



Department for Levelling Up, Housing & Communities

Statistical release

Local Government Finance

Local Government Pension Scheme Funds England and Wales: 2020-21 (Revised)

This statistical release contains information on Local Government Pension Scheme Funds expenditure, income, and membership for the financial year 2020-21 in England and Wales. This revised release supersedes the original published on the 27 October as data from all 85 authorities have now been included. Some other minor revisions have also been included.

In this release:

- Total Local Government Pension Scheme (LGPS) expenditure in England and Wales in 2020-21 was £13.6 billion. This was an increase of £0.2 billion or 1.2% on 2019-20.
- Total LGPS income in England and Wales in 2020-21 was £17.3 billion. This was an increase of £1.3 billion or 8.4%.
- Employers' Contributions to the LGPS in 2020-21 in England and Wales amounted to £10.3 billion, up by 34.3%, that reflects early payments made by many employers following the triennial review. Employees' contributions to the scheme were £2.4 billion, up by 4.9%.
- The market value of LGPS funds at end of March 2021 was £337.1 billion, an increase of £64.7 billion or 23.8%.
- The LGPS in England and Wales encompassed 6.1 million people at the end of March 2021. Of this number, 2.0 million are employees who still contribute to the scheme, 1.8 million are pensioners and 2.3 million are former employees who are entitled to a pension at some time in the future.
- There were 82,936 retirements from the LGPS in 2020-21, a decrease of 6,070 or 6.8% compared with 2019-20.

Release date: 21 December 2021 (originally released on 27 October 2021)

Date of next release: October 2022

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Introduction

This release has been compiled by the Department for Levelling Up, Housing and Communities (DLUHC) and provides information on Local Government Pension Scheme (LGPS) funds in England and Wales that were collected on the SF3 (Pensions) 2020-21 form. Forms were expected from all 85 Administering Authorities. This figure has reduced from 86 to 85 due to the merger of Northumberland County Council Pension Fund into the Tyne & Wear Pension Fund in April 2021. This release shows data for England and Wales combined. Tables 1-6 of this release will be available for England and Wales separately to aid continuity in these series and can be found at <https://www.gov.uk/government/collections/local-government-pension-scheme>.

The SF3 (Pension) form was issued in July 2021 to LGPS administering authorities in England and Wales and forms were submitted by 83 out of 85 authorities during July to September. At the time of the original publication on the 27 October, neither Bromley nor Camden administering authorities had been able to submit their forms. This revised release includes their submitted returns, and therefore reflect data submitted by all 85 authorities.

Authorities were asked, where possible, to submit their data based on audited accounts. However, due to the extension of the audit timetable and the audit deadline being set to the 30 September, 66 authorities submitted their SF3 form based on their provisional accounts data for the original release. Authorities have been asked to submit revised figures based on their audited figures when available, if significantly different. Six authorities have done so, although the impact is small. An additional revision has also been received where there had been an outstanding validation query.

The SF3 (Pensions) form collects information on Local Government Pension Scheme funds' income, expenditure, membership, retirements, and other activities. It also shows other associated information for the financial year 2020-21 and changes over previous years.

When looking at the figures in this release it should be remembered that throughout the year there are always staff transferring their pensions into, and out of, the LGPS because they either commence work for an employer who is a member of the LGPS and bring their accrued pension with them, or they move to another employer and take their pension pot with them.

In addition, there will be occasions where staff transfer between LGPS schemes and so there will also be transfers between funds within the LGPS.

Special factors affecting the data

Since 2016-17 there have been two large transfers between funds and three mergers that have resulted in increases in the Transfer Values shown in both **Table 1** and **Table 2** below. In most cases, these have been significantly large and make direct comparisons with both previous and subsequent years inappropriate. Like-for-like comparisons have been made in previous statistical releases for the years affected by adjusting figures for Expenditure and Income to remove the effect of these factors. These have been marked in the tables. Changes to consider in the tables in this release are described below.

2016-17

During 2016-17, the Pension Funds for Richmond upon Thames and Wandsworth merged. The merger took effect from 1 October 2016, as per SI 2016 No. 1241.

