

**EXPLANATORY MEMORANDUM TO**  
**THE AUTOMATIC ENROLMENT (EARNINGS TRIGGER AND QUALIFYING**  
**EARNINGS BAND) ORDER (NORTHERN IRELAND) 2012**

**S.R. 2012 No. 240**

**1. Introduction**

- 1.1 This Explanatory Memorandum has been prepared by the Department for Social Development to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2 The Statutory Rule is made under sections 14 and 15A(1) of the Pensions (No. 2) Act (Northern Ireland) 2008 (“the Pensions (No. 2) Act”) and is subject to the negative resolution procedure.

**2. Purpose**

- 2.1 This Order substitutes the amounts of the automatic enrolment and re-enrolment earnings trigger and the qualifying earnings band in the Pensions (No. 2) Act with revised rates for 2012/13. It also specifies rounded figures for certain pay reference periods.

**3. Background**

- 3.1 The Pensions (No. 2) Act and corresponding provision in the Westminster Pensions Act 2008 introduce a duty on employers to enrol eligible jobholders into a qualifying workplace pension and to make minimum contributions into it. Under the legislation, employers are able to choose the qualifying workplace pension scheme they adopt to discharge this duty. A qualifying scheme is a scheme which meets specific criteria, for example, an occupational pension scheme (including the National Employment Savings Trust (NEST) established on a UK-wide basis under the Pensions Act 2008) or a workplace personal pension scheme.
- 3.2 The amounts of the automatic enrolment and re-enrolment earnings trigger and the qualifying earnings band are set out in the Pensions (No. 2) Act and the Pensions Act 2008. Automatic enrolment starts from October 2012 with the largest employers able to bring automatic enrolment forward to July 2012.
- 3.3 Part 2 of the Pensions Act (Northern Ireland) 2012 amends the Pensions (No. 2) Act (and corresponding provision in the Pensions Act 2011 amends the Pensions Act 2008) to implement recommendations of the Making Automatic Enrolment Work review and to ensure that the automatic enrolment scheme meets the policy intention.

- 3.4 Whenever the Secretary of State for Work and Pensions makes an order under sections 14 and 15A of the Pensions Act 2008 to substitute amounts and specify rounded figures for the earnings trigger and qualifying earnings band, the Department may make a corresponding order for the purposes of the Pensions (No. 2) Act. The Department has no power to specify different amounts for Northern Ireland.
- 3.5 The order provides for the automatic enrolment earnings trigger to be revised to align with the PAYE income tax personal allowance (£8,105) for the tax year 2012/13 and for the lower and upper limits of the qualifying earnings band to be aligned with the lower (£5,564) and upper (£42,475) National Insurance contributions earnings limits for that year. Employers will apply the proportionate amount of the annual figure to determine if a worker has jobholder status, and hence whether they should be enrolled automatically, in line with their usual pay period.

#### **4. Consultation**

- 4.1 There is no requirement to consult on this Order. However, the Department issued the Department for Work and Pensions consultation paper *Automatic enrolment earnings thresholds review and revision 2012/2013* to interested organisations in Northern Ireland. The Government response is available at [www.dwp.gov.uk/consultations/2011/auto-enrolment-revaluation.shtml](http://www.dwp.gov.uk/consultations/2011/auto-enrolment-revaluation.shtml)

#### **5. Equality Impact**

- 5.1 Proposals for the Pensions (No. 2) Act and the Pensions Act (Northern Ireland) 2012 were subject to full Equality Impact Assessments. In accordance with its duty under section 75 of the Northern Ireland Act 1998, the Department has conducted a screening exercise on the legislative proposals for this Order. As the proposals are of a technical nature and give effect to provisions of the Pensions Act (Northern Ireland) 2012 which was subject to a full Equality Impact Assessment they have little implication for any of the section 75 categories. In light of this, the Department has concluded that the proposals would not have significant implications for equality of opportunity and considers that an Equality Impact Assessment is not necessary.

#### **6. Regulatory Impact**

- 6.1 The Order does not require a Regulatory Impact Assessment as it amends an existing regulatory regime and the associated administrative costs are low.

#### **7. Financial Implications**

- 7.1 None for the Department.

## **8. Section 24 of the Northern Ireland Act 1998**

- 8.1 The Department has considered section 24 of the Northern Ireland Act 1998 and is satisfied that this Order –
- (a) is not incompatible with any of the Convention rights,
  - (b) is not incompatible with Community law,
  - (c) is not discriminate against a person or class of person on the ground of religious belief or political opinion, and
  - (d) does not modify an enactment in breach of section 7 of the Northern Ireland Act 1998.

## **9. EU Implications**

- 9.1 Not applicable.

## **10. Parity or Replicatory Measure**

- 10.1 The corresponding Great Britain Order is the Automatic Enrolment (Earnings Trigger and Qualifying Earnings Band) Order 2012 (S.I. 2012/1506) which comes into force on 15th June 2012. 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. 21 Day Rule**

- 11.1 The Great Britain Order was made on 14th June 2012 and comes into force on 15th June 2012. The Order was made the same day, 14th June 2012. Owing to parity considerations it is vital that the Order comes into operation as soon as possible, in this instance 15th June 2012.