Northern Ireland Assembly

Committee for Communities

Report on the Pensions (Extension of Automatic Enrolment) Bill

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Report: NIA 50/22-27 Committee for Communities

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Powers and Membership

Powers

The Committee for Communities is a Statutory Departmental Committee established in accordance with Paragraphs 8 and 9 of Strand One of the Belfast Agreement and under Assembly Standing Order No 48. The Committee has a scrutiny, policy development and consultation role with respect to the Department for Communities and has a role in the initiation of legislation.

The Committee has power to:

- consider and advise on Departmental budgets and Annual Plans in the context of the overall budget allocation;
- approve relevant secondary legislation and take the Committee Stage of relevant primary legislation;
- call for persons and papers;
- initiate enquiries and make reports; and
- consider and advise on matters brought to the Committee by the Minister of Communities.

Membership

The Committee has nine members, including a Chairperson and Deputy Chairperson, and a quorum of five members. The membership of the Committee is as follows:

- Colm Gildernew MLA (Chairperson)
- Ciara Ferguson MLA (Deputy Chairperson)
- Andy Allen MBE MLA
- Kellie Armstrong MLA
- Maurice Bradley MLA
- Brian Kingston MLA
- Sian Mulholland MLA
- Daniel McCrossan MLA
- Maolíosa McHugh MLA

List of Abbreviations and Acronyms used in this Report

ABI	Association of British Insurers
CIPD	Chartered Institute of Personnel and Development
DfC	Department for Communities
IFS	Institute for Fiscal Studies
ESR	Examiner of Statutory Rules
ASHE	Annual Survey of Hours and Earnings

Executive Summary

1. This report sets out the Committee for Communities' consideration of the Pensions (Extension of Automatic Enrolment) Bill.

2. The Pensions (Extension of Automatic Enrolment) Bill was introduced to the Northern Ireland Assembly on 20 May 2024 and was referred to the Committee for Communities for consideration after Second Stage, which took place on 3 June 2024.

3. The purpose of the Bill, which contains 2 substantive clauses, is to provide the powers to extend automatic enrolment in workplace pensions. The Bill confers regulation making powers to implement reforms to automatic enrolment into workplace pensions by introducing a power to make regulations to:

    - reduce the lower age limit at which otherwise eligible workers must be automatically enrolled into a pension scheme by their employers. The policy intent is to use this power to make regulations to reduce the lower age limit from 22 to 18; and

    - reduce the lower limit of the qualifying earnings band or repeal the lower limit of the qualifying earnings band so that contributions are calculated from the first pound earned.

4. The Committee requested evidence from interested organisations as well as the Department of Communities as part of its deliberations on the Bill.

5. The Committee received 3 responses to its online Citizen Space survey. The Committee held 4 oral evidence sessions with interested organisations and an engagement with the Youth Assembly as well as exploring the issues raised in

the written and oral evidence with Department of Communities officials both in writing and in oral briefings. The Committee considered the provisions of the Bill at 8 meetings.

6. At its meeting on 24 October 2024 the Committee undertook its formal Clause by Clause consideration and agreed the Clauses as outlined in the formal clause by clause agreement section of this report.

7. The Committee did, however, consider the wider and longer-term issues that were highlighted to it through its evidence and made 2 specific recommendations in that regard, as well as 1 recommendation pertinent to the clauses of the Bill.

8. After considering all of the evidence received, deliberating on the associated issues raised, taking advice from the Assembly Bill Office, querying a number of issues and seeking clarifications with Departmental Officials, the Committee agreed to an amendment to Clause 1 and to agree Clause 2 as drafted.

9. The Committee enjoyed a productive working relationship throughout the Committee Stage with the Department for Communities' Officials, the Minister, the Assembly's Bill Office, RaISe and the Assembly Secretariat.

Introduction

10. The Pensions (Extension of Automatic Enrolment) Bill (NIA Bill 04/22-27) was referred to the Committee in accordance with Standing Order 33 on completion of the Second Stage of the Bill on 3 June 2024.

