

Local Government Pension Scheme 2021/01

- 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 2021
The Public Service Pensions Revaluation Order 2021

Date: 25 January 2021

The purpose of this circular is to notify stakeholders of the increase to public service pensions with effect from 12 April 2021 and advise that the rate to be used for the 2020/21 annual revaluation of Career Average Revalued Earnings (CARE) benefits accrued in the 2018 Local Government Pension Scheme (Scotland) is 0.5%

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 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 GOV.UK website provides Annex B for increases to pensions in payment and Annex C for increases to lump sums set out the increases and multipliers that apply to preserved pensions and lump sums from 12 April 2021.

The UK Government expects to lay the Pensions Increase (Review) Order 2021 in March 2021.

CARE Scheme Revaluation

The Local Government Pension Scheme (Scotland) Regulations 2018 were made under the Public Service Pension Act 2013 (the Act). The 2018 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 national website for members of the LGPS provides further information on the principles of CARE scheme revaluation can be found at <http://www.lgps.org.uk>.

The Local Government Pension Scheme (Scotland) Regulations provide for annual revaluation of active members’ pension accounts by reference to changes in prices. As a result of the 0.5% increase for CPI contained in the Pensions Increase (Review) Order 2021.

Section 9(2) of the Act requires the change in earnings used for such 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.

The in-service revaluation for the 2018 Local Government Pension Scheme in respect of 2020/21 will be 0.5%.

Any questions?

Please contact Kimberly.linge@gov.scot if have any enquiries about this circular.

If you have any queries relating to the administration the scheme, please contact your administration team at the relevant fund. A list of contact details can be found on the [SPPA website](#).

Kimberly Linge
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Local Government Pension Scheme