2017-18

During 2017-18, South Yorkshire Passenger Transport Authority and Greater Manchester Pensions Funds merged on 1 November 2017 and there was a large transfer from West Yorkshire to Greater Manchester. West Yorkshire reported the transfer (£450 million) completely within their expenditure figures in 2017-18, whereas Greater Manchester reported only part of the transfer (£147.3 million) in their income figures.

2018-19

There were no mergers in 2018-19. However Greater Manchester reported the remaining portion of the 2017-18 transfer in their income figures. We are aware that the sum of the Greater Manchester transfer income figure (£460.9 million) is greater than the West Yorkshire transfer expenditure figure. We have been unable to reconcile this with the two authorities and so have used the figures as reported.

2019-20

On the 1 April 2019, the West Midlands Integrated Transport Authority Pension Fund merged into the West Midlands Pension Fund, as per SI 2019 No. 1351. West Midlands Pension Fund reported this to account for £491.7 million of their transfer income figures.

2020-21

During 2020-21, the Pension Fund for Northumberland was merged into the Tyne & Wear Pension fund. The regulations (SI 2020 No. 502) came into force on the 3 June 2020 but backdated to 1 April 2020.

1. Expenditure: 2016-17 to 2020-21

Table 1 and **Chart A** provide figures of the expenditure of the Local Government Pension Scheme (LGPS) in England and Wales from 2016-17 to 2020-21.

- Total LGPS expenditure in 2020-21 was £13.6 billion. This is an increase of £0.2 billion or 1.2% on 2019-20.
- The expenditure on benefits in 2020-21 has increased to £11.1 billion, an increase of £0.2 billion or 1.5% on 2019-20. Of this, expenditure on pensions and annuities was £9.2 billion, an increase of £0.3 billion or 3.8%, and expenditure on lump sums paid on retirement was £1.4 billion, a decrease of £0.2 billion or 10.9%.
- Disposal of Liabilities was £0.8 billion in 2020-21, a decrease of £0.2 billion or 19.3% and costs charged to the funds increased to £1.7 billion, an increase of £0.2 billion or 13.1%.
- For England expenditure in 2020-21 was £12.7 billion, an increase of £0.2 billion or 1.3%
- For Wales, expenditure in 2020-21 was £ 0.8 billion (a decrease of £6.1 million or 0.7% on 2019-20).

Table 1: Local Government Pension Scheme expenditure, 2016-17 to 2020-21, England and Wales

	2016-17	2017-18	2018-19	2019-20	£ Million 2020-21 [Revised]
Total expenditure on benefits	9,533	9,814	10,407	10,919	11,083
<i>of which:</i>					
<i>Pensions or annuities</i>	7,675	7,987	8,436	8,883	9,225
<i>Lump sums paid on retirement</i>	1,511	1,474	1,573	1,616	1,440
<i>Lump sums paid on death</i>	216	216	239	239	269
<i>Optional lump sum</i>	128	134	150	172	142
<i>Other benefits</i>	3	4	9	9	7
Disposal of Liabilities	1,248	1,659	928	952	768
<i>of which:</i>					
<i>Transfer values^{(a)(b)}</i>	1,243	1,657	926	950	767
<i>Pensions Act premiums</i>	4	3	2	1	1
Costs charged to the funds	1,035	1,189	1,317	1,487	1,681
<i>of which:^(c)</i>					
<i>Investment management expenses</i>	866	1,016	1,127	1,270	1,461
<i>Administrative expenses</i>	116	121	132	142	148
<i>Governance and oversight costs</i>	53	52	62	74	72
Other expenditure	31	28	36	37	23
Total expenditure	11,846	12,691	12,689	13,395	13,555

Note: Figures for 2020-21 have been revised and are based on all 85 returns.