11. The Minister for Communities made the following statement under Section 9 of the Northern Ireland Act 1998: “In my view the Pensions (Extension of Automatic Enrolment) Bill would be within the legislative competence of the Northern Ireland Assembly.”

12. The stated purpose of the Bill is to implement reforms to automatic enrolment into workplace pensions by introducing a power to make regulations to:

    - reduce the lower age limit at which otherwise eligible workers must be automatically enrolled into a pension scheme by their employers. The policy intent is to use this power to make regulations to reduce the lower age limit from 22 to 18; and
    - reduce the lower limit of the qualifying earnings band or repeal the lower limit of the qualifying earnings band so that contributions are calculated from the first pound earned.

13. During the period covered by this Report, the Committee considered the Bill and related issues at 8 meetings. The relevant Minutes of Proceedings for these meetings are included at Appendix 3. Also included in this Appendix are the Minutes of Proceedings highlighting the discussions the Committee undertook prior to introduction.

14. The Committee had before it the Pensions (Extension of Automatic Enrolment) Bill (NIA Bill 04/22-27) and the Explanatory and Financial Memorandum that accompanied the Bill. Following the introduction of the Bill on 20 May 2024, the Committee wrote to key stakeholders and inserted public notices in the Belfast Telegraph, Irish News, and News Letter seeking written evidence on the Bill via Citizen Space by 12.00 p.m. on Friday 20 September 2024.

15. 3 organisations responded to the request for written evidence and a copy of the submissions received are included at Appendix 5.

16. Correspondence received from the Department of Communities is included at Appendix 1, with other relevant correspondence at Appendix 7.

17. The Committee commissioned the Northern Ireland Assembly Research and Information Service (RaISe) to provide research on the content and implications of the Bill. These papers are included at Appendix 6 and the Committee received an oral briefing from RaISe on 13 June 2024 which explored the provisions of the Bill (as introduced); provided comparisons with similar legislation and policy in Great Britain and Ireland; and identified issues for the Committee's further consideration.

18. After the Bill completed its Second Stage on 3 June 2024, the Committee arranged to take oral evidence on the Bill from relevant stakeholders and the Department. The Committee also held an online session with members of the Northern Ireland Youth Assembly and a report of that meeting can be found at Appendix 7. Members thank the members of the Youth Assembly for their participation in its consideration of a Bill which will have a direct effect on younger people once they enter the workplace. The Committee heard from the following organisations on the dates listed below:

- 23 May June 2024 – Department for Communities
- 13 June 2024 – NI Assembly Research and Information Service
- 10 October 2024 – Chartered Institute of Personnel and Development
- 10 October 2024 – University of Stirling
- 10 October 2024 – Institute for Fiscal Studies
- 17 October 2024 – Examiner of Statutory Rules

19. The Committee held discussions with Departmental Officials on the key issues of the Bill at its meeting on 23 May 2024. Committee deliberations on the clauses of the Bill were conducted at the meetings on 10, 17 and October 2024. The formal clause by clause scrutiny of the Bill was completed at the meeting on 24 October 2024. The relevant Minutes of Evidence of these meeting are included at Appendix 4.

Context and Overview of the Bill

20. This Bill makes provision for Northern Ireland corresponding to provisions of the Pensions (Extension of Automatic Enrolment) Act 2023 (“the 2023 Act”) which was passed by the Westminster Parliament.

21. Although pensions are a devolved matter, in general Northern Ireland’s pensions policy and legislation operate in line with corresponding pension provision in Great Britain in line with Section 87 of the Northern Ireland Act 1998. In effect there is a single pension system and regulatory regime across the United Kingdom. Many private pension schemes operating in Northern Ireland are UK-wide schemes. Therefore, the Department states that it is highly desirable that the same provisions are in place in Northern Ireland to ensure parity across both jurisdictions.

22. Automatic enrolment was introduced in 2012 to enable more people to save for their retirement and to make pension saving the norm for most people in work. Minimum contribution rates are 8% of earnings; employers contribute a minimum 3% and employees 5%, part of which includes tax relief. In Northern Ireland in 2021, 73% of employees belonged to a workplace pension scheme.

