



Department for
Communities and
Local Government

Firefighters' Pension Fund Income and Expenditure, 2012-13 & 2013-14, England

- Firefighters' Pension Fund expenditure increased 7% to £716 million in 2013-14
- Meanwhile, the fund's income increased 2% to £302 million.
- This meant that income as a proportion of expenditure continued in the trend of decreasing each year, and since 2009-10 the pension fund's income has fallen from 53% of expenditure to only 42% in 2013-14.

Fire & Rescue Services

Statistical Release

5 June 2014

Revised 13 June 2014

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Date of next publication:
June 2015

Introduction

This release provides income and expenditure information from Firefighters Pension Fund forms (FPF) submitted by all 46 Fire Authorities in England.

The release has been compiled by the Local Government Finance: Data Collection, Analysis and Accountancy division of the Department for Communities and Local Government.

The information for the Firefighters Pension Fund is made up from two schemes. The Firefighters Pension Scheme (FPS) and the New Firefighters Pension Scheme (NFPS) are both statutory, tax approved, unfunded, final salary occupational pension schemes.

Regular firefighters employed before 6 April 2006 were eligible for membership of the Firefighters Pension Scheme (FPS). This unfunded, statutory scheme was closed to new membership in April 2006. It is a 30-year final salary scheme with double accrual in the last 10 years of service, giving a maximum pension of 40/60ths and has a normal pensionable age of 55 (or 50 after 25+ years service). It has a current membership of approximately 22,200 members.

A New Firefighters Pension Scheme (NFPS) was introduced for regular and retained firefighters employed since 6 April 2006 and, as with the FPS, is an unfunded, statutory scheme. It is a 45 year final salary scheme giving a maximum pension of 45/60ths and has a normal pensionable age of 60. It has a current membership of approximately 13,800 members.

The responsibility for policy on both the FPS and NFPS in England rests with the Department for Communities and Local Government (DCLG) whilst the administration and payment of individual pensions and benefits is the responsibility of each Fire and Rescue Authority.

Under the current financing arrangements of both pension schemes, the employer's contribution together with the employee's contribution is paid into a local pension fund account. The authority pays pension costs out of this account. Any shortfall between receipts and expenditure is met by an annual top-up grant paid by DCLG.

Expenditure

Table 1 and Chart A provide figures for all Firefighters Pension Scheme expenditure from 2009-10 to 2013-14.

Firefighters Pension Scheme expenditure in 2013-14 was £716 million, an increase of 7% compared with £667 million in 2012-13.

As in the previous two years, 99% of Firefighters Pension Scheme expenditure in England was on benefits in the form of pensions and early retirements.

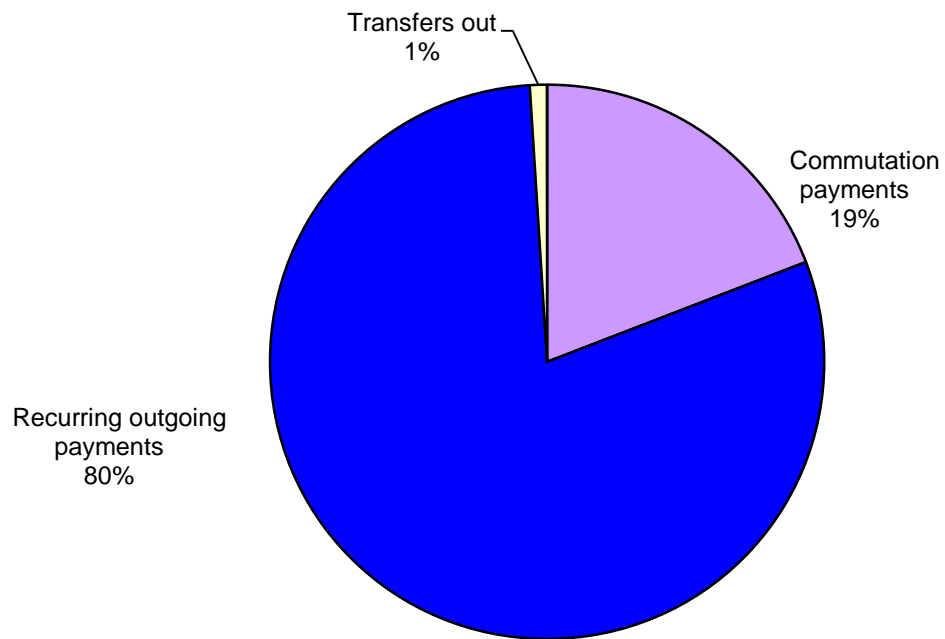
Expenditure on commutation payments in 2013-14 was £137 million. This compares with £116 million in 2012-13.

