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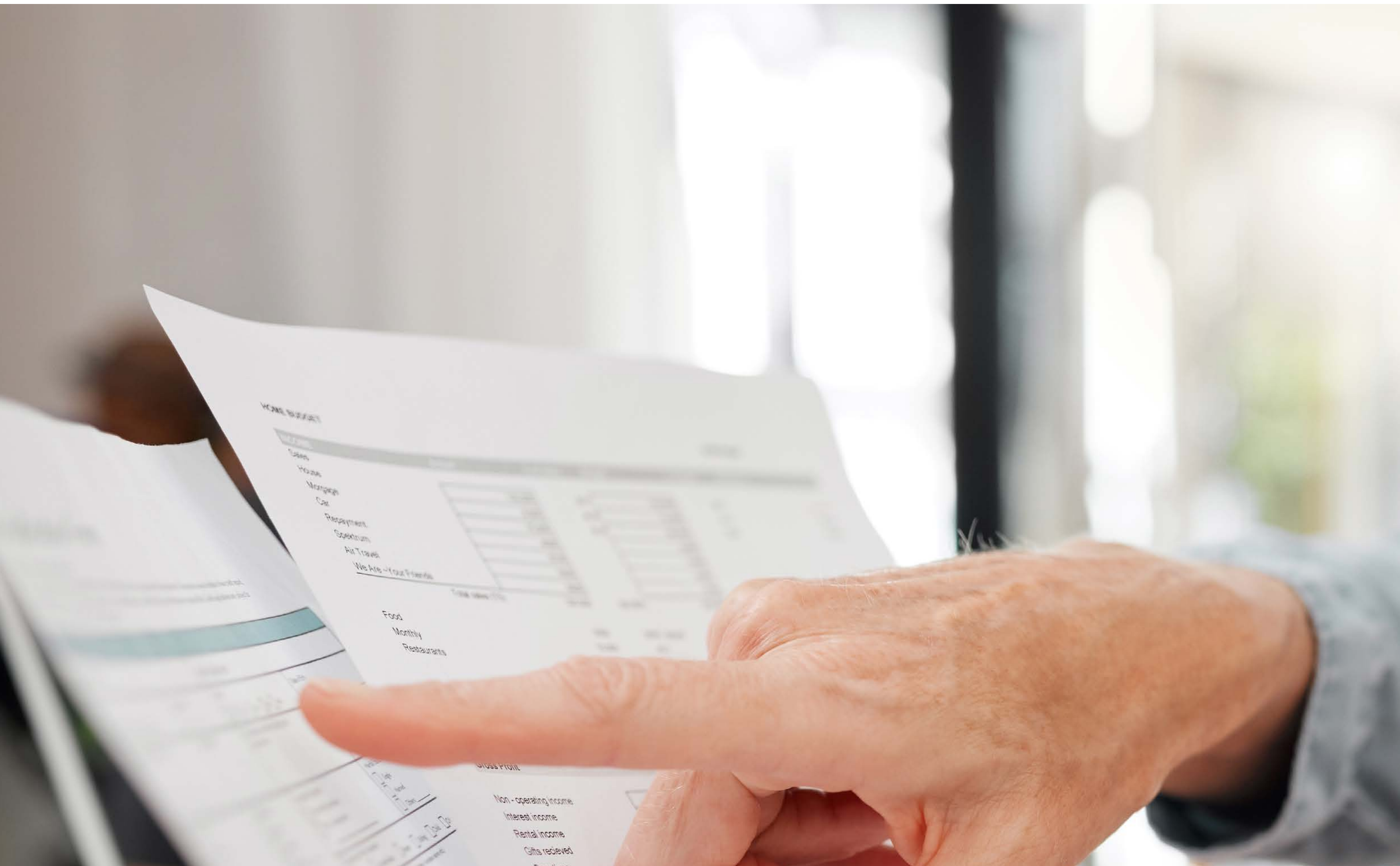

Section 75 and Schedule 9 The Northern Ireland Act 1998

Pensions (Extension of Automatic Enrolment) Bill Equality Impact Assessment Final Report

26 April 2024

Section 75 and Schedule 9
The Northern Ireland Act 1998

Pensions (Extension of Automatic Enrolment) Bill

An Equality Impact Assessment
26 April 2024

Contents

Pensions (Extension of Automatic Enrolment) Bill
An Equality Impact Assessment

Under the statutory duties contained within Section 75 of the Northern Ireland Act 1998, the Department for Communities (the Department) gave an undertaking to carry out an Equality Impact Assessment (EQIA) when appropriate.

This EQIA relates to a proposed Northern Ireland Assembly Bill, the Pensions (Extension of Automatic Enrolment) Bill to extend automatic enrolment for workplace pensions in Northern Ireland.

The draft of this EQIA was subject to a full public consultation. The consultation opened on 18 September and closed on 11 December 2023.

Further copies of this EQIA report are available on our website at **www.communities-ni.gov.uk**

If you have any queries about this document, and its availability in alternative formats, then please contact:

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Section 75 and the Statutory Duties

Section 75 of the Northern Ireland Act 1998 requires each public authority, when carrying out its functions in relation to Northern Ireland, to have due regard to the need to promote equality of opportunity between nine categories of persons, namely

- between persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- between males and females generally;
- between persons with a disability and persons without; and
- between persons with dependants and persons without.

Without prejudice to its obligations above, the public authority must also have regard to the desirability of promoting good relations between persons of different religious belief, political opinion or racial group.

The Department has in place an Equality Scheme which outlines how the Department proposes to fulfil its statutory duties under Section 75. The legislation requires public authorities to conduct an EQIA where legislation or policy changes are likely to have a significant impact on equality of opportunity. An EQIA is a thorough and systematic analysis of a policy to determine the extent of differential impact upon the relevant groups and in turn whether that impact is adverse.

