



Northern Ireland
Assembly

Report on the Savings (Government Contributions) Bill: Legislative Consent Memorandum

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Ordered by the Committee for Communities to be printed 10 November 2016

Report: NIA 11/16-21
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 11 members, including a Chairperson and Deputy Chairperson, and a quorum of 5.

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 for Communities.

Membership

The Committee has 11 members, including a Chairperson and Deputy Chairperson, and a quorum of five members. The membership of the Committee is as follows:

- Colum Eastwood MLA (Chairperson)
- Michelle Gildernew MLA (Deputy Chairperson)
- Steven Agnew MLA
- Andy Allen MLA
- Jonathan Bell MLA
- Naomi Long MLA
- Nichola Mallon MLA
- Fra McCann MLA
- Adrian McQuillan MLA
- Carál Ní Chuilín MLA
- Christopher Stalford MLA

Background

1. Background to The Savings (Government Contributions) Bill (the Bill) is provided in a House of Commons [briefing paper](#). In July 2015, the UK Government launched a consultation on reforming pension tax relief with the aim of strengthening the incentive to save. In his Budget 2016 speech, the then Chancellor of the Exchequer, George Osborne, announced no compulsory changes to the pension tax system, saying it was “clear that there was no consensus.” However, the Government would introduce measures to encourage saving.
2. The Bill, which extends to Northern Ireland, was introduced in the House of Commons on 6 September 2016 and makes provision for two of the government’s measures.
3. The Minister for Communities wrote to the Committee on 13 October 2016 to make the Committee aware of his intention to bring a Legislative Consent Motion to the Assembly on the Bill. A Legislative Consent Memorandum was subsequently laid on 8 November 2016.

Purpose of the Bill

4. The Bill makes provision for savers to benefit from a bonus on their savings. The bonus can be used for a first home and/or retirement. There is also provision in the Bill, by way of financial incentive, to support low income, working families to build up a ‘rainy day’ fund.
5. The details of both the Lifetime ISA (LISA), upon which the savings bonuses are payable, and the Help-to-Save Scheme are summarised by the Minister in correspondence to the Committee [here](#) and in the Legislative Consent Memorandum [here](#).
6. A fact sheet produced by HM Treasury can be found [here](#).

Committee Consideration

7. The Committee noted that the Bill extends to Northern Ireland and the government bonuses under the Lifetime ISA and Help-to Save scheme will be

a benefit not unlike welfare, which is devolved to Northern Ireland and therefore requires the consent of the Assembly.

8. The Committee however queried the appropriateness of the measures being provided for by way of a Legislative Consent Motion rather than bringing an Assembly Bill.
9. However, the Minister advised the Committee in his correspondence of 13 October 2016, followed up by correspondence from the Department on 24 October, that the provision making bonuses payable under the Bill an excepted matter was to reflect the fact that they will be administered and funded by the UK Government.
10. Further, the Minister stated that it was his view that it would also be more efficient and less complex to deal with the provision in a Westminster Bill rather than promote a specific Assembly Bill.
11. The Committee noted that while there has been a general welcome for new measures to encourage and support saving, concerns have been raised by the [House of Commons Work and Pensions Committee](#) about the potential for the LISA to undermine pensions auto-enrolment.
12. The Committee agreed that the provisions of the Bill are a positive measure to support and incentivise those who are in a position to save but that the UK government should highlight the difference between a LISA and automatic enrolment and, as recommended by the [House of Commons Work and Pensions Committee](#) (paragraph 11), make it clear that *“the LISA is not a pension and that, for employees who have been automatically enrolled, any decision to opt-out is likely to result in a worse outcome for their retirement”*.
13. The Committee noted the view of the Minister for Communities, set out in the concluding paragraph of the Memorandum that, *‘in the interests of enabling people in Northern Ireland to take full advantage of the new Lifetime ISA and Help-to-Save scheme, the Assembly should support the Legislative Consent Motion as set out’* (in the Memorandum).
14. The Committee agreed that the schemes are positive measures to facilitate those who are in a position to save to do so. However, the Committee also acknowledged that many low income families simply would not have the disposable income that would allow them to access these schemes and called on the Minister to also acknowledge this.

15. Nevertheless, the Committee for Communities endorses the principle of the extension to Northern Ireland of the Savings (Government Contributions) Bill as introduced in the House of Commons on 6 September 2016, including the provision in clause 5 (2) making bonuses under the Bill an excepted matter under the Northern Ireland Act 1998 and the provision in paragraph 16 (8) of Schedule 2 dealing with information sharing.
16. The Committee agreed this report and ordered that it be printed at its meeting on 10 November 2016.

Links to Appendices

The latest version of the Bill can be found at:

<http://services.parliament.uk/bills/2016-17/savingsgovernmentcontributions.html>

Committee Memoranda and Papers including a summary of the Bill can be viewed [here](#)

Minutes of Proceedings can be viewed [here](#)

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