

**LOCAL GOVERNMENT PENSION SCHEME (SCOTLAND)
CIRCULAR SPN/LG No. 3/2018**

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

ACTION: This circular should be brought to the attention of Pension Managers, Superannuation Sections and LGPS(S) Employer Payroll Departments. You may also wish to draw it to the attention of the Directors of Finance and Administration

SUBJECT: The Pensions Increase (Review) Order 2018
The Public Service Pensions Revaluation Order 2018

About Circular No.3/2018:

The purpose of this circular is to:

- Notify stakeholders of the increase to public service pensions with effect from 9 April 2018
- Advise that the rate to be used for the 2017/18 annual revaluation of Career Average Revalued Earnings (CARE) benefits accrued in the 2015 Local Government Pension Scheme (Scotland) is 3%

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 2017, CPI was 3%.



The Pensions Increase (Review) Order 2018 (SI 2018/333) provides for the payment of pensions increase resulting from the 2018 Review. A copy of the SI and Explanatory Note can be accessed using the following link: [The Pensions Increase \(Review\) Order 2018](#)

Increases are payable from 9 April 2018. For pensions which began before 10 April 2017 the increase is 3%. For pensions which began on or after 10 April 2017 the increases are as follows:

Pensions Beginning	Pensions Increase
10 April 2017 to 24 April 2017	3.00%
25 April 2017 to 24 May 2017	2.75%
25 May 2017 to 24 June 2017	2.50%
25 June 2017 to 24 July 2017	2.25%
25 July 2017 to 24 August 2017	2.00%
25 August 2017 to 24 September 2017	1.75%
25 September 2017 to 24 October 2017	1.50%
25 October 2017 to 24 November 2017	1.25%
25 November 2017 to 24 December 2017	1.00%
25 December 2017 to 24 January 2018	0.75%
25 January 2018 to 24 February 2018	0.50%
25 February 2018 to 24 March 2018	0.25%

Article 3 of the Order provides for the payment of increases on deferred lump sums which became payable on or after 10 April 2017 but before 9 April 2018.

These increases are set out in Annex A to this Circular. Multipliers for “preserved” pensions and lump sums can be accessed on the HM Treasury website on their [Public Service Pensions Increase](#) page.

[The Pensions Increase \(Modification\) Regulations 2018 \(SI 2018/333\)](#) modify the provisions of section 59 of the Social Security Pensions Act 1975 by redefining “base period”. This will enable all public service pensions beginning before 10 April 2017 to be uprated by the full amount of the increase provided for in the Pensions Increase (Review) Order 2017, i.e., 3%. Public service pensions beginning on or after 10 April 2017 (but before 9 April 2018) will receive a proportionate fraction of the increase.

CARE Scheme Revaluation

The Local Government Pension Scheme (Scotland) Regulations 2014 were made under the Public Service Pension Act 2013 (the Act). The 2015 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.

Section 9(2) of the Act requires the change in prices or earnings to be such percentage increase or decrease as is specified in an order made by HM Treasury.

[The Public Service Pensions Revaluation Order 2018 \(SI 2018/338\)](#) fulfils that requirement. The Chief Secretary to the Treasury has issued a written statement to this effect, with the Public Service Pensions Revaluation Order 2018 coming into force on 1 April 2018.



The Local Government Pension Scheme (Scotland) Regulations 2014 provide for annual revaluation of active members' pension accounts by reference to changes in prices. As a result of the 3% increase for CPI contained in the Treasury Order, the in-service revaluation for the 2016 Local Government Pension Scheme in respect of 2017/18 will be 3%.

Kimberly Linge
Policy Manager, LGPS

15 March 2018

Contact Information:

Should you have any enquiries about this circular, or require further information, please contact Kimberly Linge, Policy Manager, LGPS.

Scottish Public Pensions Agency
7 Tweedside Park
Tweedbank
GALASHIELS
TD1 3TE

www.sppa.gov.uk
Telephone: 01896 893000
Fax: 01896 89 214
kimberly.linge@gov.scot



Public Service Pensions Indexation

A. Deferred lump sums which became payable on or after 9 April 2018

These are eligible for the same increase as pensions which began on the same date as the lump sum begins. ([See Multiplier tables, Annex B and Annex C](#))

B. Deferred lump sums which became payable in the period 10 April 2017 to 9 April 2018

(i) If the lump sum began before 10 April 2017, it may have been eligible for increases under the Pensions (Increase) Act 1971. These should have been paid with the lump sum at the time it became payable. A further increase is payable on 19 April 2018 in accordance with the table below.

(ii) In years where there is an increase, if the lump sum began on or after April of the previous year (in this case it would have been 10 April 2017) an increase is payable in April (9 April 2018 in this case) in accordance with the table below.

In calculating the length of period, count complete months starting with the beginning date (or 10 April 2017 if later), and then count the remaining days, excluding the payable date itself –

e.g., 25 May to 7 July is 1 month (25 May to 24 June) and 12 days (25 June to 6 July).

Length of period	Percentage Increase
16 days to 1 month 15 days	0.25
1 month 16 days to 2 months 15 days	0.50
2 months 16 days to 3 months 15 days	0.75
3 months 16 days to 4 months 15 days	1.00
4 months 16 days to 5 months 15 days	1.25
5 months 16 days to 6 months 15 days	1.50
6 months 16 days to 7 months 15 days	1.75
7 months 16 days to 8 months 15 days	2.00
8 months 16 days to 9 months 15 days	2.25
9 months 16 days to 10 months 15 days	2.50
10 months 16 days to 11 months 15 days	2.75
11 months 16 days to 12 months 15 days	3.00

It is not possible for the period to exceed 11 months 29 days if correctly calculated.

