



Home Office



Firefighters' Pensions Statistics:

Financial and scheme membership data on the firefighters' pension schemes in England

Statistical Bulletin 14/16

Produced by the Fire Statistics team

FireStatistics@homeoffice.gsi.gov.uk

020 7035 5022

19th October 2016

Key Findings

Income and Expenditure

- Firefighters' Pension Fund income in England increased to **£380** million in 2015/16 from £302 million in 2014/15, an increase of 26%.
- Firefighters' Pension Fund expenditure in England increased 19% to **£890** million in 2015/16, from around £750 million in 2014/15.
- The difference between pension expenditure and income in 2015/16 is a deficit of **£510** million. This deficit has increased by 15% (£67m) in 2015/16 from 2014/15, and 74% (£220m) since 2010/11¹.

Pension Membership

- As at the end of March 2016, 96% (around **39,000**) of the total number of pensioner members in England were in receipt of benefits from the 1992 Scheme.
- As at the end of March 2016, 15% (around **1,000**) of the total number of deferred members had remained in employment as a firefighter in England.
- As at the end of March 2016, 58% (around **14,000**) of active regular firefighter members and 77% (around **7,000**) of active retained firefighter members, belonged to the 2015 Scheme.
- There were **73** ill-health retirements during 2015/16, comprising 49 lower tier ill-health retirements and 24 higher tier ill-health retirements.

¹ Data is presented from 2010/11 as this is when consistent and comparable data was collected from.

Introduction

This release provides income and expenditure information from Firefighters' Pension Fund (FPF) forms submitted by all 45 Fire and Rescue Authorities (FRAs)² in England; and membership data submitted by 44 of 45 FRAs in England due to one FRA being unable to provide data for the 2015/16 period. This includes data from April 2015 to March 2016. There are three pension schemes for firefighters; the 1992 Scheme, the 2006 Scheme and the 2015 Scheme (See full definitions [here](#)). The release has been compiled by the Firefighters' Pensions Team and the Fire and Rescue Statistics Team at the Home Office. This publication is accompanied by reference tables.

All fire statistics tables can be found at:

www.gov.uk/government/statistical-data-sets/fire-statistics-data-tables

It should be noted that due to FPF forms being submitted throughout the year, revisions may occur to some of the data. As such, the figures for 2015/16 in this publication and supporting tables are deemed provisional, whilst some figures for 2014/15 have been revised since the last publication.

Consultation on changes to the publication of Firefighters' Pension Scheme membership data

Prior to 2016, the Firefighters' Pensions Team published two annual statistical bulletins on the firefighters' pension schemes in England. The first was published as National Statistics each year and provided income and expenditure data on the Firefighters' Pension Fund. The second was published as Official Statistics providing additional data on scheme membership.

In recognising that the process of collecting data from individual FRAs, validating it and finalising the publications was resource intensive for both the Department and FRAs, the Department proposed to streamline the process by ceasing the statistical bulletin, or amalgamating it with the annual pensions income and expenditure bulletin. The Department consulted stakeholders on these options in July 2016 (see:

www.gov.uk/government/publications/consultation-on-changes-to-the-firefighters-pension-scheme-membership-data-statistical-bulletin)

Following the receipt of only one response to the consultation, which set out the usefulness of the membership data, the Department has decided to continue the publication of rationalised membership data in an amalgamated version of the bulletin that will cover both membership and pensions income/expenditure data.

By rationalising the data for inclusion we will limit the burden on FRAs. It should also increase completeness of returns to get a more comprehensive data set. This was also an issue raised in the response to consultation.

This edition of the statistical bulletin does not include data on scheme membership opt-out rates. The Department will shortly be collecting up to date opt-out data from FRAs and will include this in future publications.

² Dorset FRA and Wiltshire FRA merged to form a single Dorset and Wiltshire FRA on 1 April 2016.

Contents

1	Pensions Expenditure.....	5
2	Pensions Income.....	6
3	Firefighters' Pension Fund deficit.....	8
4	Scheme Membership Data for 2015/16.....	9
5	Definitions.....	12
6	Further information	14

1. Pensions Expenditure

Pensions expenditure in this context refers to total pension spend by employers in respect of their current and former employees and paid directly out of their local pension fund account.