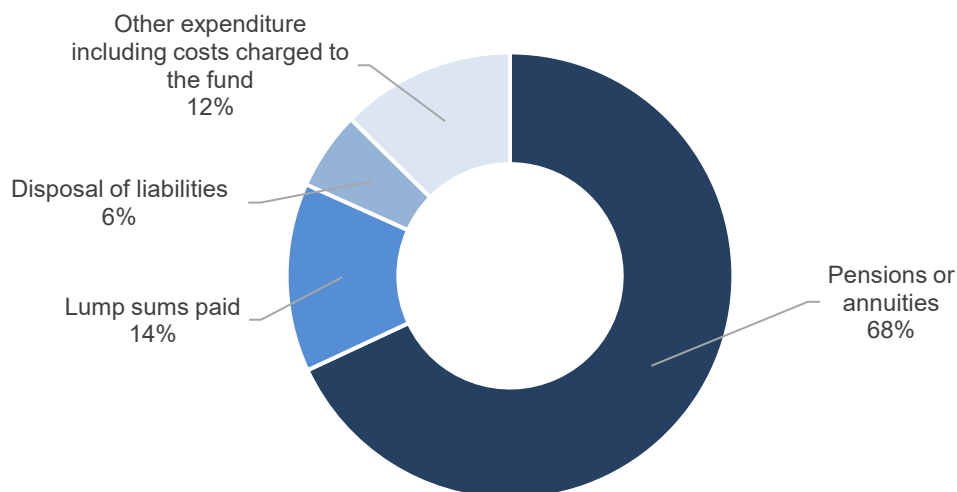
(a) Transfer values for 2016-17 include a £675 million transfer from Richmond upon Thames for the merger of Richmond upon Thames and Wandsworth Pension Funds from 1 October 2016.

(b) Transfer values for 2017-18 include a £240.7m from South Yorkshire PTA for the merger with Greater Manchester and £450m from West Yorkshire to Greater Manchester for the transfer.

(c) The total Costs charged to the funds figures for 2018-19 and 2020-21 does not equal the sum of the component parts due to inconsistencies in reporting by one local authority in each year.

Chart A: Local Government Pension Scheme expenditure in 2020-21: England and Wales

Total expenditure in 2020-21, £13.6 billion



2. Income: 2016-17 to 2020-21

Table 2 and **Chart B** provide figures of the income to the LGPS in England and Wales and the market value of the scheme from 2016-17 to 2020-21.

- The total income of the LGPS in 2020-21 was £17.3 billion, an increase of £1.3 billion or 8.4% on 2019-20.
- Employers' contributions to the LGPS in 2020-21 amounted to £10.3 billion, an increase of £2.6 billion or 34.3% that reflects early payments made by many employers following the triennial review; employees' contributions to the scheme were £2.4 billion.
- The market value of LGPS funds at end of March 2021 was £337.1 billion, an increase of £64.7 billion or 23.8%. The market value has increased following the improvement in the financial markets following the fall seen in March 2020.
- For England, income in 2020-21 was £16.3 billion, an increase of £1.3 billion or 8.4% on 2019-20.

- For Wales, income in 2020-21 was £1.0 billion, an increase of £79.9 million or 8.6% on 2019-20.

Table 2: Local Government Pension Scheme income and market value of funds 2016-17 to 2020-21, England and Wales

	2016-17	2017-18	2018-19	2019-20	£ million 2020-21 (Revised)
Contributions (including those from admitted authorities)					
Employees	2,105	2,145	2,205	2,326	2,441
Employers ^(a)	7,418	9,472	7,131	7,680	10,312
Investment income (gross)	3,942	4,403	4,433	4,404	3,711
<i>of which:</i>					
<i>Dividends receivable</i>	2,540	2,781	2,540	2,384	1,827
<i>Interest receivable</i>	290	310	240	303	194
<i>Income from property</i>	542	580	614	660	579
<i>Other investment income</i>	569	733	1,039	1,056	1,112
Transfer value ^{(b)(c)(d)(e)}	1,168	1,341	1,127	1,507	816
Other income	64	53	192	60	43
Total income	14,697 	17,414 	15,087 	15,977 	17,324
					£ million
Market value of funds at end of year	258,825	270,919	287,193	272,395	337,111

Note: Figures for 2020-21 have been revised and now reflect data returns from all authorities

(a) Includes employers' secondary contributions

(b) Transfer values for 2016-17 includes £675 million transfer to Wandsworth for the merger of Richmond upon Thames and Wandsworth Pension Funds from 1 October 2016

