

NHS Pension Scheme

2021/04

Who should read:

- NHS HR and Payroll Managers
- GP Practice Managers
- Direction Bodies
- Practitioner Service Division (PSD)
- Dental Payments
- Trade Unions

Action:

For information

Subject:Public Service Pension Indexation and CARE scheme revaluation
2021**Date:**

8 February 2021

The purpose of this circular is to

- **Confirm that, in common with other public sector pension schemes, there will be a 0.5% increase in the value of NHS pensions in payment (or deferred pensions) from 12 April 2021**
- **Advise that the rate to be used for the annual revaluation of benefits accrued in the 2015 NHS Pension Scheme (Scotland) by active members is 2.0%.**

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 2020, CPI was 0.5%. As a result, an increase of 0.5% is to be applied from 12 April 2021 for pensions in payment and deferred pensions.

The UK Government expects to lay the Pensions Increase (Review) Order 2021 later this month.

CARE Scheme Revaluation

The NHS Pension Scheme (Scotland) 2015 Regulations 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, preserving their value in line with rises in the cost of living. The SPPA website provides [further information](#) on the principles of CARE scheme revaluation.

The NHS Pension Scheme 2015 Regulations provide for annual revaluation by reference to changes in prices. For active members this is at the rate of CPI plus 1.5%; for deferred members at the rate of CPI included in any Pension Increase (Review) Order.

Section 9(2) of the Act requires the change in prices used for 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 2021 will fulfil that requirement in relation to prices and reflects the change in CPI (0.5%) in the 12 months to September 2020. The Chief Secretary to the Treasury has issued a [written statement](#) to this effect, with the Public Service Pensions Revaluation Order 2021 coming into force on 12 April 2021.

As a result of the increase for CPI, the in-service revaluation for the 2015 NHS Pension Scheme (Scotland) in respect of 2020/21 will be 2.0%.

Any questions?

Please contact greg.walker@gov.scot if you have any enquiries about this circular.

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