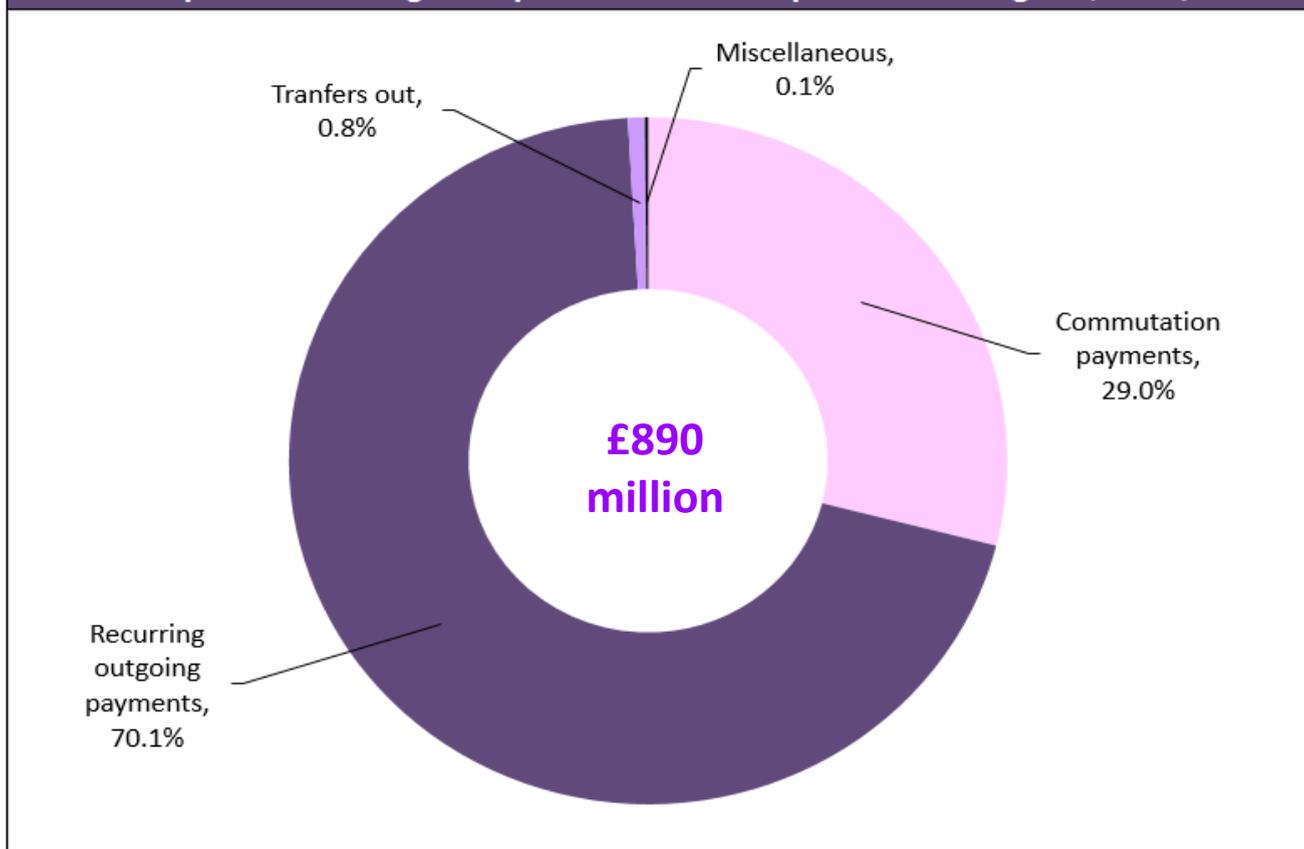
In May 2015, the Pensions Ombudsman's findings in the case of Milne v the Government Actuary's Department³ (GAD) meant that FRAs were required to pay commutation redress to affected members of the 1992 Scheme who retired between 2001 and 2006. Therefore, this publication includes statistics for this redress payment. (For full definitions of expenditure break down see [here](#)). This section refers to the data table FIRE 1301.