The Department was of the view that the proposals to extend automatic enrolment by reducing the lower age limit and adjusting the lower limit of the qualifying earnings band indicated that a full EQIA should be conducted on the changes. This final report is the completed EQIA for the proposed changes.

When conducting an EQIA, the Department acts in accordance with the guidance published by the Equality Commission in February 2005 which recommends that there should be seven steps in the EQIA process:

Step 1 Defining the aims of the policy.

Step 2 Consideration of available data and research.

Step 3 Assessment of impacts.

Step 4 Consideration of measures which may mitigate any adverse impact and alternative policies which may better achieve the promotion of equality of opportunity.

Step 5 Formal consultation.

Step 6 Decision and publication of the EQIA results.

Step 7 Monitoring for adverse impact.

1: Introduction

The main functions of the Department include:

- a social welfare system including focused support to the most disadvantaged areas;
- the formulation and development of policy and legislation on private pensions;
- the promotion of healthy housing and the provision of decent, affordable, sustainable homes and housing support services;
- providing training and support to jobseekers and employers;
- bringing divided communities together by creating urban centres which are sustainable, welcoming and accessible to live, work and relax in peace;
- supporting local Government to deliver effective public services;
- maximising public benefits from the culture, arts and leisure sectors;
- tackling disadvantage and promoting equality of opportunity by reducing poverty, promoting and protecting the interests of children, older people, people with disabilities, and other socially excluded groups; addressing inequality and disadvantage.

The Department aims to work towards a Common Purpose to support people, build communities and shape places. Through a collaborative response the Department strives to ensure continued delivery of public services to communities and to fulfil the commitment to help, support and improve lives.

2. Defining the aims of the Policy

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.

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. Automatic enrolment was phased-in by employer size (number of employees) between October 2012 and February 2018. Minimum contribution rates were also phased-in, reaching their full amount, 8% of earnings, in April 2019. Employers contribute a minimum 3% and employees 5%, of earnings, part of which includes tax relief.

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, or £833 per month, or £133 per week, since 2015/16).

Employers have to enrol eligible workers into a qualifying pension scheme that meets specified criteria. In 2022/23, contributions are required to be made on earnings between the lower limit of £6,240 and the upper limit of £50,270, of the qualifying earnings band. Unless they opt out, employees will build up a private pension through their contributions and those of their employer.

Workers can also ask to join an employer's scheme and must be enrolled within one month of such a request being received by the employer. In such instances employers will have to make employer contributions if the worker is:

- aged 16-74; and
- earns at least £520 a month or £120 per week.

Workers can choose to opt out. Where they remain in the scheme, minimum contributions must be made on a band of "qualifying earnings". Qualifying earnings are annual earnings between £6,240 and £50,270.

Where a worker is automatically enrolled in a defined contribution (DC) scheme or NEST (the National Employment Savings Trust), there will be a minimum contribution of 8% of qualifying earnings, of which the employer must pay a minimum of 3%. If the employer chooses to pay the minimum 3%, the worker will pay 4%, with a further 1% paid as tax relief by the government.

In Northern Ireland in 2021, 62% of private sector employees were members of a workplace pension scheme and 73% of employees in Northern Ireland belonged to a workplace pension scheme.[1] This is an increase of 39 percentage points for private sector employees and 29 percentage points for all employees, since the introduction of automatic enrolment in 2012.

Proposals

A review of automatic enrolment carried out in 2017[2] confirmed that automatic enrolment should continue to be available to all eligible workers regardless of who their employer was. Key recommendations were to:

- Lower the age for automatic enrolment from 22 to 18.
- Remove the lower limit of the qualifying earnings band so that contributions were calculated from the first pound of earnings. This would be intended to support all those who are automatically enrolled, particularly those with low earnings and multiple jobs, to save more for retirement.

These proposed changes would continue to normalise pension saving among workers; help lower earners build resilience for retirement; support individuals, predominantly women, in multiple part-time jobs; and simplify automatic enrolment for employers.

Proposal 1: Lowering the age limit from age 22

The 2017 review found widespread support for reducing the age limit. While there was no consensus on what the precise lower age limit should be, there was a strong view shared by almost all groups[3] that the lower age limit should be reduced. Employer representatives, in particular, expressed the view that any changes should take place after the phased increases in contribution levels were completed. Phased increases in contribution levels were completed in 2019 when minimum contribution rates were increased to 8%.

1 The Annual Survey of Hours and Earnings (ASHE) 2021 https://www.nisra.gov.uk/statistics/labour-market-and-social-welfare/ashe-pensions-results

2 https://www.gov.uk/government/publications/automatic-enrolment-review-2017-maintaining-the-momentum

3 Interest groups included employer representatives; consumer representatives; pension providers; professional advisors; the Pension Regulator; other government departments including HM Treasury and the Department for Business, Energy and Industrial Strategy

Employers and their representatives recognized that lowering the lower age limit would reduce the administrative burden and cost. The initial lower age limit of 22 had been based on National Minimum Wage (NMW) criteria which were superseded in 2010.

The 2017 review considered that reducing the age to 18 would re-align the lower age with the NMW age (18 to 20) thereby providing consistency, removing the arbitrary age 22 assessment and simplifying processes for most employers who would not have 16 to 17 year olds as part of their workforce.

Proposal one is to lower the age at which qualifying workers are automatically enrolled into a workplace pension. The current lower age limit is 22. The Pensions (Extension of Automatic Enrolment) Bill ("the Bill") would provide the Department with the power to make regulations to reduce the lower age limit.