23. The law requires employers to enrol all their eligible workers into a qualifying workplace pension scheme and pay pension contributions. Eligible workers are those who:

- are not already in a workplace pension scheme;
- are between age 22 and State Pension age; and
- earn more than the minimum earnings threshold (£10,000 per year).

24. In 2024/25, contributions are required to be made on earnings between the lower limit of the qualifying earnings band of £6,240 and the upper limit of the qualifying earnings band of £50,270. Unless they opt-out, employees will build up a private pension through their contributions and those of their employer.

25. In 2017 the Government completed a statutory review of automatic enrolment. The report, “Automatic enrolment review 2017: Maintaining the momentum”, was published in December 2017. The report had several key recommendations including: to reduce the lower age limit for automatic enrolment from 22 to 18, and to remove the lower limit of the qualifying earnings band so that contributions were calculated from the first pound of earnings. The measures contained in the 2023 Act arise from the recommendations made by the 2017 Statutory Review.

26. The Pensions (Extension of Automatic Enrolment) Bill aims to provide the powers to extend automatic enrolment in workplace pensions. The Bill confers regulation making powers to implement reforms to automatic enrolment into workplace pensions by introducing a power to make regulations to:

- reduce the lower age limit at which otherwise eligible workers must be automatically enrolled into a pension scheme by their employers. The policy intent is to use this power to make regulations to reduce the lower age limit from 22 to 18; and

- reduce the lower limit of the qualifying earnings band or repeal the lower limit of the qualifying earnings band so that contributions are calculated from the first pound earned.

27. The proposals to extend automatic enrolment are intended to continue to normalise pension saving among workers; help lower earners build resilience for retirement; support individuals in multiple part-time jobs; and simplify automatic enrolment for employers. Workers will, as now, be able to opt out of automatic enrolment.

28. Although the legislation will not impose any costs on business at this time, the Impact Assessment examines the impact of removing the lower earnings level and reducing the age to 18 years old. This estimates that the first year of the full implementation of the policy would cost, across the UK, around £2bn in 2022 earnings terms, made up of:

- £0.8bn extra employer contributions
- £0.9bn extra employee contributions
- £0.2bn income tax relief

These costs would be lower at first if the measures were phased in over a number of years.

29. There may be further fiscal costs of around £0.3bn reflecting how employee/employers may respond to the change and a small additional business administration cost. Again, these costs would be lower at first if the measures were phased in over a number of years.

30. There will be no immediate financial implications because this Bill takes enabling powers to implement these changes through secondary legislation at a later date. The consultation on the implementation approach and timing will enable consideration of choices to help manage the cost impacts arising from the measures (for example through introducing and phasing in changes at a

suitable time, using learnings from the successful gradual roll-out of automatic enrolment since 2012).

Committee Recommendations and Consideration of Wider Issues

Context of the Recommendations

31. In making its recommendations, the Committee considered the wider context of the Bill.

Recommendations Specific to the Bill:

Communication and Education

32. To maximise the effectiveness of the bill, it is vital that all individuals, organisations and businesses are aware of the requirements under the new legislation when these come into force.

33. **The Committee recommends that to that end, a comprehensive programme of information, education, advice, support and training (as appropriate) should be put in place by the Department, particularly in digital communication arenas where younger people are most active.**

34. The Committee held an online session with members of the Northern Ireland Youth Assembly where the young people expressed their concerns that the subject of pensions is not covered on the curriculum. They felt that this was a serious omission as it meant that they would be entering the world of work without a full understanding of what a pension was and what the benefits were of being a member of a pension scheme. The CIPD and the University of Stirling also told the Committee that they felt that, when advertising jobs, employers should also include more details regarding their pension benefits.

35. The Committee recommends that the Department of Education considers introducing pensions to the curriculum as part of the teaching of Learning for Life and Work (LLW).