- Firefighters' Pension Scheme expenditure in 2015/16 was around £890 million, of which 29% (£258m) were commutation payments⁴, 70% (£625m) recurring outgoing pension payments, 1% (£7m) transfers out, and less than 1% (£1.3m) miscellaneous payments.
- Total expenditure in 2015/16 increased 19% (£144m), up from £750 million in 2014/15.
- As in the previous three years, 99% of Firefighters' Pension Scheme expenditure in England was the payment of regular outgoing pension and commutation payments.
- Expenditure on commutation payments in 2015/16 was £258 million. This compares with £143 million in 2014/15. £90 million of the total increase between 2014/15 and 2015/16 related to commutation redress payments made in respect of the Pensions Ombudsman's decision in the case of Milne v the Government Actuary's Department.
- Even when accounting for this £90 million, there is still a net increase of £25 million in expenditure on commutation payments between 2014/15 and 2015/16.
- Total expenditure is the highest recorded with an increase of 47% (£290m) since 2010/11.

³ Further information can be accessed at: <https://www.pensions-ombudsman.org.uk/determinations/2015/po-1327/firefighters-pension-scheme/>

⁴ Optional one-off lump sum payment on retirement

Chart 1: Proportion of firefighters' pension scheme expenditure in England, 2015/16



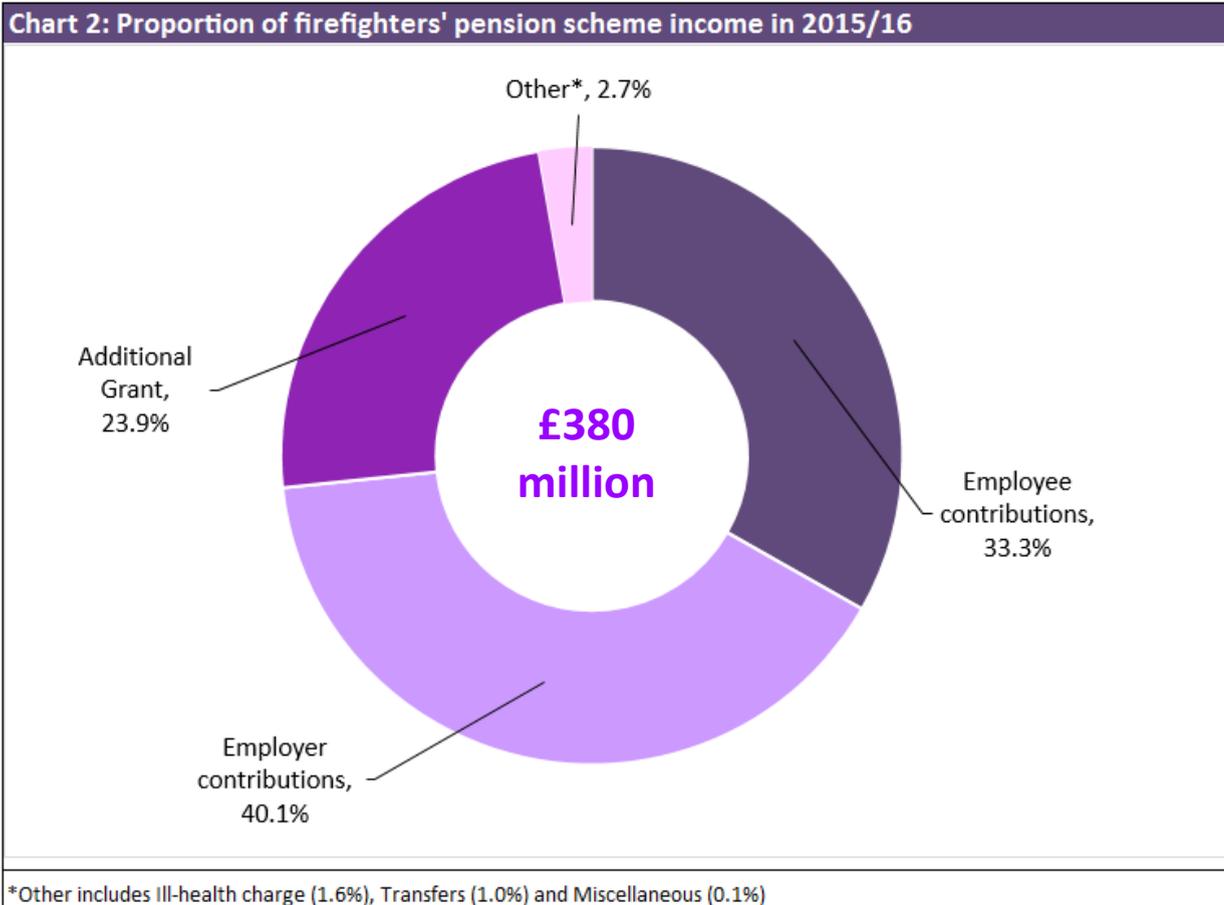
2. Pensions Income

Income is the cash flow paid into a pension scheme by an employee (member of the scheme) and employer. This section refers to table FIRE 1302.

