



**From: The DALO**

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**Date: 3 June 2024**

Ms Emer Boyle  
Communities Committee Clerk  
Room 430  
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Dear Emer,

**THE PENSIONS (EXTENSION OF AUTOMATIC ENROLMENT) BILL - DELEGATED  
POWERS MEMORANDUM**

Further to the above Bill passing Second Stage in the Assembly on 3 June 2024, I attach the related Delegated Powers Memorandum to assist the Committee for Communities in its consideration of this matter at Committee Stage.

Yours sincerely,

**Geraldine Devine**  
Departmental Assembly Liaison Officer  
Private Office



# **PENSIONS (EXTENSION OF AUTOMATIC ENROLMENT) BILL**

## **DELEGATED POWERS MEMORANDUM**

### **DEPARTMENT FOR COMMUNITIES**

**MAY 2024**



## **Introduction**

1. The Pensions (Extension of Automatic Enrolment) Bill (The Bill”) was introduced in the Northern Ireland Assembly on 20 May 2024.
2. The Bill amends provisions in the Pensions (No. 2) Act (Northern Ireland) 2008 to provide regulation making powers which will enable the Department to make regulations to reduce the lower age limit at which otherwise eligible workers must be automatically enrolled and re-enrolled into a qualifying pension scheme by their employers, and to 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.
3. This Memorandum explains the purpose of the delegated powers provided for within the Bill, the reason for the delegation and the rationale for the chosen control.

## **Background and summary**

4. This Bill makes provision for Northern Ireland corresponding to provisions of the Pensions (Extension of Automatic Enrolment) Act 2023 (c. 44) which was passed by the Westminster Parliament.
5. 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 it is highly desirable that the same provisions are in place in Northern Ireland to ensure parity across both jurisdictions.
6. Automatic enrolment into workplace pensions was introduced in 2012 to enable more people to save for their retirement and to make saving the norm for most people in work. 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).

Workers can choose to opt-out of automatic enrolment.

7. In 2024/25, contributions are required to be made on earnings between the lower limit of the qualifying earnings band £6,240 and the upper limit of the qualifying earnings band £50,270. Unless they opt-out, employees will build up a private pension through their contributions and those of their employer.
8. The Bill comprises two Clauses:
  - Clause 1 – Automatic enrolment: persons and earnings affected.
  - Clause 2 – Commencement and short title.

### **Assembly Scrutiny**

9. The Department for Communities has considered in each case the appropriate procedure to be followed in exercising the delegated powers under the Bill. The Assembly procedure selected for the exercise of the delegated powers takes account of the parliamentary procedure that applies to the corresponding delegated powers in the Westminster Pensions (Extension of Automatic Enrolment) Act 2023.
10. All of the delegated powers are to be exercised by way of Statutory Rule, made by the Department for Communities.
11. The commentary below on each power sets out which Assembly procedure has been proposed and why that procedure is considered appropriate.



## **Analysis of delegated powers by Clause - Reason for Delegation and Rationale for Control**

### **Clause 1 - Automatic enrolment: persons and earnings affected**

12. The introduction of automatic enrolment into workplace pension schemes under the Pensions (No. 2) Act (Northern Ireland) 2008 made it compulsory for employers to automatically enrol eligible workers into a qualifying workplace pension scheme.
13. Clause 1 amends the Pensions (No.2) Act (Northern Ireland) 2008 to insert three new regulation making powers in sections 3 (automatic enrolment), 5 (automatic re-enrolment) and a new section 13A (qualifying earnings: reduction or removal of lower limit).
14. Subsection (2) inserts a regulation making power into section 3 of the Pensions (No.2) Act (Northern Ireland) 2008 (automatic enrolment), enabling the Department to amend section 3(1)(a) in order to decrease the age upon which an employer has an obligation to automatically enrol jobholders into a scheme that fulfils the criteria for an automatic enrolment scheme.
15. Subsection (3) inserts a regulation making power into section 5 of the Pensions (No.2) Act (Northern Ireland) 2008 (automatic re-enrolment) to enable the Department to amend sections 5(1)(a) and 5(1A)(a) to decrease the age upon which an employer has an obligation to automatically re-enrol jobholders into a scheme that fulfils the criteria for an automatic enrolment scheme.
16. Currently it is specified in sections 3 and 5 that a jobholder must be aged at least 22 in order to be automatically enrolled or re-enrolled.
17. Subsection (4) inserts a new section 13A into the Pensions (No.2) Act (Northern Ireland) 2008 (qualifying earnings: reduction or removal of lower limit) which includes a regulation making power to enable the Department to reduce



or repeal the lower limit of the qualifying earnings band (section 13(1)(a) of the Pensions (No.2) Act (Northern Ireland) 2008). It would also enable the Department to make regulations to repeal section 9 of the Pensions (No.2) Act (Northern Ireland) 2008 (workers without qualifying earnings), necessary because this category would no longer be appropriate if the lower limit of the qualifying earnings band is abolished.

18. Any regulations made under the new power in section 13A may also include amendments, repeals or revocations to other Acts as appear to the Department to be expedient in consequence of the repeal of sections 9 and 13(1)(a).
19. Under subsection (5) regulations made under any of the above powers in the Bill will be subject to the confirmatory resolution procedure.
20. As regulations made under Clause 1 would amend primary legislation, it is considered appropriate for those regulations to be subject to the confirmatory resolution procedure to allow Assembly scrutiny. This corresponds to the parliamentary procedure that applies to the corresponding delegated powers in the Westminster Pensions (Extension of Automatic Enrolment) Act 2023.

## **Clause 2 – Commencement and short title**

21. Clause 2 subsection (1) contains a standard power for the Department to bring Section 1 (automatic enrolment: persons and earnings affected) into operation by Statutory Rule. As is usual with commencement provisions, Statutory Rules made under Clause 2 are not subject to any Assembly procedure.