

Teachers' Pension Scheme 2023/1

Who should read:	<ul style="list-style-type: none">• Members• Chief Executives• Directors of Education• Directors of Finance• HR Managers• Payroll Managers• Teachers' Unions and Representatives
Action:	For information
Subject:	Public Service Pension Indexation and CARE Scheme Revaluation 2023
Date:	23 February 2023

The purpose of this circular is to:

- **Notify employers of the increase to public service pensions with effect from 10 April 2023**
- **Notify employers of the employee pay banding for 2023/2024**
- **Notify employers of the pension increase for mandatory and discretionary compensation payments paid to retired teachers**
- **Advise that the rate to be used for the annual revaluation of Career Average Revalued Earnings (CARE) benefits accrued in the Scottish Teachers' Pension Scheme 2015 for active members is 11.7%**

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 2022, CPI was 10.1%. As a result, an increase of 10.1% from 10 April 2023 is to be applied for either pensions in payment or deferred pensions.

The UK Government expects to lay the Pensions Increase (Review) Order 2023 in March 2023.

Employee Contribution Pay Banding 2023-24

It was agreed during the pension reform discussions that employee contribution rates would be fixed for the period 1 April 2015 to 31 March 2019, however these rates continue to remain unchanged for 2023-24. The pay bandings in the contribution table would, however, be adjusted each year in line with CPI. The table below therefore reflects the adjusted earnings bands for the

scheme year 2023-24, and applies to STPS 2015 and the pre-2015 Scottish Teachers' Superannuation Scheme.

Actual pensionable pay for the eligible employment for 2023/2024	
Up to and including £32,133	7.2%
£32,134.00 to £43,257	8.7%
£43,258 to £51,291	9.7%
£51,292 to £67,975	10.4%
£67,976 to £92,693	11.5%
£92,694 and above	11.9%

Pensions Increase for mandatory and discretionary compensation payments paid to retired teachers

For pensions which began before 27 March 2022 the increase is 10.1%. For pensions which began on or after 27 March 2022, the increases are as follows:

Period	Pensions increase
27 March 2022 to 25 April 2022	10.1%
26 April 2022 to 25 May 2022	9.26%
26 May 2022 to 25 June 2022	8.42%
26 June 2022 to 25 July 2022	7.58%
26 July 2022 to 25 August 2022	6.73%
26 August 2022 to 25 September 2022	5.89%
26 September 2022 to 25 October 2022	5.05%
26 October 2022 to 25 November 2022	4.21%
26 November 2022 to 25 December 2022	3.37%
26 December 2022 to 25 January 2023	2.53%
26 January 2023 to 25 February 2023	1.68%
26 February 2023 to 25 March 2023	0.84%

CARE Scheme Revaluation

The Scottish Teachers' Pension Scheme 2015 Regulations were made under the Public Service Pension Act 2013 (the Act). The Scottish Teachers' Pension Scheme 2015 (STPS 2015) 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 SPPA website provides further information on the principles of CARE scheme revaluation.

The STPS Regulations provide for annual revaluation by reference to changes in prices. For active members this is at the rate of CPI plus 1.60%; for deferred members 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 2023 will fulfil that requirement in relation to prices and reflects the change in CPI of 10.1% in the 12 months to September 2022. The Chief Secretary to

the Treasury has issued a [written statement](#) to this effect, with the Public Service Pensions Revaluation Order 2023 coming into force on 10 April 2023.

As a result of the increase for CPI, the in-service revaluation for the STPS in respect of 2022/23 will be 11.7%.

Any questions?

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

SPPA Policy

23 February 2023