- The total Firefighters' Pension Scheme income in 2015/16 was £380 million, of which 40% (£152m) were employer contributions, 33% (£126m) employee contributions, 24% (£91m) additional grant⁵, 2% (£6m) ill-health charges, 1% (£4m) transfers and less than 1% (£0.4m) miscellaneous.
- Total income in 2015/16 increased by 26% (£80m) from 2014/15. This increase is largely due to the additional grant in 2015/16.
- Employee contributions increased by around 2% to £126 million and employer contributions decreased by around 10% to £152 million in 2015/16. These changes are largely due to scheme members transitioning from the 1992 and 2006 Schemes into the 2015 Scheme, which has a lower contribution rate for the employers.

⁵ This related to additional grant made available to FRAs in order to pay redress to retired 1992 Scheme members affected by the Pensions Ombudsman's decision in the Milne v GAD case

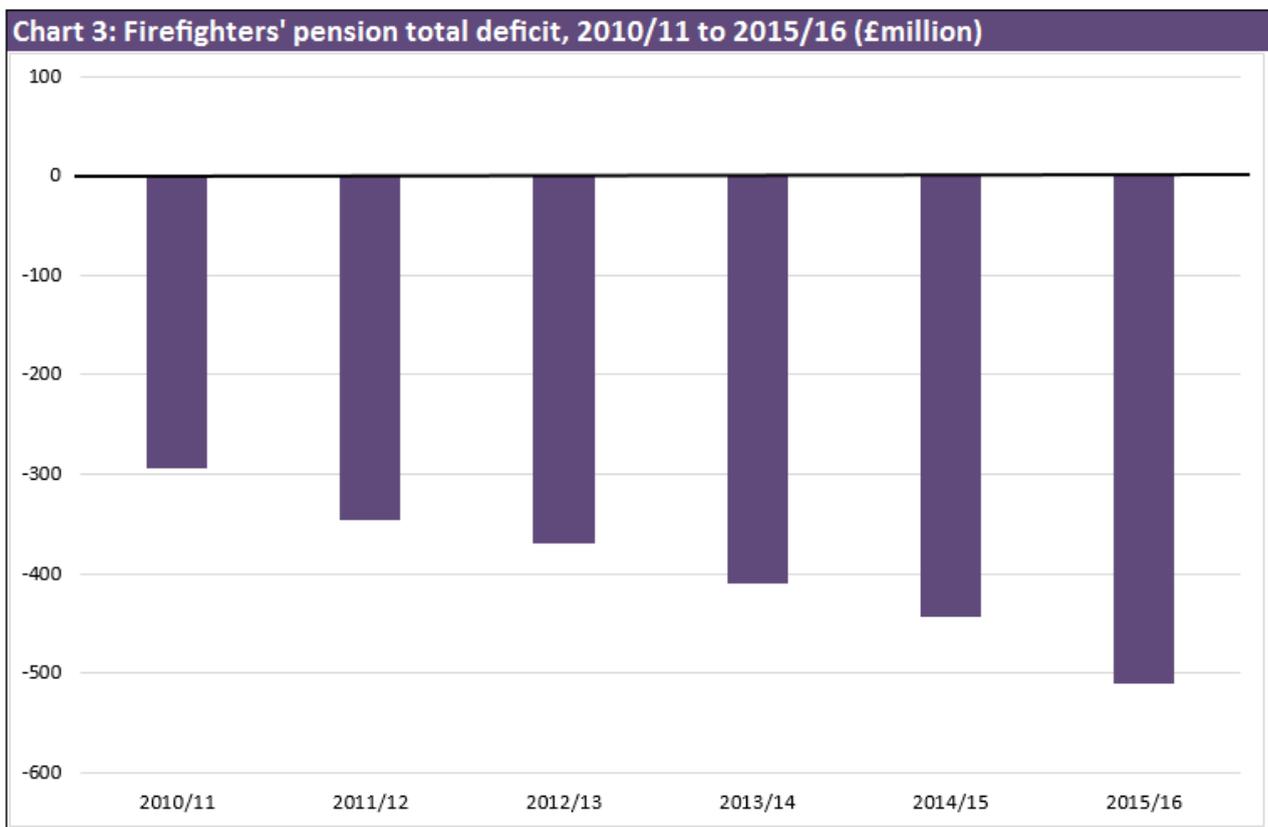
- An additional grant of £91 million in 2015/16 was given to FRAs to enable the payment of commutation redress to 1992 Scheme members affected by the Milne v GAD case.
- In 2015/16, the largest source of income into the Firefighters' Pension Scheme was employer contributions making up 53% (net of the additional grant given in respect of the Milne v GAD redress payments).
- Employee contributions make up a further 44% of the total (again, net of the additional grant in respect of Milne v GAD redress payments).