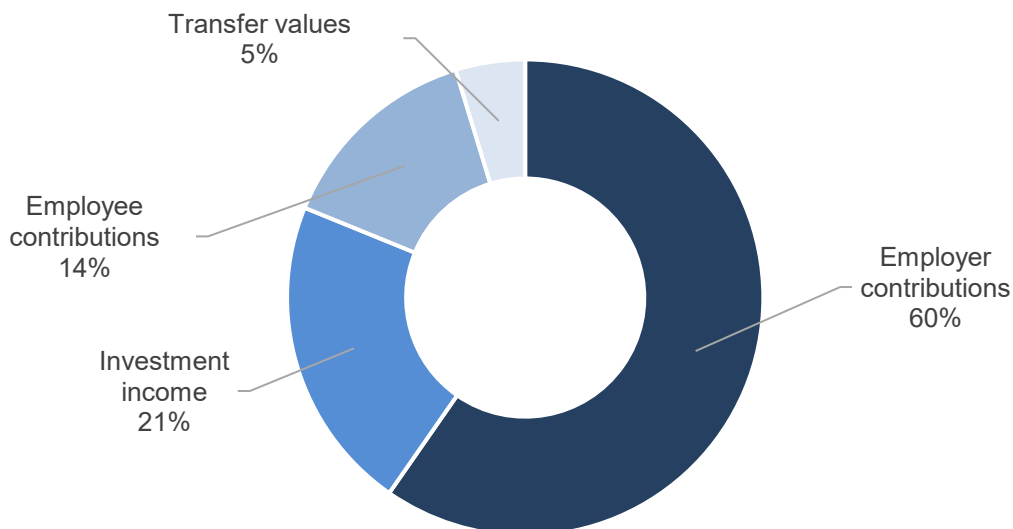
(c) Transfer values for 2017-18 includes £240.7m from South Yorkshire PTA for the merger and £147.3m transfer from West Yorkshire both involving Greater Manchester. West Yorkshire has accounted for the transfer to Greater Manchester wholly within 2017-18 although Greater Manchester will account for most of it in 2018-19.

(d) Greater Manchester accounted for the remaining West Yorkshire transfer value in 2018-19 as a reported £313.6m transfer (see special factors).

(e) Transfer values for 2019-20 include a £491.7 million transfer from West Midlands Integrated Transport Authority Pension Fund for the merger of West Midlands Integrated Transport Authority Pension Fund and West Midlands Pension Fund. Please note that this £491.7mil transfer appears in the income data but not the expenditure data due to the timing of the merger.

Chart B Local Government Pension Scheme income in 2020-21, England and Wales

Total income in 2020-21, £17.3 billion



3. Income and Expenditure

Table 3 and **Chart C** provides a comparison of total LGPS expenditure and income in England and Wales from 2016-17 to 2020-21.

- In 2020-21, total expenditure was 78% of LGPS income, a lower percentage than seen in the past two years. This is expected as income has increased following the triennial revaluation of employers' contributions.

Table 3: Local Government Pension Scheme total expenditures and income 2016-17 to 2020-21, England and Wales

	2016-17 (a)	2017-18 (b)	2018-19 (c)	2019-20 (d)	£ million 2020-21 (e) (Revised)
Total expenditure (from Table 1)	11,846	12,691	12,689	13,395	13,555
Total income (from Table 2)	14,697	17,414	15,087	15,977	17,324
Expenditure as a % of income	81%	73%	84%	84%	78%

Note: Figures for 2020-21 have been revised and now reflect data returns from all authorities

