

**Level 9
Causeway Exchange
1-7 Bedford Street
Belfast
BT2 7EG**

Telephone: 028 9082 2114
Mobile: 078 1268 2767
e-mail: assembly.section@communities-ni.gov.uk
Our ref: SUB 0140-2026
Date: 18 February 2026

Ms Emer Boyle
Communities Committee Clerk
Room 430
Parliament Buildings
Ballymiscaw
Stormont
Belfast
BT4 3XX

Dear Emer,

THE SOCIAL SECURITY REVALUATION OF EARNINGS FACTORS ORDER (NORTHERN IRELAND) 2026

The Department for Communities proposes to make a Statutory Rule under powers conferred by the Social Security Administration (Northern Ireland) Act 1992. The Rule is subject to the negative resolution procedure before the Assembly.

Purpose of the Statutory Rule

The Rule provides that earnings factors relating to National Insurance contributions for historic tax years, used in the calculation of additional State Pension and Guaranteed Minimum Pensions (GMPs), maintain their value in line with the increase in average earnings.

Earnings factors derive from the earnings on which National Insurance contributions are paid, or treated as paid, and are used to determine entitlement to all contributory benefits. In particular, earnings factors are used to calculate the level of Additional Pension (State Earnings-Related Pension Scheme and State Second Pension), and corresponding Guaranteed Minimum Pensions accrued in respect of pre-1997 membership of a contracted-out occupational pension scheme.

Section 148 of the Social Security Administration Act 1992 provides for earnings factors for past years to be brought up to date by up-rating them by increases in the level of earnings recorded since that time. Under that section, the Secretary of State for Work and Pensions is required to review changes in the general level of earnings annually to ensure that all earnings factors since 1978/79 (when additional pension was introduced) maintain their value. The Secretary of State is then required to make an Order directing that earnings factors be increased by the relevant percentages to keep pace with the rise in earnings.

The percentage increase for the tax year 2025-2026 is 4.8 per cent based on the Office for National Statistics' Weekly Average Earnings statistic. The earnings factors for earlier tax years are also re-valued at 2025-2026 earnings levels; percentage increases are shown in the table at **Annex A** of this SL1. Where the Secretary of State makes an Order in respect of GB, the Department is empowered to make a corresponding Order. The Department has no power to set a different increase for Northern Ireland.

In summary, the Rule will provide that the earnings factors relevant to the calculation of the Additional Pension and the corresponding Guaranteed Minimum Pensions of contracted-out occupational pension schemes are to be increased for the tax years since 1978/79 by a specified percentage. This ensures that they maintain their value in relation to the general level of earnings. The percentage is also used for revaluing state scheme pension credits and debits which are used for the purposes of pension sharing on divorce etc.

The revaluation of earnings factors ensures that surviving spouse/civil partners who reached State Pension age before 6 April 2016 who become entitled to Additional State Pension, will continue to have the inherited amount re-valued as it would have been had the new State Pension not been introduced. This ensures their pension entitlement retains its value.

Enacting this Order will ensure the parity with GB is maintained in pensions policy and legislation.

Previous engagement with the committee

The statutory rule is a technical routine Order that is renewed each year so that it remains in line with the corresponding legislation in GB. Therefore, there has been no previous engagement with the committee regarding the 2026 Order.

Financial Implications

None for the Department.

Consultation

There is no requirement to consult on the proposed Rule.

Compliance with Section 24 of the Northern Ireland Act 1998

The Department is content that the Rule complies with section 24 of the Northern Ireland Act 1998 (Convention rights, etc.) and is compatible with Article 2(1) of the Windsor Framework.

Consideration by the Executive

The Statutory Rule has not been sent for consideration by the Executive as it is a technical, routine Order.

Equality Impact

In accordance with its duty under section 75 of the Northern Ireland Act 1998, the Department has conducted a screening exercise on these legislative proposals and, as they merely discharge the Department's statutory duty to revalue earnings factors, has concluded that they do not have significant implications for equality of opportunity. In light of this, the Department considers that an Equality Impact Assessment is not necessary.

Regulatory Impact

The proposed Rule does not require a Regulatory Impact Assessment as it does not impose a cost on business, charities or voluntary bodies.

Rural Needs Impact

A Rural Needs Impact Screening has been undertaken for this Statutory Rule, and the Department is satisfied that the Rule will not have undue impact on rural communities. No negative impacts have been identified, and no mitigation measures are necessary.