3. Firefighters' Pension Fund Deficit

Deficit refers to the difference in expenditure and income of the Firefighters' Pension Fund. This section refers to table FIRE 1303.

- Firefighters' Pension Scheme total expenditure in 2015/16 in England was £890 million, whilst total income was £380 million in 2015/16.⁶
- The difference between pension expenditure and income in 2015/16 is a deficit of £510 million.
- This deficit has increased by 15% (£67m) in 2015/16 from 2014/15, and 74% (£220m) since 2010/11.



⁶ Includes the additional grant paid to FRAs and additional redress expenditure paid by FRAs following the Pensions Ombudsman's ruling in the Milne v GAD case

4. Scheme Membership Data for 2015/16

The statistics on membership reflect data returns submitted by 44 of the 45 FRAs in England. The information on Firefighters' Pension Scheme membership within this release covers the three schemes in England, the 1992, 2006 and 2015 Schemes (See full definitions [here](#)). The 2015 Scheme was introduced in England on 1 April 2015. Regular firefighters employed before 6 April 2006 were eligible for membership of the 1992 Scheme, which was closed to new membership on 5 April 2006. The 2006 Scheme was introduced for regular and retained firefighters employed since 6 April 2006. A Modified Scheme was introduced in April 2014 in response to an Employment Tribunal decision in 2011 that required retained firefighters, employed during the period 1 July 2000 and 5 April 2006 inclusive, to be given access to a pension arrangement that provided similar benefits as those provided by the 1992 Scheme. The data published in this release amalgamates the 2006 and Modified Scheme membership data.

The data refers to 2015/16 only. This is due to a change in the way FPF forms collect data on membership for 2015/16, which means that data is not directly comparable to previous years. This section refers to table FIRE 1304.

4.1 Pensioners

Pensioners are those firefighters who have retired from service and are in receipt of their pension benefits. Deferred members include those firefighters who continue in employment but have elected to opt-out of their membership of the pension scheme, and those who have left their employment before reaching the age at which they are entitled to receive their pension benefits. (See full definitions [here](#)).

Table 1 below sets out the number of pensioner members and deferred members in each of the three firefighter pension schemes, as at 31 March 2016.

- 96% of the total number of pensioner members are members who have retired and are in receipt of benefits from the 1992 Scheme.
- 15% (around 1,000) of the total number of deferred members were still in employment as a firefighter.

Table 1: Existing and deferred pension members by pension scheme in England, as at end of March 2016

	1992 Scheme	2006 Scheme	2015 Scheme	Total
Number of pensioners, 2015/16	39,251	1,446	22	40,719
Total deferred members	2,145	6,402	661	9,208
<i>Of which:</i>				
Deferred members who left employment	1,868	5,705	470	8,043
Deferred members who remained in employment	277	697	191	1,165

Statistics in this table only include returns from 44 out of 45 FRAs in England due to one FRA being unable to provide data for the 2015/16 period.