Table 1: Firefighters' Pension Scheme Expenditure, 2009-10 to 2013-14

	£m					%change
	2009-10	2010-11	2011-12	2012-13	2013-14 ¹	2013-14
Pension outgoings	633.6	599.7	640.3	659.7	707.8	7%
<i>of which:</i>						
<i>Commutation payments</i>	170.9	126.9	132.3	116.2	136.9	18%
<i>Recurring outgoing payments</i>	462.7	472.8	508.0	543.4	570.9	5%
Transfers out ²	9.1	4.7	3.4	7.1	7.1	0%
Miscellaneous	2.0	0.1	0.1	0.2	1.1	373%
Total	644.8	604.5	643.8	667.0	716.0	7%

Source: FPF forms
¹2013-14 figures are unaudited, previous years' are audited.
²This only includes transfers out of FPS and NFPS to other pension schemes.

Chart A: Firefighters' Pension Scheme Expenditure, 2013-14



Income

Table 2 and Chart B provide figures for the income of the Firefighters Pension Scheme from 2009-10 to 2013-14.

While employee contributions increased 10%, the decrease in other income sources (particularly employer contributions) meant that total income in 2013-14 was up only 2% from 2012-13.

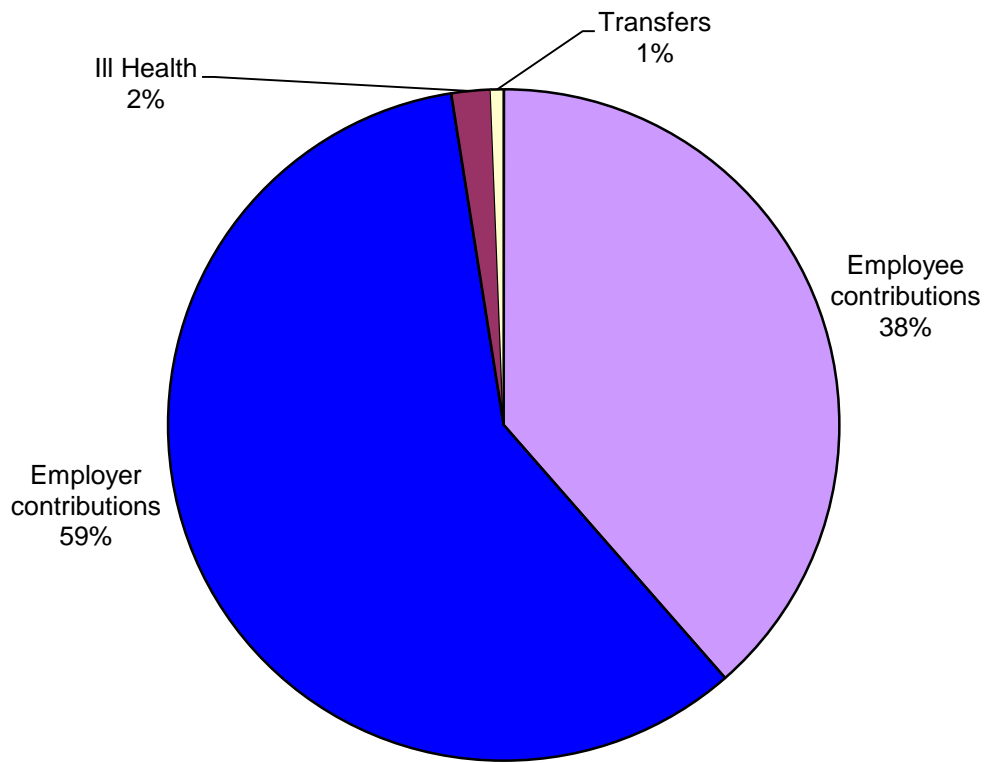
In 2013-14, the largest source of income into the Firefighters Pension Scheme was employer contributions making up 59%, whilst employee contributions make up a further 38% of the total. The proportions were 61% and 36% respectively in 2012-13, indicating a slight shift in the balance of funding from employer contributions to employee contributions that has carried on from the previous year when they were 63% and 34% respectively.

