

**POLICE PENSION SCHEMES
2018/2**

WHO SHOULD READ: The Chief Constable of Police Scotland
Pension Administrators
Scheme members

ACTION: For information and implementation

SUBJECT: Public Service Pension Indexation and CARE Scheme
revaluation 2018

The purpose of this circular is to:

- confirm that, in common with other public service pension schemes, there will be a 3% increase in the value of police pensions in payment (and deferred pensions) from 9 April 2018;
- advise that the rate to be used for the annual revaluation of benefits accrued in the 2015 Police Pension Scheme by active members is 4.25%.

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%. As a result, an increase of 3% is to be applied from 9 April 2018 for pensions in payment and deferred pensions.

The UK Government will lay the Pensions Increase (Review) Order 2018 in due course.

CARE Scheme Revaluation

The Police Pension Scheme (Scotland) Regulations 2015 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's website provides [further information](#) on the principles of CARE scheme revaluation.

The Police Pension Scheme (Scotland) Regulations 2015 provide for annual revaluation by reference to changes in prices. For active members this is at the rate of CPI plus 1.25%; 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 2018 will fulfil that requirement in relation to prices and reflects the change in CPI (3%) in the 12 months to September 2017. 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.

As a result of the increase for CPI, the in-service revaluation for the 2015 Police scheme in respect of 2017/18 will be 4.25%.

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Contact information

Please contact Iain.Coltman@gov.scot if you have any enquiries about this circular. If you have any queries relating to the administration of the scheme, please contact the administration team via email sppapolicepensions@gov.scot or 01896 893080.

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