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

Dear Emer,

THE STATE PENSION REVALUATION FOR TRANSITIONAL PENSIONS 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 protected payments under the new State Pension retain their value before individuals reach State Pension age by providing for their revaluation in line with inflation.

A protected payment is an amount paid in addition to the full rate of the new State Pension. It arises where an individual's entitlement, based on their National

Insurance record up to 6 April 2016, exceeded the full rate of the new State Pension when it was introduced (£155.65 per week in April 2016). The excess amount is preserved as a protected payment under the transitional arrangements.

Protected payments represent pension rights built up under the previous State Pension system. To ensure their value is maintained, they are revalued before State Pension age to reflect increases in prices. Once a person reaches State Pension age, protected payments continue to be increased through the annual State Pension uprating process and are protected at least in line with price inflation.

The Secretary of State for Work and Pensions is required each year to review the general level of prices and, where prices have increased, specify a revaluation percentage in an Order. The legislation allows the Secretary of State to determine both the measure of inflation and the period over which it is assessed. For the purposes of this Order, price inflation is measured using the Consumer Prices Index (CPI), with September 2026 selected as the end of the review period.

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.

For individuals reaching State Pension age in 2027/28, protected payments are increased by 43.8%, reflecting cumulative CPI growth between April 2016 and September 2026. This cumulative percentage is used because protected payments are revalued from the introduction of the new State Pension on 6 April 2016 until the individual reaches State Pension age. It ensures that individuals reaching State Pension age in 2027/28 receive broadly equivalent inflation protection to those who reached State Pension age earlier and whose protected payments have already been uprated over time.

The Order does not introduce any new policy or entitlement. It is a routine annual measure required under existing legislation to maintain the value of protected payments before State Pension age and to ensure that affected individuals receive the correct level of State Pension entitlement.

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