4.2 Active members

Active members are personnel currently employed in the role of a firefighter and who are members of one of the pension schemes and pay employee contributions based on the pensionable pay that they earn. Retained firefighters are personnel contracted to be available for agreed periods of time for firefighting purposes, but who could also have an alternative employment elsewhere. It is worth noting that there are no retained members of the 1992 Scheme as they were not entitled to join that scheme.

- 58% (around 14,000) of active regular members and 77% (around 7,000) of active retained members belonged to the 2015 Scheme as at 31 March 2016.
- The large majority of members being in the 2015 Scheme is due to the transition of 1992 and 2006 Scheme members to the 2015 Scheme on 1 April 2015.

4.3 Transfers

Transferring pension benefits is the process whereby a member elects to transfer the value of their pension benefits from an external pension arrangement to their firefighters' pension scheme membership; or vice versa, where they transfer the value of their firefighter pension benefits to another external pension arrangement.

Table 2 shows the numbers of transfers into and out of all three firefighter pension schemes during 2015/16.

Table 2: Members transferring into and out of pension schemes in England, 2015/16

	Transfers in	Transfers out
External pension schemes	106	74

Statistics in this table only include returns from 44 out of 45 FRAs in England due to one FRA being unable to provide data for the 2015/16 period.

4.4 Ill-health retirements

Ill-health retirement occurs when a member becomes entitled to an immediate payment of their pension benefits as a consequence of becoming permanently disabled for undertaking their role as a firefighter (See full definitions [here](#)).

Table 3 shows the numbers of ill-health retirements, and how many of these were lower tier or higher tier during 2015/16.

Table 3: Number of ill-health retirements in England, 2015/16

	1992 Scheme	2006 Scheme	2015 Scheme	Total
Ill-health	51	17	5	73
<i>Of which:</i>				
<i>Lower tier</i>	33	12	4	49
<i>Higher tier</i>	18	5	1	24

Note: Statistics in this table only include returns from 44 out of 45 FRAs in England due to one FRA being unable to provide data for the 2015/16 period.

4.5 Opt-outs

The Department will shortly be collecting up to date data in respect of those members that have elected to opt-out of their pension scheme membership. This information will be included in the next annual firefighters' pensions statistics publication.

5. Definitions

This section provides some background information and definitions of terms in this document:

1992 Scheme: closed to new membership on 5 April 2006. It is a final salary scheme which provides $1/60^{\text{th}}$ accrual in the first 20 years of service and double accrual (i.e. $2/60^{\text{ths}}$ accrual) in the next 10 years of service, giving a maximum pension entitlement of $40/60^{\text{ths}}$. It has a normal pension age of 55, but provides for members to retire from age 50 years with 25 or more years pensionable service.

2006 Scheme: closed to new membership on 31 March 2015. It was introduced for regular and retained firefighters employed since 6 April 2006. It is a final salary scheme with $1/60^{\text{th}}$ accrual for each year of service, providing a maximum pension of $45/60^{\text{ths}}$. It has a normal pension age of 60 years.

2014 Modified Scheme: was introduced in April 2014 in response to an Employment Tribunal decision in 2011 that required retained firefighters, employed during the period 1 July 2000 and 5 April 2006 inclusive, to be given access to pension arrangements that provided similar benefits as those provided by the 1992 Scheme. The Modified Scheme is a final salary scheme with $1/45^{\text{th}}$ accrual rate for each year of service, providing a maximum pension of $30/45^{\text{ths}}$. It has a normal pension age of 55 years. The provisions of the Modified Scheme are incorporated within the 2006 Scheme's regulations. The data published in this release amalgamates the 2006 and Modified Scheme membership data.

2015 Scheme: was introduced in England on 1 April 2015. It is a career average scheme, as opposed to final salary, where members effectively accrue an annual pension pot for each year of service based on the pensionable pay they received. It provides a $1/59.7^{\text{th}}$ accrual rate and has no pension limit. It has a normal pension age of 60. Unless covered by transitional protection arrangements introduced as part of the new scheme, existing members of the 1992 and 2006 Schemes were required to transition into the 2015 Scheme on 1 April 2015.

Commutation Payment: This is a lump sum payable by the employer where a retiring member makes an election to convert a proportion of his/her future annual pension for a lump sum.