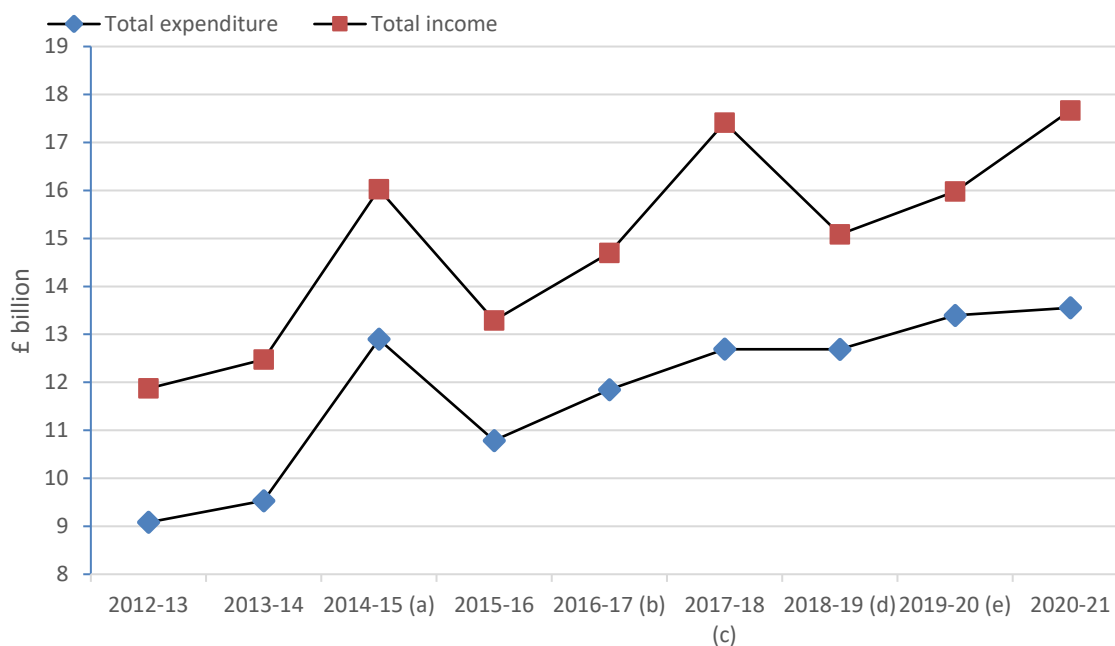
(a) In 2016-17 The Richmond upon Thames and Wandsworth Pension funds merged from 1 October 2016. The transfer value was £675 million. This makes direct comparisons to 2016-17 inappropriate.

(b) In 2017-18 The South Yorkshire PTA and Greater Manchester Pensions Funds merged and there was a large transfer from West Yorkshire to Greater Manchester. This makes direct comparisons to 2017-18 inappropriate.

(c) In 2018-19 Greater Manchester Pensions Fund accounted for the remaining West Yorkshire transfer value. This makes direct comparisons to 2018-19 inappropriate.

(d) In 2019-20 West Midlands PTA and West Midlands Pension Fund merged. The transfer value was £491.7 million. This makes direct comparisons to 2018-19 inappropriate.

Chart C: Local Government Pension Scheme total expenditure and income 2012-13 to 2020-21, England and Wales



4. Membership and employers

Membership

Tables 4 and **Chart D** provide figures of the membership of the LGPS in England and Wales.

- At the end of March 2021, the total membership of the LGPS was 6.1 million. Of this number, 2.0 million are employees who are still contributing to the scheme, 1.8 million are pensioners and 2.3 million are former employees who are entitled to a pension at some time in the future.

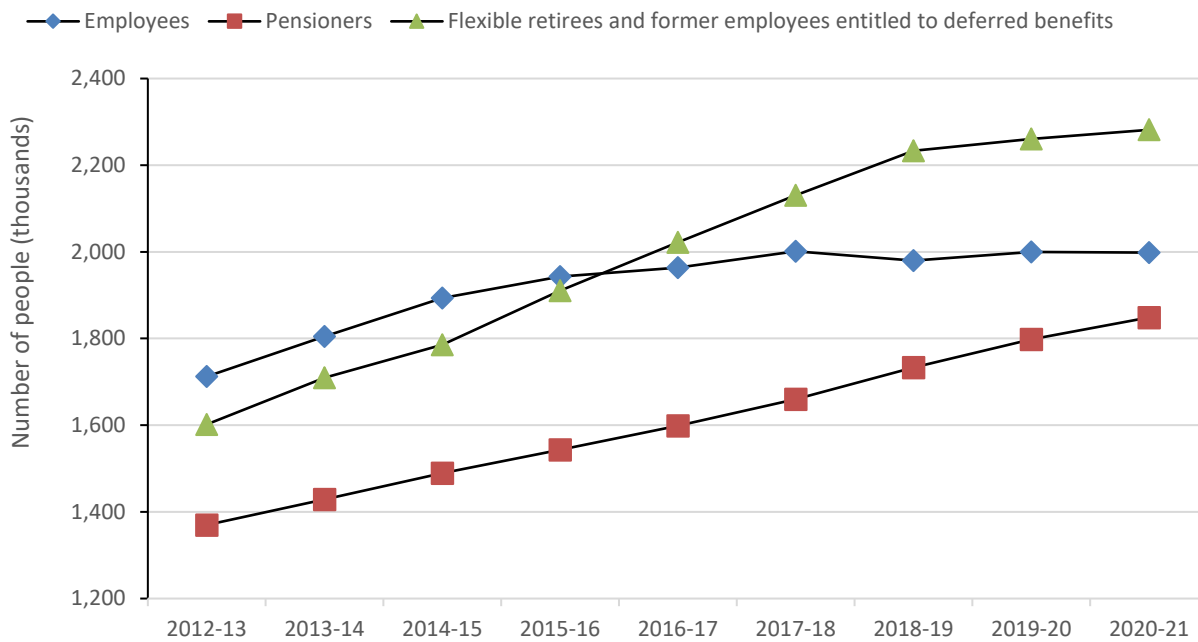
Table 4: Number of Local Government Pension Scheme members at the end of each year 2016-17 to 2020-21, England and Wales