Proposal 2: Remove or reduce the lower limit of the qualifying earnings band

Removing the lower limit would mean that pension contributions would be made from the first pound earned, thereby increasing total pension saving and simplifying contribution calculations both for employers and individuals.

Everyone earning over £10,000 and under £52,270 a year (who meets the other eligibility rules) would be automatically enrolled by their employer and get pension contributions on 8% of all their earnings from the first pound earned rather than the current lower limit of £6,240.

Those earning at or below £10,000 would not be automatically enrolled, however if they opt in they would also benefit from pensions contributions on 8% of all their earnings from the first pound earned rather than the current lower limit of £6,240.

The change to how contributions are calculated would improve the incentives for those in multiple jobs to opt in to their workplace pension scheme, as they would benefit from an employer contribution for every pound they earn in every job, up to the upper limit of the qualifying earnings band. This would proportionally affect the contributions of lower earners the most and would mean more workers would have access to a pension with an employer contribution and greater pension pots, supporting those with low earnings and multiple jobs.

Reducing, rather than removing the lower limit, would mean that contributions would start at the new lower limit. This would have the effect of increasing pension savings as contributions would be paid from the new lower limit of the qualifying earnings band

However the impact on pension savings by lower earners and those in multiple jobs would be less than if the lower limit of the qualifying earnings band was removed altogether.

Proposal two is to remove or reduce the lower limit of the qualifying earnings band, the current limit is £6,240. The Bill would provide the Department with the power to make regulations to remove or reduce the lower limit of the qualifying earnings band.

Legislation

In Great Britain the Pensions (Extension of Automatic Enrolment) Act 2023 received Royal Assent on 18 September 2023.

The Act gives regulation making powers to the Secretary of State for Work and Pensions to lower the age at which qualifying workers are automatically enrolled into a workplace pension and reduce or abolish the lower limit of the qualifying earnings band contained in the Pensions Act 2008. That legislation extends only to Great Britain.

The proposed Northern Ireland Assembly Bill, would make similar provision in respect of Northern Ireland.

The Bill would give the Department the power to make regulations which would implement these changes to automatic enrolment in Northern Ireland.

3: Consideration of Available Data and Research

The proposals have been considered in the context of their impact on the groups set out in Section 75 of the Northern Ireland Act 1998. Those impacts have been considered in light of available data and the policy intention to determine whether their effect is adverse. Where a potentially adverse impact has been identified, the Department has given consideration to mitigating measures.

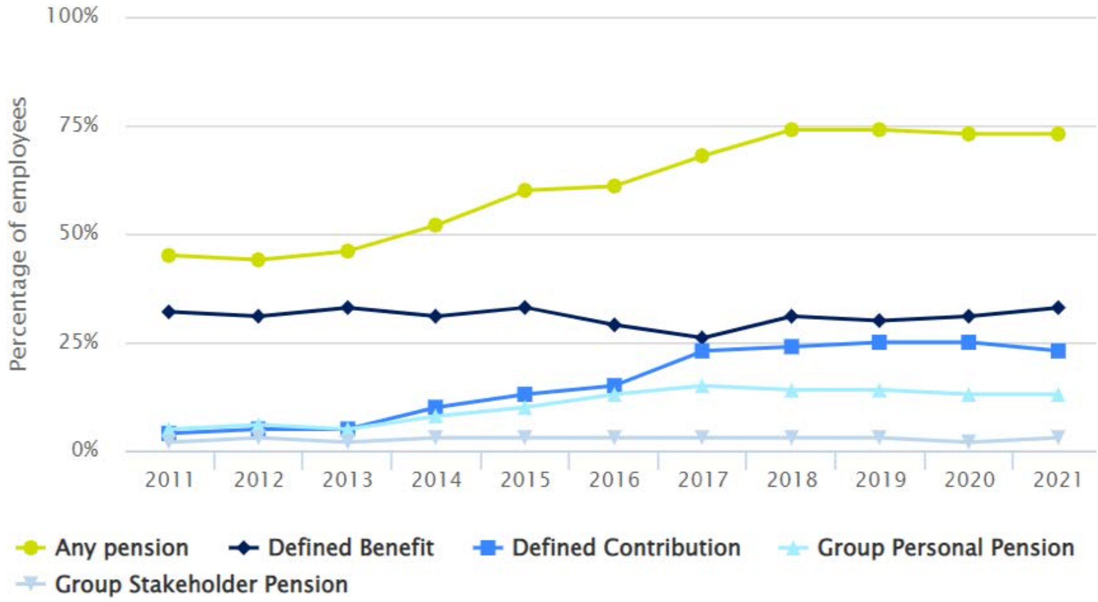
In considering mitigating measures or changes to policy, the Department has to be cognisant of section 87 of the Northern Ireland Act 1998 and in particular the risks to the funding arrangements which are explicitly predicated on the maintenance of parity and the implications for the many schemes and regulatory bodies which operate on a UK-wide basis.

The Annual Survey of Hours and Earnings (ASHE)[4] published in 2022 found that the proportion of employees in Northern Ireland who belonged to a workplace pension scheme in April 2021 was 73%. In 2013 the proportion was 44%.

Chart 1 below shows the breakdown of occupational pension scheme membership by scheme type and the growth in pension participation in the period 2011 to 2021.