Following a High Court judgement in 2009 in a Judicial Review of the Home Secretary's decision on the backdating of the commutation factors in the Police Pension Scheme, the FPS 1992 revised commutation factors were applied retrospectively to those firefighter pensions that came into payment on or after 22nd August 2006. In order to facilitate this backdating, DCLG instigated the payment of a 'special commutation payment' to each English Fire and Rescue Authority in December 2009. This payment was recorded as miscellaneous income in 2009-10.

Table 2: Firefighters' Pension Scheme Income, 2009-10 to 2013-14

	£m					% change
	2009-10	2010-11	2011-12	2012-13	2013-14 ¹	2013-14
Employee contributions	107.5	106.0	102.9	105.9	116.3	10%
Employer contributions	198.5	194.7	188.0	182.1	177.7	-2%
Ill Health	4.3	3.7	4.8	5.5	5.7	4%
Miscellaneous	23.8	0.0	0.2	0.6	0.1	-88%
<i>of which:</i>						
<i>Special second commutation payment</i>	23.8	-	-	-	-	-
Transfers	9.1	6.2	2.6	2.7	1.9	-31%
Total	342.9	310.6	298.4	296.8	301.5	2%
Source: FPF forms						
¹ 2013-14 figures are unaudited, previous years' are audited.						

Chart B: Firefighters' Pension Scheme Income, 2013-14



While income had declined in each of the three years before the small increase in 2013-14, expenditure has increased in three of the past four years, and as a result the pension funds' income as a proportion of expenditure has fallen from 53% to 42% between 2009-10 and 2013-14. The deficit of expenditure less income has widened from £302 million to £414 million over this period, an increase of £113 million.

Table 3: Firefighters' Pension Scheme Total Income and Expenditure

	<u>Income</u>		<u>Expenditure</u>		<u>Deficit</u>		<u>Income as % of Expenditure</u>
	£m	% change	£m	% change	£m	% change	
2009-10	342.9	-	644.8	-	301.9	-	53%
2010-11	310.6	-9%	604.5	-6%	293.8	-3%	51%
2011-12	298.4	-4%	643.8	7%	345.4	18%	46%
2012-13	296.8	-1%	667.0	4%	370.2	7%	44%
2013-14 ¹	301.5	2%	716.0	7%	414.4	12%	42%

Source: FPF forms
¹2013-14 figures are unaudited, previous years' are audited.

Definitions

A list of terms relating to local government finance is given in the glossary at Annex G to Local Government Financial Statistics England No. 23 2013. This is accessible at <https://www.gov.uk/government/publications/local-government-financial-statistics-england-2013>

The terms most relevant to this release are explained below.

Administering authority

The body responsible for administering the Firefighters Pension Scheme, also known as a fire and rescue authority.

Commutation Payment

This is a lump sum payable by the employer to a member on retirement who makes an election to convert a proportion of his/her future annual pension for a lump sum.

Ill-Health Charge

This is a cash sum payable by the employer to their Firefighters Pension Scheme each time they medically retire a scheme member on ill-health grounds. The ill-health charge equates to a payment of twice pensionable pay for a lower-tier ill-health retirement and four times pensionable pay for a higher-tier ill-health pension.

Recurring Outgoing Payments

These are the monthly (post-commutation) pension payments made to retired members of the pension scheme.

