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Mr Sean McCann
Assistant Assembly Clerk,
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Northern Ireland Assembly
Room 410, Parliament Buildings
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17 October 2024

Dear Sean,

Thank you for your correspondence of 26 September on behalf of the Northern Ireland Assembly Committee for Communities about its scrutiny of the Pensions (Extension of Automatic Enrolment) Bill 2024.

You have asked for information on the UK Government's plans on multiple pensions, the inclusion of cross-border pensions, and updates on the automatic enrolment (AE) regulations and communication strategy for Great Britain.

As members of the Assembly will be aware, the UK Government is committed to helping people to achieve financial security in later life. AE was created to help millions of people save more for their future retirement and has been a great success, with over 11.1 million employees having been automatically enrolled into a workplace pension since 2012 and more than 2.4 million employers complying with their AE duties to date. This has helped to deliver an additional £43 billion being saved into pensions in 2023 compared to 2012 (in 2023 earnings terms) for eligible individuals across the UK.

In Northern Ireland, 75% of employees were enrolled in a workplace pension scheme as of April 2023, which represents a 2.5% increase from the previous year. Notably, 94% of public sector employees and approximately 65% of private sector employees participated in workplace pension schemes, reflecting increases of 16 percentage points for public sector employees and 43 percentage points for private sector employees since the introduction of AE in 2012.

The Pensions (Extension of Automatic Enrolment) Act 2023 provides the necessary enabling powers, in Great Britain, to lower the age for being automatically enrolled below 22 and remove the lower earnings band so that pension contributions are payable from the first pound of earnings, as envisaged by the 2017 AE Review. The UK Government will decide if, how and when to take forward the detailed implementation of AE expansion following a consultation and will report to Parliament before using the powers in the 2023 Act.

The Committee will have noted the Chancellor of the Exchequer's announcement on 22 July of a landmark pensions review. This review has already begun and will, in its second phase, consider further steps to improve pension outcomes and increase investment in UK markets, including a broader range of longer-term issues to strengthen security in retirement building on AE's success. DWP Ministers will be setting out detailed plans for the review in the coming months and intend to make swift progress on this urgent problem.

The issue of deferred small pots continues to place significant pressure on pension savers and the pension industry. This is adding increased costs and inefficiency into the workplace pensions market and is one of the key priorities the UK Government wants to address.

As part of the Pensions Schemes Bill, announced in the King's Speech, we will take forward legislation to enable an individual's deferred small pots to be automatically brought together into one place – through the multiple default consolidator approach. This will enable the automatic consolidation of millions of deferred small pots into a small number of high-quality schemes, helping to protect members from the risks posed by multiple deferred pots.

The Government is committed to supporting individuals to effectively keep track of their pensions by helping to deliver pensions dashboards, which will allow savers to view information from all their UK pensions, including the State Pension, securely online. To ensure consumers are protected and have confidence while using the service, the

Government's view is that the pension dashboards environment must be closely regulated. UK-based occupational pension schemes regulated by The Pensions Regulator (TPR) and providers of personal and stakeholder pensions regulated by the Financial Conduct Authority (FCA) are required to connect to the pensions dashboards ecosystem. As it is not possible to extend the protections offered by the regulators to pension scheme information held outside the UK, Northern Ireland residents would not be able to access information, via pensions dashboards, about their cross-border schemes

Yours sincerely,

Andrew Blair
Head of Automatic Enrolment and Nest