4 https://www.nisra.gov.uk/statistics/labour-market-and-social-welfare/ashe-pensions-results#toc-0

Chart 1: Pension scheme membership (%) by scheme type, Northern Ireland 2011-2021

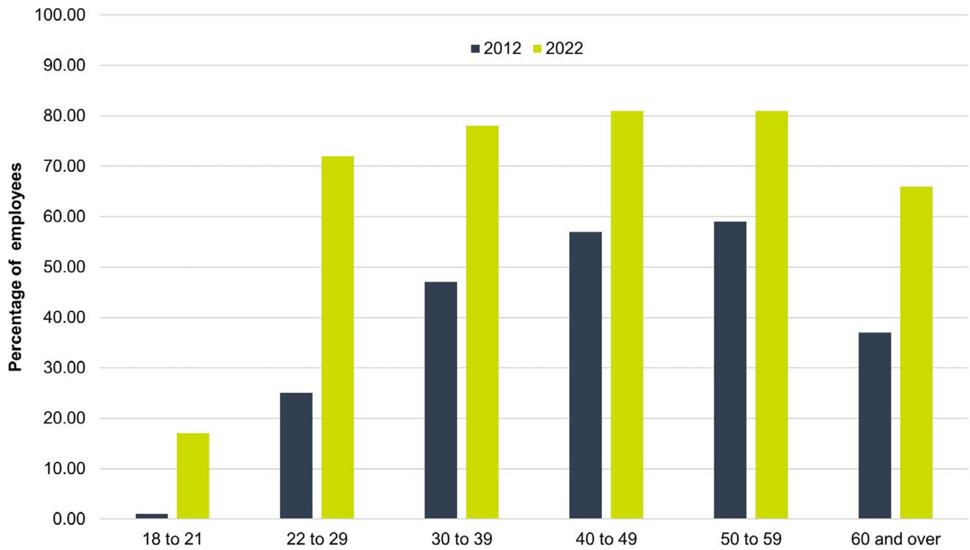


Source: Northern Ireland ASHE

Age

Age is a key factor in determining whether or not an individual is a member of an occupational pension scheme. Chart 2 shows the percentage of Northern Ireland employees who were members of a workplace pension scheme in 2012 and in 2022. It shows 22-29 year olds have had the largest increase in workplace pension membership since the introduction of automatic enrolment in 2012, with an increase from 25% to 72%.

Chart 2: Proportion of employees with a workplace pension by age band, Northern Ireland 2012 and 2022



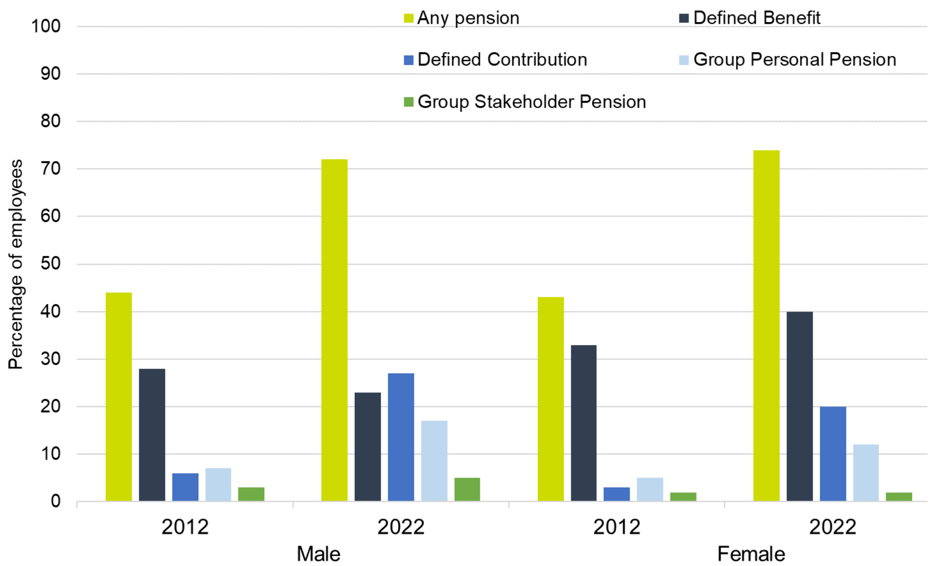
Source: NISRA

Those aged 18 - 21 had the smallest proportion of membership (17%), however this is up 17-fold from 2012 (1%).

Gender

From 2012 to 2022 there has been a similar increase in the percentage of both males and females who had a pension with 72% of males and 74% of females now belonging to workplace pension schemes.

Chart 3: Proportion of employees with workplace pensions by gender and type of pension, Northern Ireland 2012 and 2022

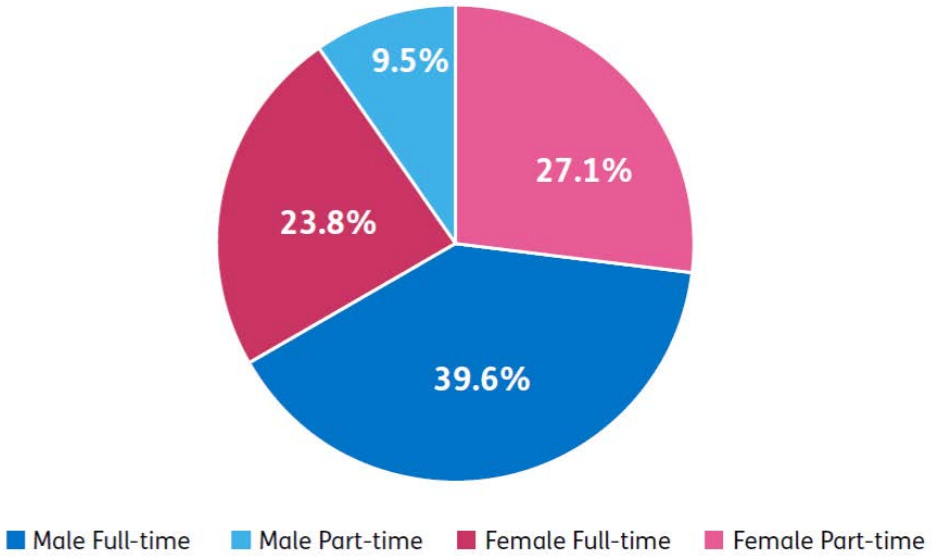


Source: NISRA

Abolishing the lower limit of the qualifying earnings band would improve incentives for those in multiple / part-time jobs, to opt in to their workplace pension scheme, as they would benefit from an employer contribution for every pound they earn in every job, up to the upper limit of the qualifying earnings band.