36. **The Committee recommends that, when advertising jobs, it is made a mandatory requirement for employers to include details of their pensions benefits along with salary as prospective employees can then make an informed choice between different jobs. This is particularly important for younger people who may not have a pension scheme as one of their top requirements when considering a job application and advertising pension benefits will ensure that they see that there are two elements of compensation, salary and a pension scheme.**

Review

37. The Committee was concerned to hear evidence from the University of Stirling that employees in large firms in Great Britain received lower take-home wages as a result of automatic enrolment. The University found a statistically significant effect on extra pay even when the employer contributions were low (1% of earnings), and applied to a small proportion of employees. This suggests that it is likely that large employers, at least, will continue to recoup pension costs if they increase as a result of lower age and earnings limits. As pension costs increase, smaller employers may begin to offset pension costs as well. This will lead to lower take-home wages for young and low paid workers, who may opt out of the scheme as a result which is of concern to the Committee.

38. The Department did respond to this evidence to state that the research carried out by the university took place during the introduction of Automatic enrolment

between 2012 and 2017. Automatic enrolment is now well established and all employers must by law provide a workplace pension to their employees.

39. A 2022 survey entitled “Workplace Pensions and Automatic Enrolment: employers’ perspectives (DWP)”, found that most employers absorbed financial pension costs as part of their standard running costs or overheads. Generally, a workplace pension is seen as a valuable part of an employee’s remuneration package which, along with wages, contributes to improved staff recruitment and retention.

40. The Committee asked the Minister to consider taking forward an amendment to the Bill to place an obligation on the Department to ensure that a review of the impacts of the legislation is undertaken, reported and laid with the Assembly within 3 years of the exercise of any powers associated with the Bill being used.

41. The Minister replied to the Committee to state that he does not think the proposed amendment is required and that the Department could consider providing the Committee with a review of the impact of the implementation of the measures of the Bill, three years after their introduction, based on the monitoring of automatic enrolment it currently carries out via the Annual Survey of Hours and Earnings (ASHE) and any other statistics available at that time.

42. In the Minister’s view, this approach retains consistency with the 2008 Act, by refraining from placing a statutory review requirement on two relatively minor measures, in an otherwise large Act, whilst also providing the Committee with a review of the measures as requested.

43. The Committee felt that a commitment to produce a report wasn't strong enough as a future Minister may renege on that commitment and a future Committee may not recall that such a commitment had been made and therefore may not prioritise post-legislative scrutiny on this matter.

44. The Committee therefore decided to bring forward its own amendment at Consideration Stage as follows:

After clause 1, insert –

Report on the operation of powers affecting age and qualifying earnings

2.–(1) The Department for Communities must lay before the Assembly a report setting out its assessment of the effects of any changes made by regulations under section 1.

(2) This report must be laid at least 36 months, and no more than 42 months, after the coming into operation of the first regulations made under section 1.'

Brian Kingston and Maurice Bradley indicated that they wished to abstain from agreeing to the Committee amendment.

45. At its meeting on 7th November, the Committee was advised of a minor technical defect in the above amendment provided by the Bill Office to the Committee. The Committee therefore agreed to withdraw the above amendment, and table a corrected amendment as below:

'Report on the operation of powers affecting age and qualifying earnings

2.–(1) The Department for Communities must lay before the Assembly a report setting out its assessment of the effects of any changes made by regulations under section 3(1A), 5(1C) or 13A of the Pensions (No. 2) Act (Northern Ireland) 2008.

(2) This report must be laid at least 36 months, and no more than 42 months, after the coming into operation of the first regulations made under section 1any of section 3(1A), 5(1C) or 13A of that Act.’

Recommendations Not Specific to the Bill:

46. The issue of pension arrangements for self-employed people was raised as a concern by the Committee, reflecting on the fact that work, especially for younger people, has become more precarious. Members raised examples of younger people who are working multiple jobs and felt that there should be consideration given to the pensions arrangements for those who are self-employed.

47. Members also expressed concern about farmers who experience difficulties with Universal Credit as a consequence of fluctuations in income. Members reflected that many self-employed people here are on the lower end of the income scale rather than the affluent scale, raising concerns that a pensions time bomb could be being created for the future, with people who are at a disadvantage by not being able to afford a pension now finding that disadvantage deepening across their lives as the result of decisions that they may be aware of but are not able to make at this time.

