



# ***Statistical Release***

**Friday 29 July 2011**

## **FIREFIGHTERS' PENSION INCOME AND EXPENDITURE**

This release provides information on Firefighters' Pension Fund forms (FPF) obtained all 46 Fire Authorities in England that provide information on Firefighters Pension Funds.

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

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## Firefighter Pension Scheme England 2009-10

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## Background

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 40/60<sup>ths</sup> and has a normal retirement age of 55 (or 50 after 25+ years service). It has a current membership of approximately 24,300 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 retirement age of 60. It has a current membership of approximately 12,000 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 of the 46 English Fire and Rescue Authorities.

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 a top-up grant paid by DCLG.

## Firefighters' Pension Scheme England 2008-09 and 2009-10

### Expenditure: 2008-09 to 2009-10

1. **Table 1** provides figures for all Firefighters' Pension Fund expenditure from 2008-09 to 2009-10.

- Firefighters' Pension Fund expenditure in 2009-10 was £645 million, compared with £591 million in 2008-09, an increase of 9%.
- In 2009-10, 99% of Firefighters' Pension Fund expenditure in England was on benefits in the form of pensions and early retirements
- Expenditure on commutation payments in 2009-10 was £171 million. This compares with £163 million in 2008-09

<b>Table 1. Firefighters Pension Fund Expenditure</b>			
	<b>2008-09</b>	<b>£Million 2009-10</b>	<b>Change</b>
<b>Pensions outgoings</b>	588.3	633.6	8%
<i>of which</i>			
<i>Commutation payments</i>	166.4	170.8	3%
<i>Recurring outgoing payments</i>	422.1	462.7	10%
<b>Transfers out<sup>1</sup></b>	2.5	9.1	267%
<b>Miscellaneous<sup>2</sup></b>	0.5	2.0	310%
<b>Total</b>	591.3	644.8	9%
1 This only includes the value of transfers out of the FPS and the NFPS to other pension schemes			
2 This will contain the value of any other source of miscellaneous expenditure for each Fire Authorities Pension Fund. For most Authorities this will normally be zero but will provide Fire Authorities with a means of recording any additional streams of expenditure.			

### **Income: 2008-09 to 2009-10**

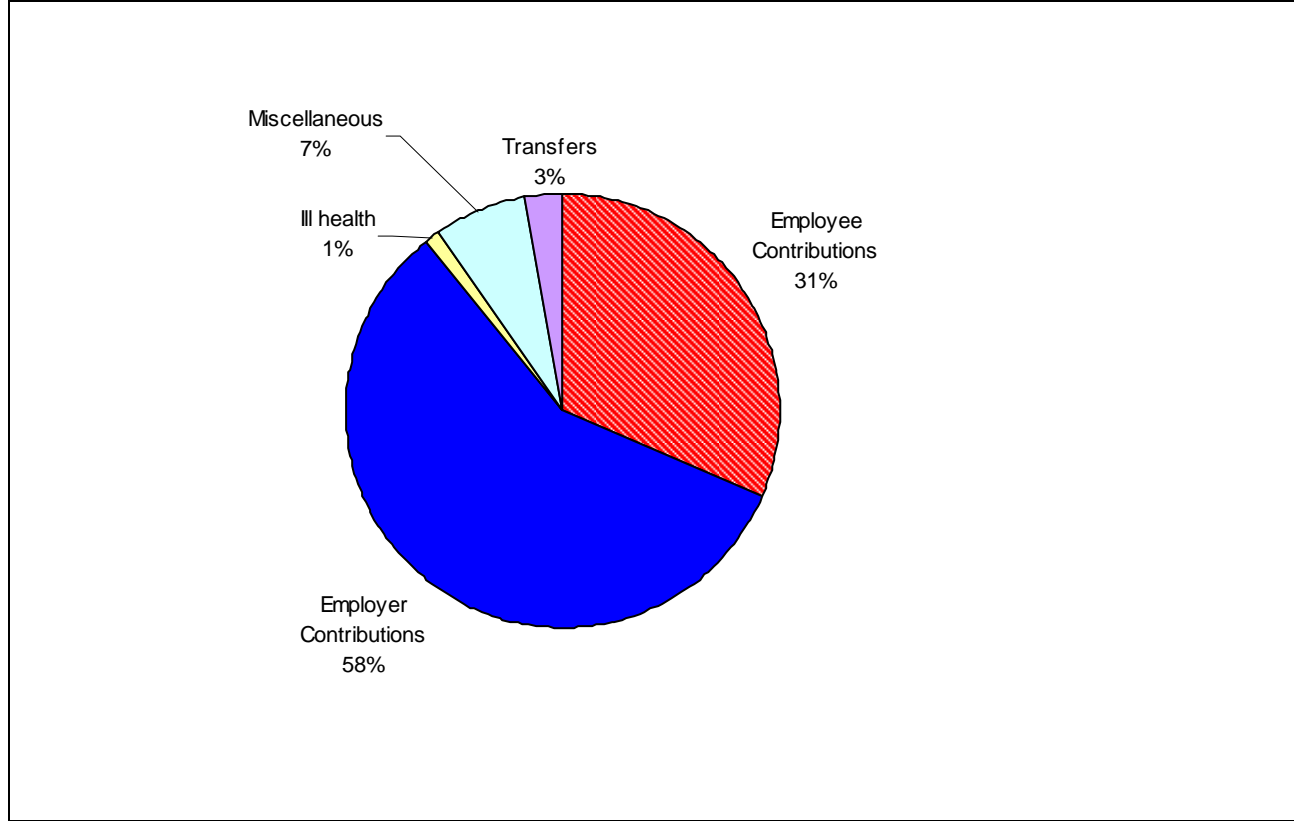
2. **Table 2** and **Chart A** provide figures for income into the Firefighters' Pension Fund from 2008-09 to 2009-10.