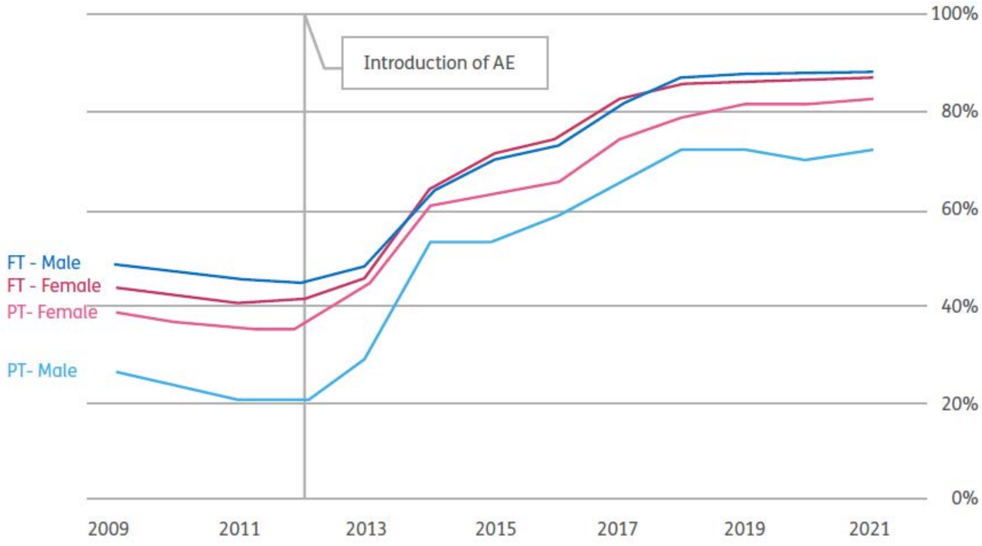
As shown in Chart 4 below, employee jobs in Northern Ireland in 2021 were evenly split by gender, with just over half of all employee jobs in Northern Ireland occupied by females (51%). Just over two-thirds of employee jobs were full-time. The majority of male jobs were full-time, whereas female jobs were more evenly split by working pattern, with 53% full-time, and 47% part-time.

Chart 4: Percentage of employee jobs by Gender and Working Pattern



Figures from ASHE (Great Britain) show that male and female participation rates in the private sector have equalised for full-time employees but gaps remain between full-time and part-time employees and male and female part-time employees. Chart 5 below provides private sector pension participation by gender and working pattern.

Chart 5: Private sector pension participation by gender and working pattern



Source: Workplace pension participation and savings trends of eligible employees (Note figures derived from ASHE (Great Britain), 2009-2021)

There is only a small gap in pension participation rates by gender among full-time eligible employees in 2021 (89% for male employees and 91% for female employees). Among part-time eligible employees the gap is bigger: 86% of female part-time employees are participating compared to only 74% of male part-time employees.

Among part-time employees the participation rate has remained persistently higher for female than male employees, although the rates for both genders have increased greatly since 2012.

The results of the ASHE employee earnings Northern Ireland survey[5] show that when pay is considered by working pattern, full-time females earn more than full-time males and part-time females earn more than part-time males.

Marital Status

Information is not readily available in relation to the marital status of members of occupational pension schemes.

Religious Belief / Political Opinion

The religious belief or political opinion of members of occupational pension schemes is not recorded.

Racial group

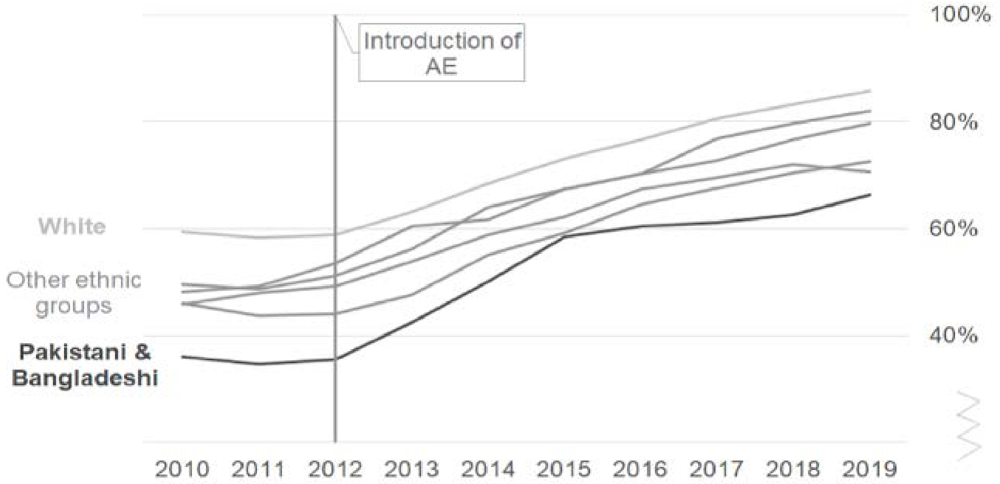
Whilst there is no specific data available for Northern Ireland, the ONS publication Ethnicity pay gaps: 2019 report[6] found that most of the minority ethnic groups analysed continue to earn less than White British employees. The report also found that in 2019, those in the Chinese, White and Asian, and Indian ethnic groups all earned higher hourly pay than White British employees. The ethnicity pay gap is larger for men than women (though for most ethnic groups, men continue to earn more than women).