Transfer Values Out

A cash value representing a person's pension pot, it is transferred with them when they move from one pension scheme to another.

Technical notes

Symbols

(R)	=	some data have been revised since the last statistical release
...	=	not available
–	=	not relevant
-	=	Negative
0	=	zero or negligible
	=	discontinuity in data

Rounding

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

Data collection

The information in this release is based on data returned to the Department for Communities and Local Government by all 46 administering authorities in England on Firefighters Pension Schemes and associated information for the financial years' 2011-12 and 2012-13 (FPF) forms.

Data quality

Figures are subjected to rigorous pre-defined validation tests both within the form itself, while the form is being completed by the authority and also in the Department for Communities and Local Government as the data are received and stored.

Finally, the release document, once prepared, is also subject to intensive peer review before being cleared as fit for the purposes of publication.

Revisions policy

This policy has been developed in accordance with the UK Statistics Authority Code of Practice for Official statistics and the Department for Communities and Local Government Revisions Policy (found at <https://www.gov.uk/government/publications/statistical-notice-dclg-revisions-policy>).

There are two types of revisions that the policy covers:

Non-Scheduled Revisions

Where a substantial error has occurred as a result of the compilation, imputation or dissemination process, the statistical release, live tables and other accompanying releases will be updated with a correction notice as soon as is practical.

Scheduled Revisions

At time of publication there are no scheduled revisions for this series.

Uses of the data

The data in this statistical release are essential for a number of different purposes. A central and immediate purpose is to provide ministers with information about the Firefighters Pension Scheme. The data are also used by fire authorities and their associations.

User engagement

Users are encouraged to provide feedback on how these statistics are used and how well they meet user needs. Comments on any issues relating to this statistical release are welcomed and encouraged. Responses should be addressed to the "Public enquiries" contact given in the "Enquiries" section below.

The Department's engagement strategy to meet the needs of statistics users is published here: <https://www.gov.uk/government/publications/engagement-strategy-to-meet-the-needs-of-statistics-users>

Notes

The New Firefighters Pension Scheme 2006 (NFPS) is a statutory, tax approved, unfunded, final salary occupational pension scheme. It was open to membership from 6th April 2006 by any person taking up employment as a firefighter on terms under which he/she is, or may be, required to engage in firefighting, and whose role includes resolving operational incidents, or leading and supporting others in the resolution of such incidents. Membership is restricted to exclude those who join the Fire and Rescue Service at middle and senior management levels.

For a fuller picture of recent trends in local government finance readers are directed to the latest edition of Local Government Financial Statistics England No23 2013, which is available online at <https://www.gov.uk/government/publications/local-government-financial-statistics-england-2013>, and in hard copy from TSO at <http://www.tsoshop.co.uk/parliament/bookstore.asp?>

DCLG also collect and publish data on the local government pension scheme. This information can be found at the Department's website:

<https://www.gov.uk/government/organisations/department-for-communities-and-local-government/series/local-government-pension-scheme>

Devolved administration statistics

The devolved administrations handle the great majority of local government issues in their respective areas, and each has their own statistical office. Links are provided below.

Scotland

<http://www.scotland.gov.uk/Topics/Statistics>

Wales

<http://wales.gov.uk/topics/statistics/?lang=en>

Northern Ireland

<http://www.nisra.gov.uk/>

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Information on Official Statistics is available via the UK Statistics Authority website:

www.statistics.gov.uk/hub/browse-by-theme/index.html

Timings of future releases are placed on the Department's website at

<https://www.gov.uk/government/organisations/department-for-communities-and-local-government/about/statistics#forthcoming-publications>, and on the UK Statistics Authority website <http://www.statistics.gov.uk/hub/release-calendar/index.html>.

Information about statistics at DCLG is available via the Department's website:

www.gov.uk/government/organisations/department-for-communities-and-local-government/about/statistics

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This document/publication is also available on our website at www.gov.uk/dclg

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June 2014

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ISBN: 978-1-4098-????-?