

SL1 - THE PENSIONS INCREASE (REVIEW) ORDER (NORTHERN IRELAND) 2026

**Mr Peter Hall
Clerk
Committee for Finance
Room 419
Parliament Buildings
Stormont**

Dear Peter,

The Department of Finance proposes to make a Statutory Rule under powers conferred by the Social Security Pensions (Northern Ireland) Order 1975. The Statutory Rule must be laid in the Assembly but is not subject to any further procedure.

Purpose of the Statutory Rule

The making of this legislation fulfils the Department of Finance's obligation to provide, by Order, for an increase of 3.8% in the rates of Northern Ireland public service pensions in payment and deferred pensions, with effect from 6 April 2026.

The Department of Finance is required to make this Order under the regulatory imperative of Article 69 of the Social Security Pensions (Northern Ireland) Order 1975. The requirement is that it makes provision to uprate public service pensions in payment by the same percentage given in the 2026 Annual Benefits Up-rating Order made by the Department for Communities (DfC), which uprates additional state pensions, also from 6 April 2026. The DfC Order is scheduled to be made during March 2026. The percentage figure used reflects the September-to-September change in the Consumer Prices Index in the previous 12 months. For 2026 the annual change is 3.8%.

The making of this Order ensures public service pensions in payment and deferred pensions, will be correctly uprated in April 2026. The approach reflects that also applied for equivalent public service pension schemes in Great Britain, which will also be uprated from 6 April 2026 by an identical percentage.

This is routine but important legislation made annually under established provision and which gives effect to agreed policy to apply the appropriate annual cost of living increase to pensions. Any delay or failure to make the

Order would result in public service pensioners being disadvantaged by not receiving their appropriate annual cost of living increase entitlement at the same time as public service pensioners in equivalent schemes elsewhere in the UK.

Previous Engagement with the Committee

The Department of Finance has not previously engaged with the Finance Committee on the Pensions Increase (Review) Order for 2026. The Department engages with the Committee on the making of this routine Order each year. There have been no changes to the uprating policy underpinning this Order since the previous Order was made.

Financial Implications

From 6 April 2026 public service pensions in payment which began before 7 April 2025 will be uprated by 3.8%, and pensions which came into payment on or after 7 April 2025 will receive the correct pro-rata increase. The increase will form part of ongoing individual scheme financial liabilities. There are no financial implications for the Department of Finance.

Consultation

Under the parent legislation there is no statutory requirement to consult. However, the Department of Finance routinely discusses the content of this annual Order with representatives for those affected.

Compliance with Section 24 of the Northern Ireland Act 1998

The Order uprates pensions in payment and deferred pensions for public service pensioners in line with established policy with reference to annual change in the cost of living only. In the view of the Department of Finance, Convention Rights and rights under Article 2(1) of the Windsor Framework are not engaged and the provisions of this Order are compatible with Section 24 of the Northern Ireland Act 1998.

Consideration by the Executive

Not required.

Equality Impact

The Department has undertaken an equality screening exercise which concludes there are no adverse differential impacts for section 75 groups and a full EQIA is not required. An equality screening is published at:

Regulatory Impact

The legislation imposes no costs on business, charities, social economy enterprises or the voluntary sector. A Regulatory Impact Assessment is not considered necessary.

Rural Needs Impact

The Department has undertaken a Rural Needs Impact Assessment and no rural needs have been identified.

Data Protection Impact

The making of this Order does not involve the use of personal data or have any data protection impacts and a full data impact assessment is not required.

Child Rights Impact

The Order routinely uprates pensions in payment and deferred pensions for public service pensioners and deferred members retrospectively, in line with established policy with reference to annual change in the cost of living only. The making of this Order does not have any Child Rights impacts and a Child Rights impact assessment is not required.

Position in Great Britain

HM Treasury makes a similar Pensions Increase (Review) Order 2026 to provide for pensions in equivalent schemes in Britain to be increased in an identical manner.

Proposed timing of consideration of the SL1

This SL1 has been submitted to the Committee in accordance with the minimum four-week timeframe, and the Department of Finance proposes that the Committee consider the SL1 on Wednesday 18 February 2026.

Proposed Operational Date

It is proposed that the Order will come into operation on 6 April 2026 for all schemes. The draft of the proposed Order and Explanatory Memorandum are attached, and you will wish to bring this matter to the attention of the Committee for Finance.

Yours sincerely

GERARD WILLIS
DEPARTMENTAL ASSEMBLY LIAISON OFFICER