Deferred Pension: A person becomes entitled to a deferred pension if they leave employment, or make an election to cease paying pension contributions, prior to becoming entitled to receive the immediate payment of their pension. Deferred pensions come into payment when the member attains age 60 years in the 1992 Scheme; and 65 years in the 2006 Scheme; and State Pension Age in the 2015 Scheme.

Deferred Members: A member who elects to leave the scheme's membership, either by virtue of leaving employment or opting out of the scheme's membership, prior to becoming entitled to an immediate payment of their pension will become a deferred member and become entitled to a deferred pension at the ages mentioned above.

Ill-Health Charge: This is a cash sum payable by the employer to their Firefighters' Pension Fund 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 retirement.

Ill-Health Retirement: Ill-health retirement occurs when a member becomes entitled to immediate payment of their pension benefits as a consequence of becoming permanently disabled for undertaking their roles as a firefighter. There are two levels of ill-health retirement, lower-tier and higher tier awards. The lower tier award entitles any member who becomes permanently disabled for undertaking their role as a firefighter to the immediate payment of the pension benefits that they have accrued (i.e. a lower tier pension); the higher tier award entitles any member who becomes permanently disabled for undertaking their role as a firefighter and any other regular employment (defined as a minimum of 30 hours per week over a period of at least 12 months) to the immediate payment of a lower tier pension and also an additional enhanced higher tier pension.

Opting out: Members of the scheme may elect to opt out, thereby ceasing to pay pension contributions while remaining in employment as a firefighter with the FRA. Members who opt out prior to becoming entitled to payment of their pension will become entitled to a deferred pension.

Pensioner: A scheme member who has retired from their employment as a firefighter and is receiving an immediate entitlement to the payment of their pension benefits.

Recurring Pension Payments: These are the monthly (post-commutation) pension payments made to retired members of the pension schemes.

Transfers In and Out: A cash value representing a person's pension pot may be transferred with them when they move from one pension scheme to another.

Milne Vs GAD case: In May 2015, the Pensions Ombudsman issued his Final Determination in a case brought by a retired Scottish firefighter, Mr Milne, against the Government Actuary's Department (GAD). The Ombudsman determined that there was maladministration by GAD as the Scheme factors should have been revised for firefighters who retired between 2001 and 2006. Effectively, this meant that FRAs were required to pay redress to affected members of the 1992 Scheme who retired during the same period.

6 Further Information

The responsibility for the policy and legislation of the three firefighters' pension schemes (the 1992, 2006 and 2015 Firefighters' Pension Schemes) in England currently rests with the Home Office, whilst the administration and payment of individual pensions and benefits is the responsibility of each employing FRA. 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, managed by each FRA. Each FRA pays pension costs out of this account. Any shortfall between receipts and expenditure is met by an annual top-up grant paid by the Home Office.

It should be noted that in January 2016 responsibility for firefighters' pensions moved from the Department for Communities and Local Government to the Home Office.

Guidance for using these statistics and other fire statistics publications can be found on the fire statistics collection page:

www.gov.uk/government/collections/fire-statistics

This publication is accompanied by reference data tables. All fire statistics tables, relating to all of the fire statistics publications can be found at:

www.gov.uk/government/statistical-data-sets/fire-statistics-data-tables

Media enquires via Home Office news desk:

Office hours: 020 7035 3535

7am-8pm Monday – Friday

Out of hours: 07659 174240

Statistical or public enquiries:

The responsible statistician for this publication is: Fay Graves

Contact the Fire and Rescue Statistics team at:

Email: FireStatistics@homeoffice.gsi.gov.uk

Telephone: 020 7035 5022

The information published in this release is kept under review taking into account the needs of users, burdens on suppliers and producers, in line with the Code of Practice for Official Statistics. Feedback on the changes detailed, and proposals for future changes, are welcome.

If you have any comments, suggestions or enquiries, please contact the team via email using FireStatistics@homeoffice.gsi.gov.uk

Statistical Bulletins are prepared by staff in Home Office Statistics under the National Statistics Code of Practice and can be downloaded from GOV.UK:

www.gov.uk/government/organisations/home-office/about/statistics

ISBN: 978-1-78655-266-2

ISSN: 1759-7005



© Crown copyright 2016

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3 or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.