	2016-17	2017-18	2018-19	2019-20	Thousand 2020-21 (Revised)
Employees	1,964	2,001	1,980	2,000	1,998
Pensioners	1,599	1,660	1,733	1,798	1,849
Former employees entitled to deferred benefits	2,011	2,117	2,219	2,246	2,265
Flexible retirees ^(a)	12	13	13	14	16
Total membership of LGPS	5,585	5,792	5,946	6,059	6,129

Note: Figures for 2020-21 have been revised and now reflect data returns from all authorities

(a) Flexible retirement defined in Regulation 30(6) to the 2013 LGPS Regulations

Chart D: Membership of the Local Government Pension Scheme 2012-13 to 2020-21, England and Wales



Employers

Data were collected on the type of employer involved in the LGPS. Employers were categorised into one of four groups:

- Local authorities and connected bodies – e.g. a county council, district council
- Centrally funded public sector bodies – e.g. an academy, further education corporation, sixth form college or higher education corporation
- Other public sector bodies – e.g. a National Park Authority
- Private sector, voluntary sector and other bodies – e.g. a passenger transport executive, an urban development corporation, (and private/voluntary sector organisations).

Table 5 shows the number of employers (which includes admitted bodies) in England and Wales in each of the four groups as reported by pension authorities. It also shows the number of employees, pensioners etc. that are part of the LGPS, by the type of employer.

- 74.4% of all the members of the LGPS are covered by local authorities and other connected bodies, even though local authorities and connected bodies represent only 18.3% of employers.
- Private sector, voluntary sector, and other bodies account for just under a third (32.7%) of all employers but are responsible for only 5.3% of LGPS members.

Table 5: Number of Local Government Pension Scheme members at the end of 2020-21 by type of employer, England and Wales (see note)

	Local authorities and connected bodies (Revised)	Centrally funded public sector bodies (Revised)	Other public sector bodies (Revised)	Private sector, voluntary sector and other bodies (Revised)	Total (Revised)
Total number of employers	3,462	8,335	956	6,194	18,947
					Thousand
Employees	1,318	538	48	94	1,998
Pensioners	1,512	165	58	115	1,849
Former employees entitled to deferred benefits	1,718	384	49	115	2,265
Flexible retirees ^(a)	13	1	0	1	16
Total covered by Local Government Pension Scheme	4,560	1,088	155	325	6,129

Note: Figures for 2020-21 have been revised and now reflect data returns from all authorities

(a) Flexible retirement defined in Regulation 30(6) to the 2013 LGPS Regulations

5. Retirements from the Local Government Pension Scheme

Table 6 and **Chart E** provide figures of the type of retirement from the LGPS in England and Wales from 2016-17 to 2020-21.