48. Recent Institute for Fiscal Studies (IFS) research shows that the number of self-employed is going up but that pension savings among the self-employed are going down. Whilst the Committee acknowledged that automatic enrolment

for the self-employed is not part of this Bill, Members considered that it is certainly an issue that needs to be further explored.

49. **The Committee recommends that the Department, in consultation with the UK Government, considers the introduction of legislation specifically aimed at increasing the number of self-employed people saving for retirement.**

Consideration of the Bill

50. The Committee's consideration and deliberation on the clauses of the Bill was informed by the research, written and oral evidence it received. The Committee received 3 written submissions in response to its call for evidence and heard oral evidence from 2 of those organisations – CIPD and University of Stirling. The Committee also heard evidence from the Institute for Fiscal Studies.

51. The Committee had ongoing engagement with Departmental Officials throughout its consideration of the Bill and explored the issues raised in evidence during departmental oral evidence sessions and by correspondence.

52. A summary of a range of key evidence points raised with the Committee on each clause is set out below:

Clause 1: Automatic enrolment: persons and earnings affected

53. Key issues raised in evidence in relation to Clause 1 were:

- it is a parity Bill, with the Pensions (Extension of Automatic Enrolment) (No. 2) Bill having already been enacted at Westminster
- workers can opt out of automatic enrolment every three years; however, an employer must re-enrol eligible employees who have exercised their opt-out of automatic enrolment with that employer. Employees can opt out again at that stage
- a statutory review of automatic enrolment was carried out in 2017 and found that young workers aged 18 to 21 miss out on automatic enrolment, because the lower age limit is 22

- the 2017 statutory review made two key recommendations: to lower the age at which qualifying workers are automatically enrolled in a workplace pension scheme and to reduce or repeal the lower limit of the earnings band. The measures in the Bill arise from the recommendations made in the 2017 statutory review
- the proposals to extend automatic enrolment are intended to continue to normalise pension saving among workers, help lower earners build resilience for retirement, support individuals in multiple part-time jobs and simplify automatic enrolment for employers
- the EQIA on the Bill found no adverse impacts on any of the Section 75 categories as a result of the proposals. The public consultation received five responses, none of which identified any adverse impacts on the section 75 groups as a result of the proposals
- the early plans are to communicate through the usual advisory platforms, including dedicated government websites and press releases. There are also the Pensions Advisory Service and MoneyHelper. These are free UK-wide services that are tasked with ensuring that people have free access to the information and guidance that they need to make financial decisions, including on pensions
- it would be easier for employers if everybody were automatically enrolled. There is an additional administrative cost at that point to prevent those at that age from being automatically enrolled. An additional administrative cost is now being projected to include all those people in automatic enrolment. There will be initial administrative costs and initial changes to allow for those people to be enrolled

automatically. Into the future, however, there should be some savings made

- parity in pensions policy and legislation is a little more closely knit and a little more difficult to unpick
- the Department has quite a task ahead of it in relation to a communications strategy, because people, particularly young people, are not very engaged on pension issues. It is also about getting the message across that there is a contribution from employers and from the Government and that becoming part of a pension scheme is therefore worth their while
- the statutory review of 2017 did not recommend that automatic enrolment be used for the self-employed, as it did not feel that the framework was right
- the communications strategy is key to all of this when the regulations are introduced and the roll-out happens
- the Department for Communities will work with UKG to create a full and proper communications plan
- the Bill will not impose any costs on businesses or employees at this time
- the increase in pension contributions works out as being an increase of £9 a week to a typical employee's contribution pension plan, £4 of which is paid by the employee
- people will be automatically enrolled, and they have an opt-out clause, so they can opt out. The employer then has to re-enrol them every three years, however

