over the period from 1 October 2013 to 30 September 2014 rose by 1.5 per cent and it is therefore proposed to make an Order to increase the low earnings threshold for the tax years following 2014-2015, from £15,100 to £15,300 (the percentage increase rounded to the nearest £100).

3.5 The Order ensures that the low paid, disabled people and carers continue to be protected for State Second Pension purposes as average earnings increase.

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 corresponding Great Britain Order entitled the Social Security Pensions (Low Earnings Threshold) Order 2015 (S.I. 2015/ 186) will come into force on 6 April 2015. The Order in Northern Ireland should be made as soon as possible after the Great Britain Statutory Instrument and brought into operation on the same date. Parity of timing and substance is an integral part of the maintenance of single systems of social security, child support and pensions provided for in section 87 of the Northern Ireland Act 1998.

11. Additional information

Not applicable.