Minority ethnic group members are also less likely to be contributing to a private pension scheme than white employees. Chart 6 below shows participation in a workplace pension by ethnicity in the period 2010 to 2019.

5 https://www.nisra.gov.uk/news/employee-earnings-ni-2021

6 https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/articles/ethnicitypaygapsingreatbritain/2019#main-points

Chart 6: Participation in a workplace pension by ethnicity



Source: Workplace pension participation and savings trends of eligible employees (note that the ethnic analysis was derived from Family Resources Survey UK).

The chart shows that the White ethnic group has had the highest participation rate over the entire time-series and had an average participation rate of 86% over the period from 2018. From 2012 and the introduction of automatic enrolment, there were large increases in pension participation among all ethnic groups. The Pakistani & Bangladeshi ethnic group also shows the largest increase from 35% to 66%.

Sexual Orientation

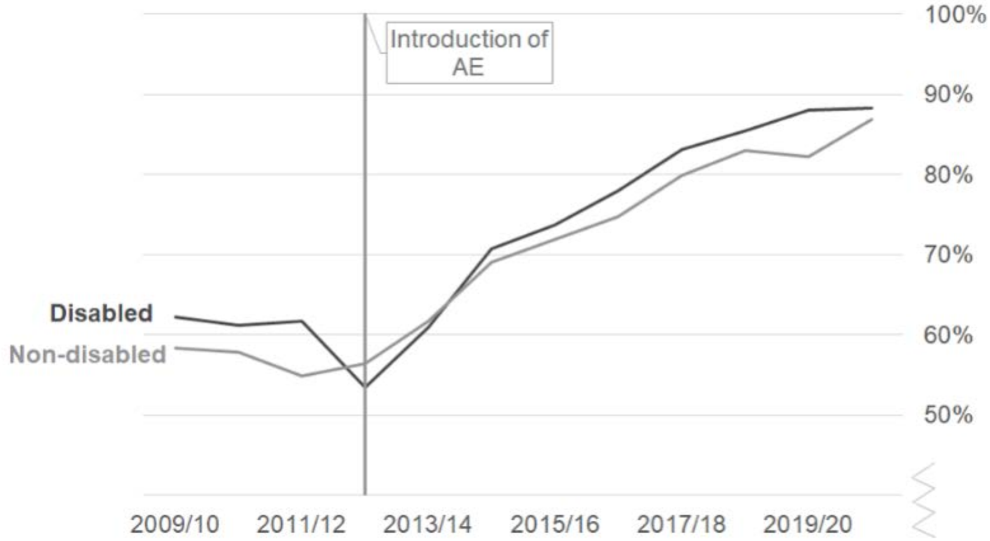
Information is not available in relation to the sexual orientation of members of occupational pension schemes.

Persons with a disability and persons without

From 2014, there has been a small but persistent gap between disabled and non-disabled eligible employees with disabled eligible employees having higher participation rates than non-disabled.

Chart 7 below shows trends in pension participation for disabled and non-disabled eligible employees. In 2019/20 the gap has reduced to 1% with 88% of disabled eligible employees participating and 87% of non-disabled eligible employees participating.

Chart 7: Participation by disability status



Source: Workplace pension participation and savings trends of eligible employees (note that the disability analysis was derived from Family Resources Survey UK).

Persons with dependants and persons without

Information is not available in relation to persons with dependants and persons without.

4: Assessment of Impacts

The proposals have been considered in the context of their impact on the groups set out in Section 75 of the Northern Ireland Act 1998. Those impacts have been considered in light of available data, as set out in Section 3, and the policy intention in order to determine whether their effect is adverse. This EQIA has not identified any adverse impacts.

Extending automatic enrolment by decreasing the lower age limit would contribute to increasing the participation of younger workers in saving for retirement, embedding pension participation at an earlier age and ultimately feeding through to increased participation in older demographics.

Abolishing the lower limit of the qualifying earnings band would improve the incentives for those in multiple jobs, often younger workers, to opt in to their workplace pension scheme, as they would benefit from an employer contribution for every pound they earn in every job, up to the upper limit of the qualifying earnings band.

The proposals to remove or reduce the lower earnings limit will be beneficial for those with low earnings and with multiple jobs. This is because it would improve incentives for those on lower incomes to opt in to their workplace pension scheme.

It is not expected that the proposals would have any adverse differential impact on the grounds of gender.

The proposals make no direct provision in relation to marital status and are not expected to result in any adverse differential impact.

The proposals make no direct provision in relation to religious belief or political opinion and are not expected to result in any adverse differential impact on those grounds.

The proposals make no direct provision in relation to sexual orientation and are not expected to result in any adverse differential impact.

The proposals make no direct provision in relation to persons with dependants and persons without and are not expected to result in any adverse differential impact.

5: Consideration of Measures to Mitigate any Adverse Impact

The proposals have been considered in the context of their impact on the groups set out in Section 75 of the 1998 Act. The Department has concluded that the proposals have no significant adverse impact on any Section 75 groups. In light of this the Department considers that no mitigations are required.

6: Formal Consultation

The Department consulted as widely as possible on the findings included in this EQIA. The following actions were taken:

- a press release was issued to various media outlets and a corresponding tweet was issued with a link to the press release on the Department's website.
- the draft EQIA was issued to all consultees listed in our Equality Scheme and was available to any member of the public on request.
- a copy of the draft EQIA was posted on the Department's website.
- responses could also be made via an online survey hosted on CitizenSpace; and
- the report was available, on request, in alternative formats.