- the ABI called for a gradual increase in the minimum contribution under automatic enrolment over the next 10 years
- there is no single guaranteed method to reach everybody that one would want to get involved
- the ABI is very supportive of the Bill which it believes does a brilliant job in extending the success of automatic enrolment
- there is political consensus on automatic enrolment
- whilst the Bill will put additional financial pressures, it is not a substantial step up to embrace the increases for the younger workforce
- the gender pension gap is astronomical with ABI figures showing that the average pension pots for women are £69,000 compared with £205,000 for men
- it is important to note that it is a mandatory requirement for an employer to provide auto-enrolment, but it is not compulsory for the employee to take it up
- concern that the Bill is excluding people aged 16-17 and in apprenticeships, when they should be encouraged to start contributing to their pension as early as possible
- concerns over hard to reach groups such as those working in the gig economy or people with multiple jobs
- the CIPD agrees that the Bill is an essential first step to meeting the outlined policy objectives
- the CIPD supports the extension of auto-enrolment to 18-year-olds
- the CIPD is supportive of the reduction, or abolition, of the lower earnings limit

- before regulations are made, it would be prudent to see the new UK Government's approach to these regulations in GB. This would allow organisations with membership spread across the UK, including the CIPD, to consult their members on the impact of specific proposals
- the University of Stirling’s previous research has shown that automatic enrolment had a significant positive effect on pension plan participation and contribution rates
- the University of Stirling found that employees in larger firms who did not already have a company pension received lower extra pay (such as bonuses, overtime pay and commissions) after the roll-out of the policy
- the fall in extra pay offset the rise in pension contributions, so that total compensation stayed the same. In contrast, employees at smaller firms received higher total compensation as a result of auto enrolment, as smaller employers did not try to recoup the new pension costs. These findings are in line with those of other researchers that firms tend to pass increases or reductions in payroll costs (e.g. taxes or benefits) on to employees
- as pension costs increase, smaller employers may begin to offset pension costs as well. This will lead to lower take-home wages for young and low paid workers, who may opt out of the scheme as a result
- providing a pension can be seen as part of being a good employer
- abolishing the lower limit is a good thing but it does mean that employers and employees will have to pay more
- many young people may be tempted to opt out due to their financial situation

- financial awareness, to include pensions, should be part of an apprenticeship
- there is a strong case for Northern Ireland to remain aligned with the rest of GB on automatic enrolment as some businesses operate on a UK wide basis
- the age shouldn't be lowered to 16 because there aren't many that age in permanent jobs earning more than £10k per year
- there isn't much of a case for phased implementation of this legislation as it is only a small reform and automatic enrolment has been in practice for a long time now
- some firms have passed on costs of pensions by offering less in bonuses with as much as 40 pence in the pound being recouped
- whilst the proposals are very sensible, the unintended consequences, such as firms recouping the extra costs to them, needs careful consideration
- the regulations flowing from the Bill will need careful consideration and consultation

Clause 2: Commencement and short title

54. Key issues raised in evidence in relation to Clause 2 were:

- Clause 2(1) contains a standard power for the Department to bring clause 1 into operation by statutory rule. As is usual with commencement provisions, statutory instruments made under clause 2 are not subject to any Assembly procedure. The clause also provides the short title of the Bill.

- the Committee expressed concern about the use of Henry VIII powers and wrote to the Department to outline Members’ concerns and to ask that any subordinate legislation in respect of Departmental Bills are subject to the draft affirmative procedure and that, if this is not possible, a full explanation of the rationale for not using this procedure is provided to the Committee and included in the explanatory notes for the Bill.
- the Committee also wrote to the Examiner of Statutory Rules seeking views on the delegated powers memorandum for the Bill and received a briefing on this at the meeting on 17 October. Members heard that the Examiner was satisfied that the delegation of legislative power presently provided for in the Bill was not inappropriate and she was also satisfied that the exercise of legislative power presently provided for in the Bill is subject to an appropriate Assembly scrutiny procedure.

Committee Deliberations on the Bill

55. The Committee commenced its deliberations on the clauses of the Bill at its meeting on 10 October 2024 and continued the deliberations at its meetings on 17 and 24 October 2024.

56. The Committee Chairperson informed Members that the deliberations on the Bill was their opportunity to go through the clauses and comprehensively review with the Department any issues raised by stakeholders or by Committee Members. It was also the opportunity to ask for clarification on how the Bill addressed these concerns and any additional action that the Department intended to take on the back of the evidence the Committee received.

57. The deliberations on each clause commenced with a brief overview by the Departmental Officials of the intentions of the clause.

