

Local Government Pension Scheme 2026/03

- 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 2026
The Public Service Pensions Revaluation Order 2026

Date: 27 February 2026

The purpose of this circular is to notify stakeholders of the increase to public service pensions with effect from 6 April 2026 and advise that the rate to be used for the 2026/27 annual revaluation of Career Average Revalued Earnings (CARE) benefits accrued in the Local Government Pension Scheme (Scotland) (LGPS(S)) is 3.8%

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 Prices Index (CPI) measured as at the previous September.

In the 12 months to September 2025, CPI was 3.8%. As a result, an increase of 3.8% is to be applied from 6 April 2026 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 6 April 2026. These can be found at <https://www.gov.uk/government/publications/public-service-pensions-increase-2026>

The UK Government expects to lay the Pensions Increase (Review) Order 2026 in March 2026.

CARE Scheme Revaluation

The Local Government Pension Scheme (Scotland) Regulations 2018 (the 2018 regulations) were made under the Public Service Pension Act 2013 (the Act). The LGPS(S) 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>.

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 2026 will fulfil that requirement in relation to prices and reflects the change in CPI (3.8%) in the 12 months to September 2025. The Chief Secretary to the Treasury has issued a written statement to this effect, with the Public Service Pensions Revaluation Order 2026, coming into force on 06 April 2026. This can be found at <https://questions-statements.parliament.uk/written-statements/detail/2026-02-26/hcws1367>

The 2018 Regulations provide for the annual revaluation of active members’ pension accounts by reference to changes in prices. As a result, pensions will be revalued by the 3.8% increase for CPI contained in the Pensions Increase (Review) Order 2026.

Any questions?

Please contact SPPAPolicy@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](#).

Iain Coltman
Head of Pension Policy
27 February 2026