

**LOCAL GOVERNMENT PENSION SCHEME (SCOTLAND)
CIRCULAR SPN/LG No. 4/2017**

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 2017
The Public Service Pensions Revaluation Order 2017

About Circular No.4/2017:

The purpose of this circular is to:

- notify stakeholders of the increase to public service pensions with effect from 10 April 2017;
- advise that the rate to be used for the 2016/17 annual revaluation of Career Average Revalued Earnings (CARE) benefits accrued in the 2015 Local Government Pension Scheme (Scotland) is 1%.

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%.



The Pensions Increase (Review) Order 2017 (SI 2017/417) provides for the payment of pensions increase resulting from the 2017 Review. A copy of the SI and Explanatory Note can be accessed using the following link: [The Pensions Increase \(Review\) Order 2017](#)

Increases are payable from 10 April 2017. For pensions which began before 11 April 2016 the increase is 1%. For pensions which began on or after 11 April 2016 the increases are as follows:

Pensions Beginning	Pensions Increase
11 April 2016 to 25 April 2016	1.00%
26 April 2016 to 25 May 2016	0.92%
26 May 2016 to 25 June 2016	0.83%
26 June 2016 to 25 July 2016	0.75%
26 July 2016 to 25 August 2016	0.67%
26 August 2016 to 25 September 2016	0.58%
26 September 2016 to 25 October 2016	0.50%
26 October 2016 to 25 November 2016	0.42%
26 November 2016 to 25 December 2016	0.33%
26 December 2016 to 25 January 2017	0.25%
26 January 2017 to 25 February 2017	0.17%
26 February 2017 to 25 March 2017	0.08%

Article 3 of the Order provides for the payment of increases on deferred lump sums which became payable on or after 11 April 2016 but before 10 April 2017.

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

As confirmed in LGPS(S) Circular 3/2016, the UK Government did not issue a Pensions Increase (Review) Order for 2016 because there was no increase (because in the 12 months to September 2015, CPI was negative (-0.1%)).

[The Pensions Increase \(Modification\) Regulations 2017 \(SI 2017/418\)](#) 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 11 April 2016 to be uprated by the full amount of the increase provided for in the Pensions Increase (Review) Order 2017, i.e., 1%. Public service pensions beginning on or after 11 April 2016 (but before 10 April 2017) 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 2017 \(SI 2017/242\)](#) fulfils that requirement. 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.

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 1% increase for CPI contained in the Treasury Order, the in-service revaluation for the 2016 Local Government Pension Scheme in respect of 2016/17 will be 1%.

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25 April 2017

Contact Information:

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Public Service Pensions Indexation

A. Deferred lump sums which became payable on or after 10 April 2017

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 11 April 2016 to 10 April 2017

(i) If the lump sum began before 11 April 2016, 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 10 April 2017 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 11 April 2016) an increase is payable in April (10 April 2017 in this case) in accordance with the table below.

In calculating the length of period, count complete months starting with the beginning date (or 11 April 2016 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	0.08
1 month 16 days to 2 months 15 days	0.17
2 months 16 days to 3 months 15 days	0.25
3 months 16 days to 4 months 15 days	0.33
4 months 16 days to 5 months 15 days	0.42
5 months 16 days to 6 months 15 days	0.50
6 months 16 days to 7 months 15 days	0.58
7 months 16 days to 8 months 15 days	0.67
8 months 16 days to 9 months 15 days	0.75
9 months 16 days to 10 months 15 days	0.83
10 months 16 days to 11 months 15 days	0.92
11 months 16 days to 12 months 15 days	1.00

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