58. The following information is a summary of the key points discussed and agreed during the deliberations. The full discussions can be read in the Minutes of Evidence of the relevant meetings (see Appendix 4).

Clause 1 – Automatic enrolment: persons and earnings affected

59. At the meeting on 10 October, Departmental Officials explained that clause 1 amends the 2008 Act to insert three new regulation-making powers: in section 3, "Automatic enrolment"; in section 5, "Automatic re-enrolment"; and new section 13A, "Qualifying earnings: reduction or removal of lower limit".

60. Clause 1(2) inserts a regulation-making power into section 3 of the 2008 Act to enable the Department to amend section 3(1)(a) in order to decrease the age at which the employer has an obligation to enrol job holders automatically in a pension scheme. Workers will still be able to opt out of automatic enrolment as before.

61. Subsection (3) inserts a regulation-making power into section 5 of the 2008 Act to enable the Department to amend section 5(1)(a) and section 5(1A)(a) to decrease the age at which an employer has the obligation to re-enrol job holders automatically in a pension scheme.

62. Subsection (4) inserts new section 13A into the 2008 Act that includes a regulation-making power to enable the Department to reduce or repeal the lower limit of the qualifying earnings band. It will also enable the Department to make regulations to repeal section 9 of the 2008 Act, which is titled "Workers without qualifying earnings". That is necessary, because that category would no longer be appropriate if the lower limit of the qualifying earnings band were to be abolished. Any regulations made under the new power in section 13A may also include such amendments, repeals or revocations of other Acts as appear to the Department to be expedient in consequence of the repeal of section 9 and section 13(1)(a).

63. Under clause 1(5), regulations made under any of the powers in the Bill will be subject to the confirmatory resolution procedure. Regulations made under clause 1 will amend primary legislation, so it is considered appropriate for those regulations to be subject to the confirmatory resolution procedure to allow for Assembly scrutiny.

64. Members asked the Officials whether there was scope to amend the Bill to reduce the lower age limit at which otherwise eligible workers must be automatically enrolled into a pension scheme by their employers to 16 rather than 18. The Officials told the Committee that, as the Bill stands, the age would be lowered to 18 but there the powers contained within the Bill meant that there was scope to lower the age to 16 in the future. They further explained that, if a 16-year-old was in employment and earning £10k per year, they could opt in to a pension scheme.

65. The Committee asked the Departmental Officials why it was necessary for them to use Henry VIII powers for this Bill. Members were told that the powers were necessary to ensure that it gave the Department the powers to repeal parts of the Bill through subordinate legislation which would be a more efficient method than having to introduce further primary legislation.

66. When the Officials were asked about the plans the Department had to evaluate the changes once the Bill was in operation, they advised Members that they would use tools such as Labour Market Surveys and impact assessments. Members pressed upon Officials the need to be proactive in their evaluation to ensure that unintended consequences, such as those outlined by the University of Stirling in relation to claw back of costs by employers, did not occur.

67. Members asked the Officials if they had all the data that they needed in relation to the Bill and the Officials explained that they would not have data in relation to the causal factors for people opting out as it was not information that was collected by businesses.

68. When asked what engagement that unions had in relation to the Bill, the Committee was informed that the unions had input to the earlier 2017 review.

69. At the meeting on 17 October, the Committee discussed the possibility of an amendment to the Bill which would place an obligation on the Department to ensure that a review of the impacts of the legislation is carried out within 3 years of the powers of the Bill being used.

70. The Committee asked the Departmental Officials if they would be prepared to accept the proposed amendment and to bring it forward at Consideration Stage. The Officials informed the Committee that this would need to be considered by the Minister first and agreed to report back to the Committee by the meeting on 24 October.

71. At the meeting on 24 October the Committee considered a Ministerial response to its request for an amendment.

72. The Minister stated that he does not think the proposed amendment is required and that the Department could consider providing the Committee with a review of the impact of the implementation of the measures of the Bill, three years after their introduction, based on the monitoring of automatic enrolment it currently carries out via ASHE and any other statistics available at that time.

73. In the Minister's view, this approach retains consistency with the 2008 Act, by refraining from placing a statutory review requirement on two relatively minor measures, in an otherwise large Act, whilst also providing the Committee with a review of the measures as requested.