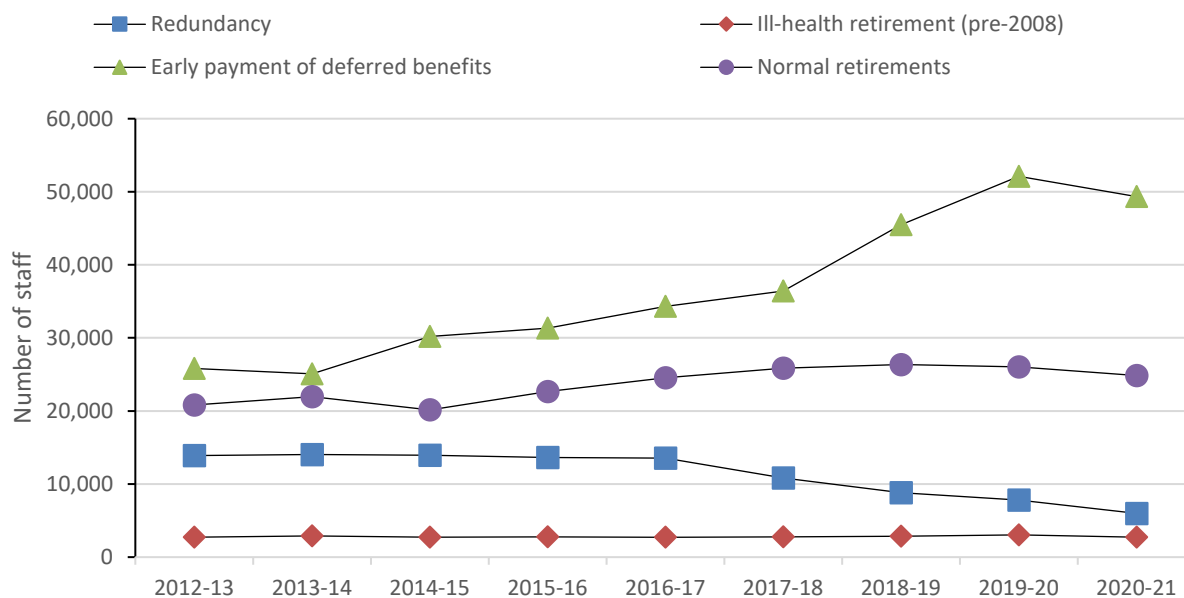
- There were 82,936 retirements from the LGPS in 2020-21, a decrease of 6,070 or 6.8% compared with 2019-20.
- The number of employees having their deferred benefits paid early decreased by 5.3% on 2019-20, and account for over half (59.5%) of the total employees retiring.
- The number of people leaving the LGPS in 2020-21 due to redundancy continues to fall, dropping by 1,836 or 23.5% to 5,989.
- The number of people leaving the LGPS in 2020-21 due to normal retirement decreased by 1,163 or 4.5% from 2019-20, dropping to 24,860.

Table 6: Type of retirements from the Local Government Pension Scheme 2016-17 to 2020-21, England and Wales

	2016-17	2017-18	2018-19	2019-20	2020-21 (Revised)
Redundancy	13,544	10,847	8,804	7,825	5,989
Tier 1,2 & 3 ill health retirement awards under LGPS	2,715	2,791	2,875	3,046	2,739
Early payment of deferred benefits	34,303	36,435	45,469	52,112	49,348
Normal retirements	24,556	25,881	26,360	26,023	24,860
Total retirements	75,118	75,954	83,508	89,006	82,936

Note: Figures for 2020-21 have been revised and now reflect data returns from all authorities.

Chart E: Type of retirement from the Local Government Pension Scheme, 2012-13 to 2020-21, England and Wales



Accompanying tables and open data

Symbols used

...	= not available
0	= zero or negligible
-	= not relevant
	= discontinuity

Rounding Where figures have been rounded, there may be a slight discrepancy between the total and the sum of constituent parts.

Tables

Accompanying tables are available to download alongside this release. These include Tables 1 to 6 for England and Wales separately, and data for individual pension administering authorities. These tables can be accessed at www.gov.uk/government/collections/local-government-pension-scheme

Open data

These statistics are available in fully open and linkable data formats at www.gov.uk/government/collections/local-government-pension-scheme

Technical Notes

Please see the accompanying technical notes document for further details. This can be found at www.gov.uk/government/collections/local-government-pension-scheme

Information on Official Statistics is available via the UK Statistics Authority website: <https://www.statisticsauthority.gov.uk/>

Information about statistics at DLUHC is available via the Department's website: <https://www.gov.uk/government/organisations/department-for-levelling-up-housing-and-communities/about/statistics>



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December 2021