The arrangements for consultation were co-coordinated by Social Security Policy, Legislation and Decision-Making Services.

The consultation opened on 18 September and closed on 11 December 2023.

7: Publication

This completed EQIA is available on the Department's website. All consultees who participated in the consultation process were advised (as appropriate) of the availability of the final EQIA on the website.

8: Monitoring

Data[7] on pension participation and about the effect the policy changes are having on the relevant groups and sub-groups within the Section 75 equality categories, will be analysed as it becomes available.

If this monitoring and analysis of results shows a greater adverse impact than expected, or if opportunities arise which would allow for greater equality of opportunity to be promoted, action will be taken to determine whether better outcomes for the relevant equality groups can be achieved.

9: Confidentiality

The Freedom of Information Act 2000 gives the public the right of access to any information held by a public authority, namely, the Department in this case. This right of access to information includes information provided in response to a consultation. The Department cannot automatically consider as confidential information supplied to it in response to a consultation. However, it does have the responsibility to decide whether any information provided in response to this consultation, including information about identity, should be made public or treated as confidential.

This means that information provided in response to the consultation is unlikely to be treated as confidential, except in very particular circumstances. The Lord Chancellor's Code of Practice on the Freedom of Information Act provides that: -

7 For instance the Annual Survey of Hours and Earnings (ASHE) provided annually by NISRA.

- the Department should only accept information from third parties in confidence if it is necessary to obtain that information in connection with the exercise of any of the Department's functions and it would not otherwise be provided
- the Department should not agree to hold information received from third parties "in confidence" which is not confidential in nature
- acceptance by the Department of confidentiality provisions must be for good reasons, capable of being justified to the Information Commissioner

For further information regarding confidentiality of responses please contact the Information Commissioner's Office at –

Information Commissioner's Office – Northern Ireland

3rd Floor

14 Cromac Place

Belfast

BT7 2JB

Telephone: 028 9027 8757 **/** 0303 123 1114

Email: ni@ico.org.uk

Website: http://www.ico.org.uk

10: Consultation Questions

The measures outlined in this document arise from the recommendations made by the 2017 Review.

In consulting on these proposals for the extension of automatic enrolment in Northern Ireland, views were welcomed on the following three questions:

1. **Are there any data, needs or issues in relation to any of the Section 75 equality categories that have not been identified in Section 3 of the EQIA consultation document? If so, what are they and can you provide details?**
2. **Are there any adverse impacts in relation to any of the Section 75 equality groups that have not been identified in Section 4 of the EQIA Consultation document? If so, what are they?**
3. **Are there any other comments you would like to make in regard to this proforma or the consultation process generally?**

Comments were sought by online survey or postal response.

11: Consultation Responses

There was 1 response (nil return) received via email from the Northern Ireland Housing Executive. As it was a nil response it has been excluded from the analysis.

There were 4 responses to the online Citizenspace Survey. As not all respondents to the Citizenspace Survey provided details of who they were or were representing, a list of respondents is not included.

Upon analysis, responses from the consultation did not identify any adverse impacts to Section 75 groups arising from the proposals themselves.

Some of the consultation responses raised issues that were deemed to be outside the scope of the EQIA. For instance there was concern that those in other forms of employment such as self-employment, in irregular employment, or with a legal status that precluded employment may have less ability to save for retirement.

All the consultation responses received have been analysed with the key issues being summarised and presented, together with the Department's response in the table in the Annex.

12: Conclusion

The law currently requires employers to enrol all their eligible workers into a qualifying workplace pension scheme and pay pension contributions.

The aim of the proposals is to extend automatic enrolment to those who would already be eligible for automatic enrolment except that they are below the current lower age limit of 22, and to reduce or repeal the lower limit of the qualifying earnings band so that workers can benefit from pension contributions on more of their income.

The proposed changes would continue to normalise pension saving among workers; help lower earners build resilience for retirement; support individuals, predominantly women, in multiple part-time jobs; and simplify automatic enrolment for employers. The right for employees to opt out of automatic enrolment remains.

The consultation responses on the draft EQIA did not identify any adverse impacts to Section 75 groups arising from the proposals themselves.

The Department would like to take this opportunity to thank all those who participated in the consultation.

There is no requirement to consult further on the provisions contained in the Bill. The Bill provides corresponding Northern Ireland provisions in line with the provisions contained in the Pensions (Extension of Automatic Enrolment) Act 2023 in relation to Great Britain.