74. The Committee felt that a commitment to produce a report wasn't strong enough as a future Minister may renege on that commitment and a future Committee may not recall that such a commitment had been made and therefore may not prioritise it in terms of post-legislative scrutiny.

75. The Committee therefore decided to bring forward its own amendment at Consideration Stage as follows:

After clause 1, insert –

'Report on the operation of powers affecting age and qualifying earnings

2.–(1) The Department for Communities must lay before the Assembly a report setting out its assessment of the effects of any changes made by regulations under section 1.

(2) This report must be laid at least 36 months, and no more than 42 months, after the coming into operation of the first regulations made under section 1.'

Brian Kingston and Maurice Bradley indicated that they wished to abstain from agreeing to the Committee amendment.

Clause 2 – Commencement and Short Title

76. The Officials explained that Clause 2 contains a standard power for the Department to bring clause 1 into operation by statutory rule. As is usual with commencement provisions, statutory instruments made under clause 2 are not subject to any Assembly procedure. The clause also provides the short title of the Bill.

Clause by Clause Scrutiny of the Bill

77. Having considered the written and oral evidence received on the Bill, the Committee undertook its formal Clause-by-Clause consideration at its meeting on 24 October 2024 – see Minutes of Proceedings in Appendix 3 and Minutes of Evidence in Appendix 4.

78. Information on the Committee's deliberations on the individual Clauses in the Bill and additional provisions can be found in the previous section of this report.

Clause 1 - Automatic enrolment: persons and earnings affected

79. The Committee was content with the clause as amended by the Committee as follows:

After clause 1, insert –

‘Report on the operation of powers affecting age and qualifying earnings

2.–(1) The Department for Communities must lay before the Assembly a report setting out its assessment of the effects of any changes made by regulations under section 1.

(2) This report must be laid at least 36 months, and no more than 42 months, after the coming into operation of the first regulations made under section 1.’

80. At its meeting on 7th November, the Committee was advised of a minor technical defect in the above amendment provided by the Bill Office to the Committee. The Committee therefore agreed to withdraw the above amendment, and table a corrected amendment as below:

'Report on the operation of powers affecting age and qualifying earnings

2.–(1) The Department for Communities must lay before the Assembly a report setting out its assessment of the effects of any changes made by regulations under section 3(1A), 5(1C) or 13A of the Pensions (No. 2) Act (Northern Ireland) 2008.

(2) This report must be laid at least 36 months, and no more than 42 months, after the coming into operation of the first regulations made under section 1any of section 3(1A), 5(1C) or 13A of that Act.'

Clause 2 - Commencement and short title

81. The Committee was content with the clause as drafted by the Department.

Links to Appendices

Appendix 1: Memoranda and Papers from the Department for Communities

View Memoranda and Papers supplied to the Committee by the Department

Appendix 2: Memoranda and Papers from Others

View Memoranda and Papers supplied to the Committee

Appendix 3: Minutes of Proceedings

View Minutes of Proceedings of Committee meetings related to the report

Appendix 4: Minutes of Evidence

View Minutes of Evidence from evidence sessions related to the report are available

Appendix 5: Written submissions

Written submissions received in relation to the report are available

Appendix 6: Research Papers

View Research Papers produced by the Assembly's Research and Information Service (RaISe) in relation to the report

Appendix 7: Other Documents relating to the report

View other documents in relation to the report

Appendix 8: List of Witnesses that gave evidence to the Committee

Eleanor Murphy, Northern Ireland Assembly Research and Information Service

Hayley Ward, Department for Communities

Richard Jordan, Department for Communities

Alastair Ross, Association of British Insurers

Ben Infield, Association of British Insurers

Charles Cotton, Chartered Institute of Personnel and Development

Jonathan Cribb, Institute for Fiscal Studies

Rachel Scarfe, University of Stirling

Angela Kelly, Examiner of Statutory Rules

Hayley Ward, Department for Communities

Richard Jordan, Department for Communities

This Report can be made available in a range of formats including large print, Braille etc. For more information, please contact:

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