

Local Government Pension Scheme

2020/02

Who should read: Secretary General, Convention of Scottish Local Authorities
Chief Executive, Scottish Local Authorities
Chief Executive, Water Authorities
Principal Reporter, Scottish Children's Reporter Administration
Chief Executive, Scottish Environment Protection Agency
Director General, Strathclyde Passenger Transport Executive
Clerk, Strathclyde Passenger Transport Authority
Chief Executive/Director, VisitScotland

Subject: The Pensions Increase (Review) Order 2019
The Public Service Pensions Revaluation Order 2019

Date: 9 March 2020

Public Service Pensions Indexation

Public service pensions in payment, together with those that are deferred for payment at a future date, are indexed annually based on the annual change in the Consumer Price Index (CPI) measured as at the previous September.

In the 12 months to September 2019, CPI was 1.7%. As a result, an increase of 1.7% is to be applied from 6 April 2020 for pensions in payment and deferred pensions.

The UK Government expects to lay the Pensions Increase (Review) Order 2019 in March 2020

CARE Scheme Revaluation

The Local Government Pension Scheme (Scotland) Regulations 2018 were made under the Public Service Pension Act 2013 (the Act). The 2018 pension scheme is a Career Average Revalued Earnings (CARE) scheme and Section 9 of the Act deals with the annual “in-service” revaluation of CARE scheme benefits, so that they keep pace with the passage of time. The national website for members of the LGPS provides further information on the principles of CARE scheme revaluation can be found at:

<http://www.lgps.org.uk>

The Local Government Pension Scheme (Scotland) Regulations provide for annual revaluation of active members’ pension accounts by reference to changes in prices. As a result of the 1.7% increase for CPI contained in the Pensions Increase (Review) Order 2020.

Section 9(2) of the Act requires the change in earnings used for such revaluation to be such percentage increase or decrease as is specified in an order made by HM Treasury. The Public Service Pensions Revaluation (Prices) Order 2020 will fulfil that requirement in relation to prices and reflects the change in CPI (1.7%) in the 12 months to September 2019. The Chief Secretary to the Treasury has issued a written statement to this effect, with the Public Service Pensions Revaluation Order 2020, coming into force on 1 April 2020.

The in-service revaluation for the 2018 Local Government Pension Scheme in respect of 2019/20 will be 1.7%.

Any Questions?

Please contact kimberly.linge@gov.scot if you have any enquiries about this circular.

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