Data Protection Impact

A Data Protection Impact Assessment has been undertaken for this Statutory Rule, and the Department is satisfied that there are no causes for concern with regards to the protection of the Department's or the public's data. No mitigation measures are necessary.

Child Rights Impact

A Child Rights Impact Assessment has not been deemed necessary for this Statutory Rule as the Rule simply discharges the Department's statutory duty to revalue earnings factors. Therefore, the rule will only affect those of working age and retirement age.

Position in Great Britain

The corresponding GB Statutory Instrument is expected to be made shortly, coming into force on 6 April 2026. In line with section 87 of the Northern Ireland Act 1998, the Rule should be made as soon as possible after the GB Statutory Instrument has been made.

Proposed timing of consideration of the SL1

This SL1 covers a parity pensions Order. Although pensions are a devolved matter, in general Northern Ireland's pensions policy and legislation operate in line with corresponding pension provision in GB. In effect there is a single pension system and regulatory regime across the UK.

The NI Order was cleared by Departmental Solicitor's Office on 6 February. In order to comply with the 21-day rule and maintain parity, clearance by the Committee is required by the meeting on 12 March.

In light of these circumstances the Minister has made the following statement:

"I am satisfied that ensuring the orderly making of this parity pensions legislation in line with DWP timeframes gives rise to exceptional circumstances which require deviation from the normal processes and timeframes set out in the Guidance for Departments on Delegated Legislation (SL1 Pre-Introductory Stage) (November 2025).

I would be grateful if the Committee would agree to approve the SL1 in the requested shortened timeframe in light of these exceptional circumstances. It is my intention to make the Order to align as closely as possible with the DWP operational date for their corresponding Order”.

Proposed operational date

It is proposed that the Rule will come into operation on 6 April 2026.

When the Rule together with the Explanatory Memorandum has been laid at the Assembly Business Office, the Business Office will submit copies to the Committee.

You will wish to bring this matter to the attention of the Communities Committee.

Yours sincerely,



Laura Coffey

Departmental Assembly Liaison Officer

Private Office

cc: NI Human Rights Commission
Equality Commission for Northern Ireland

SL1 - SUMMARY

THE SOCIAL SECURITY REVALUATION OF EARNINGS FACTORS ORDER (NORTHERN IRELAND) 2026

- The Statutory Rule specifies the percentage increase of earnings factors for 2025-26 and also revalues earnings factors for earlier tax years at 2025-26 earnings levels. The percentage increase for the tax year 2025-26 is 4.8 per cent.
- Earnings factors are relevant to the calculation of the Additional Pension and the corresponding Guaranteed Minimum Pensions of contracted-out occupational pension schemes. Revaluation of the earning factors ensures that they maintain their value in relation to the general level of earnings.
- The percentage is also used for revaluing state scheme pension credits and debits which are used for the purposes of pension sharing on divorce etc.
- The percentage increase of earnings factors is the same as in GB. The Department has no power to set different amounts for Northern Ireland.



Annex

Tax Year	Percentage Increase
1978 - 1979	1231.1
1979 - 1980	1074.8
1980 - 1981	881.5
1981 - 1982	722.0
1982 - 1983	646.6
1983 - 1984	593.2
1984 - 1985	541.9
1985 - 1986	502.1
1986 - 1987	452.9
1987 - 1988	414.8
1988 - 1989	373.6
1989 - 1990	327.4
1990 - 1991	298.4
1991 - 1992	261.8
1992 - 1993	239.7
1993 - 1994	223.6
1994 - 1995	213.8
1995 - 1996	200.6
1996 - 1997	192.4
1997 - 1998	178.5
1998 - 1999	166.2
1999 - 2000	155.5
2000 - 2001	140.4
2001 - 2002	131.1
2002 - 2003	121.6
2003 - 2004	113.9
2004 - 2005	106.1
2005 - 2006	97.9
2006 - 2007	91.4
2007 - 2008	83.9
2008 - 2009	76.5
2009 - 2010	71.2
2010 - 2011	69.2
2011 - 2012	65.3
2012 - 2013	62.4
2013 - 2014	59.6
2014 - 2015	58.1
2015 - 2016	55.8
2016 - 2017	52.7
2017 - 2018	48.9
2018 - 2019	44.5
2019 - 2020	40.6



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2020 – 2021	35.2
2021 - 2022	31.8
2022 – 2023	26.1
2023 – 2024	17.8
2024 – 2025	9.5
2025 - 2026	4.8