Annex - Consultation responses and Department's comments

Department for Communities Draft Equality Impact Assessment Pensions (Extension of Automatic Enrolment) Bill	
Question 1. Are there any data needs or issues in relation to any of the Section 75 equality groups that have not been identified in Section 3 of the EQIA consultation document?	
Consultation Response	**Departmental Comment**
1.1 There is a need to include data specifically on types of employment to capture insecure forms of working beyond full-time and part-time work, which should cover self-employment, gig economy, freelancing, zero-contracts, and fixed-term contracts. Legal status is another characteristic to monitor as it affects one's eligibility to seek employment, and therefore the ability to save via work. We also recommend identifying gender differences within these two newly identified equality groups.	Consultation response 1.1 does not specifically identify a Section 75 group that is adversely impacted by the proposals. The issues and potential impacts that are identified are not within the scope of the proposals as set out in the EQIA. When talking about types of employment, automatic enrolment currently applies to those in full-time and part-time work including zero-hours contracts and on temporary or fixed term contracts, subject to the existing eligibility criteria. The eligibility criteria will remain the same, save that it is proposed to reduce the lower age limit from 22 in order to encourage people to start saving from an earlier age. The right to opt out of automatic enrolment remains. Automatic enrolment by its nature does not cover those who are self-employed. The work-restrictive legal status of an individual is outside the scope of the proposals which is concerned with automatic enrolment of those legally in work. In 2022, 72% of male employees and 74% of female employees belonged to workplace pension schemes. Employee jobs in Northern Ireland were evenly split by gender, with 51% of all employee jobs in Northern Ireland occupied by females. Just over two-thirds of employee jobs were full-time. The majority of male jobs, 82%, were full-time, whereas female jobs were more evenly split by working pattern, with 53% full-time, and 47% part-time. However despite this difference the percentage of male and female employees in workplace pensions is almost identical.
Question 2. Are there any adverse impacts in relation to any of the Section 75 equality groups that have not been identified in Section 4 of the EQIA consultation document?	
Consultation Response	**Departmental Comment**
2.1 The removal of the AE threshold would provide a vehicle to save via work. However, research has shown that precarious work patterns affect workers abilities to contribute to a pension, specifically due to income inconsistencies, lack of sick and holiday pay, and not having employer pension contributions. Further, having a work-restrictive legal status negatively affects financial security and delays retirement saving further, which increases the dependency on the state pension in the long run.	Consultation response 2.1 does not specifically identify a Section 75 group that is adversely impacted by the proposals. The issues and potential impacts that are identified are not within the scope of the proposals as set out in the EQIA. The eligibility criteria for automatic enrolment will remain the same, save that it is proposed to reduce the lower age limit from 22 in order to encourage people to start saving from an earlier age. The law requires employers to enrol all their eligible workers into a qualifying workplace pension scheme and pay pension contributions. Employers must contribute a minimum 3% and employees 5%, of earnings, part of which includes tax relief. The right for employees to opt out of automatic enrolment remains. The work-restrictive legal status of an individual and the nature of 'precarious work patterns' is outside the scope of the proposals which is concerned with automatic enrolment of those in work and who are eligible for automatic enrolment.

Department for Communities Draft Equality Impact Assessment Pensions (Extension of Automatic Enrolment) Bill	
Question 3. Any other comments?	
Consultation Response	**Departmental Comment**
3.1 Changes may be for an admirable intention, but will pose administration burdens on employers, agents, bookkeepers, accountants and software developers. Changes cannot be implemented overnight with a 'mass enrolment' of thousands of people at a huge cost. Education, communication and development time must be considered.	Consultation response 3.1 does not identify a Section 75 group that is adversely impacted by the proposals. The proposals for the Northern Ireland Assembly Bill once enacted would give the Department the power to make regulations to lower the age at which qualifying workers are automatically enrolled into a workplace pension and reduce or abolish the lower limit of the qualifying earnings band. It is envisaged that regulations would be made in tandem with similar regulations being taken forward in Great Britain and that there would be a suitable interval before such regulations came into force to allow for communication to take place with all parties and for preparation by employers and the pensions industry. In the 2017 review of automatic enrolment, employers and their representatives recognized that lowering the lower age limit would reduce the associated administrative burden and cost of having the age 22 assessment.
3.2 We welcome the removal of age and income thresholds for AE. But, saving capacity and patterns need a closer monitoring. PPI (2023) estimated that about 1/3 of currently AE-ineligible employees would struggle upon the removal. NEST (2023) reported around 60% of savers being 'inactive' (7.2 mil out of 12 mil savers; 2023). A model where the employers contribute at a higher rate for low-income earners may be considered to complement the lower saving capacity and irregular saving patterns.	Consultation response 3.2 does not specifically identify a Section 75 group that is adversely impacted. However monitoring of the take up of automatic enrolment will continue and where adverse impacts are identified mitigating actions will be considered.

Department for Communities Draft Equality Impact Assessment Pensions (Extension of Automatic Enrolment) Bill	
3.3 This policy will drive more and more companies into the dark economy and push up employers' costs for no benefit at all to low paid staff	Consultation response 3.3 does not specifically identify a Section 75 group that is adversely impacted by the proposals. The issues and potential impacts that are identified are not within the scope of the proposals as set out in the EQIA. Since the introduction of automatic enrolment in 2012 the percentage of private sector employees with a workplace pension has increased from 23% to reach 62% in 2021 and 73% of all employees in Northern Ireland have a workplace pension. At present employees earning over £10,000 and under £52,270 a year (who meet the other eligibility rules) must be automatically enrolled by their employer and benefit from pension contributions on 8% of their earnings from the lower limit (£6,240) of the qualifying earnings band. The aim of the proposals is to extend automatic enrolment to those who would be eligible for automatic enrolment except that they are below the current lower age limit of 22, and to reduce or repeal the lower limit (£6,240) of the qualifying earnings band so that workers can benefit from contributions on more of their income. Those earning at or below £10,000 would, as now, not be automatically enrolled, however they would have the right to opt in, as now, and benefit from pensions contributions on their earnings subject to the lower limit of the qualifying earnings band. The right to opt out of automatic enrolment remains. The Pensions Regulator is responsible for maximising compliance with the Employer duties and employment safeguards set out in the Pensions (No. 2) Act (Northern Ireland) 2008, as well as protecting the benefits of members of workplace pension schemes. In the 2017 review of automatic enrolment, employers and their representatives recognized that lowering the lower age limit would reduce the associated administrative burden and cost.
3.4 What is the point in pensions being devolved if parity is maintained? This consultation could have been undertaken and implemented on a UK wide basis rather than the nonsense of the same legislation being undertaken by the NI Assembly (if it ever sits). It's time for pensions and social security policy to be returned to Westminster and managed the same as the rest of the UK rather than wasting taxpayers money duplicating efforts locally.	Consultation response 3.4 does not specifically identify a Section 75 group that is adversely impacted. The issues and potential impacts that are identified are not within the scope of the proposals as set out in the EQIA. 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.

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