

Police Pension Schemes

2021/02

Who should read:

- Chief Constable of Police Scotland
- Pensions Administrators
- Scheme members

Action:

For information

Subject:

Public Service Pensions Indexation and CARE Scheme Revaluation

Date:

8 February 2021

- **The purpose of this circular is to: Confirm that, in common with other public service pension schemes, there will be a 0.5% increase in the value of police pensions in payment (or deferred pensions) from 12 April 2021**
- **Advise that the rate to be used for the annual revaluation of benefits accrued in the 2015 Police Pension Scheme by active members will be 1.75%**

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 5 April 2021 for pensions in payment and deferred pensions.

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

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, preserving their value in line with rises in the cost of living.

The Police Pension Scheme (Scotland) Regulations 2015 provide for annual revaluation by reference to average weekly earnings. 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 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 (Earnings) Order 2021 will fulfil that requirement in relation to earnings and reflects the increase in Average Weekly Earnings 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 2015 Police Scheme in respect of 2020/21 will be 1.75%.

Any questions?

Please contact Mhairi.Kinnaird@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 Customer Services team via e-mail at sppapolicepensions@gov.scot.

Mhairi Kinnaird

Police Pensions Policy Manager

8 February 2021