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

Dear Emer,

THE STATE PENSION DEBITS AND CREDITS (REVALUATION) 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

This Order ensures that certain State Pension debits and credits, which arise when a protected payment is shared following a divorce or dissolution of a civil partnership, keep their value before the individuals concerned reach State Pension age. For individuals reaching State Pension age in 2027/28, it does this by increasing those amounts in line with inflation.

When the new State Pension was introduced on 6 April 2016, some people had built up State Pension rights under the previous system that were worth more than the full rate of the new State Pension. The amount above the full rate is known as a protected payment and is increased in line with price inflation.

A protected payment can be shared as part of a pension-sharing arrangement following divorce or dissolution proceedings which began on or after 6 April 2016. Where this occurs, the court determines the proportion of the protected payment to be transferred. The person giving up part of the protected payment (the transferor) receives a debit on their National Insurance record, which will reduce their protected payment when they reach State Pension age. The person receiving the share (the transferee) receives a corresponding credit, which will increase their State Pension entitlement when they reach State Pension age. Where either party has not yet reached State Pension age when the pension-sharing order takes effect, the debit and credit are revalued to ensure that inflation does not erode the value of the pension share before it comes into payment.

The Secretary of State for Work and Pensions is required each year to review the general level of prices and, where necessary, specify in an Order the percentage increase required to maintain the value of relevant State Pension debits and credits. The legislation gives the Secretary of State discretion to determine the measure of inflation and the review period. For this Order, the Consumer Prices Index has been used to measure inflation over the 12 months ending in September 2026, resulting in a revaluation percentage of 3.5%.

Where the Secretary of State for Work and Pensions makes a revaluation Order for GB, the Department is empowered to make a corresponding Order for Northern Ireland.

The Order does not introduce any new policy or entitlement. It is a routine annual measure required under existing legislation to ensure that individuals affected by pension-sharing arrangements are not disadvantaged by inflation before reaching State Pension age.

Previous engagement with the Committee

As the revaluation exercise takes place annually, proposals for past Orders will have been considered by Committee in previous years.

Financial Implications

The proposed Rule imposes no new costs. This is a routine annual Order and costs are already provided for in the expenditure plans for the new State Pension alongside the costs for uprating.

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.).

Consideration by the Executive

The Rule is not required to be considered by the Executive.

Equality Impact

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 and has concluded that they do not have any significant implications for equality of opportunity or good relations. 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 any 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 screening 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 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 provisions of the Rule will affect only individuals of State Pension age.

Position in GB

The corresponding GB Statutory Instrument is expected to be made shortly, coming into force on 22 December 2026 for the purposes of enabling advance claims for State Pension to be processed on time. 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 and brought into operation from the same date.

Proposed timing of consideration of the SL1

This SL1 covers a parity Statutory Rule. 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 pensions system across the UK.

The proposals have been submitted to Committee as soon as practicable following completion of the annual review by the Secretary of State for Work and Pensions and confirmation of the revaluation percentage that underpins the Order. Committee consideration is requested at the earliest opportunity to facilitate the making and laying of the Statutory Rule by 1 December 2026 in order to meet the 21 day rule so it can come into operation on 22 December 2026.

Due to the compressed timetable for making the Order, it has not been possible to fully comply with the new Committee procedures, including providing at least a minimum four-week scrutiny period or providing a draft Statutory Rule and Explanatory Memorandum for publication alongside the SL1. The final version of the corresponding GB Order is not yet in the public domain and the draft Northern Ireland Statutory Rule is still subject to final legal clearances. As a result, it is not currently possible to provide the draft Statutory Rule and Explanatory Memorandum alongside the SL1, as envisaged by the Guidance.

It is not anticipated that the final Statutory Rule will differ materially from the policy proposals set out in the SL1. However, should any significant changes arise before the legislation is made, a revised SL1 will be provided to the Committee.

Failure to make the Statutory Rule in line with the corresponding DWP legislation could result in divergence between Northern Ireland and GB in the revaluation of certain State Pension rights. Parity of timing and substance is an integral part of the maintenance of a single system of pensions provided for under section 87 of the Northern Ireland Act 1998.

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 Statutory Rule to align as closely as possible with the operational date for the corresponding DWP Statutory Instrument".

Operational Date

It is proposed that the Rule will come into operation on 22 December 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 faithfully,



Laura Coffey
Departmental Assembly Liaison Officer
Private Office

cc: NI Human Rights Commission
Equality Commission for Northern Ireland
David Tarr DfC