

**NHS PENSION SCHEMES**

02/2017

**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 2017

**The purpose of this circular is to:**

- Confirm that, in common with other public sector pension schemes, there will be a 1% increase in the value of NHS pensions in payment (or deferred pensions) for the year 2017/18
- 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 2.5%.

**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 2016, CPI was 1% . As a result, an increase of 1% is to be applied from 10 April 2017 for pensions in payment and deferred pensions.

The UK Government expects to lay the Pensions Increase (Review Order 2017 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, so that they keep pace with the passage of time. 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

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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 2017 will fulfil that requirement in relation to prices and reflects the change in CPI (1%) in the 12 months to September 2016. The Chief Secretary to the Treasury has issued a [written statement](#) to this effect, with the [Public Service Pensions Revaluation Order 2017](#) coming into force on 1 April 2017.

**As a result of the increase for CPI, the in-service revaluation for the 2015 NHS Pension Scheme (Scotland) in respect of 2016/17 will be 2.5%.**

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Policy Manager  
8 March 2017**

**Contact information**

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