- In 2009-10, the largest source of income into the Firefighters' Pension Fund was employer contributions making up 58%, whilst employee contributions make up a further 31% of the total.
- Income from employee contributions to the Firefighters' Pension Fund in 2009-10 was £107 million, a decrease of 1% on 2008-09. Income from employers' contributions to the scheme decreased by 2% in the same period.
- Income from ill health charges fell by 34% on 2008-09 to £4.3 million, whilst miscellaneous pension income increased 364% from £5.1 million to £23.8 million in 2009-10.
- Following the High Court judgement on a Judicial Review of the Home Office'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 to be recorded as pensions income on each Authority's pension account under miscellaneous.

<b>Table 2. Firefighters Pension Fund Income</b>			
	<b>2008-09</b>	<b>£Million 2009-10</b>	<b>% Change</b>
<b>Employee Contributions</b>	108.7	107.3	-1%
<b>Employer Contributions</b>	203.5	198.5	-2%
<b>Ill health</b>	6.5	4.3	-34%
<b>Miscellaneous<sup>1</sup></b>	5.1	23.8	364%
<i>of which Special second commutation payment</i>	..	23.8	..
<b>Transfers</b>	8.8	9.1	3%
<b>Total</b>	<b>332.7</b>	<b>342.9</b>	<b>3%</b>

1 Miscellaneous Income - This will contain the value of any other source of miscellaneous income for each FRA's Pension Fund. For most Authorities this income field will normally be zero but will provide Authorities with a means of recording any additional streams of income

**Chart A: Firefighter Pension Fund income in 2009-10**



3. **Table 3.** provides a comparison of total Firefighters' Pension Fund expenditure and income from 2008-09 to 2009-10.

- The deficit in 2008-09 was £259 million. In 2009-10 it was £302 million, an increase of 17%.

<b>Table 3. Firefighter Pension Fund Total Income and Expenditure.</b>						
	<b>Total Income</b>	<b>% Change</b>	<b>Total Expenditure</b>	<b>% Change</b>	<b>Deficit</b>	<b>% Change</b>
<b>2008 - 09</b>	333	..	591	..	259	..
<b>2009 - 10</b>	343	3	645	9	302	17

Under the current financing arrangements for firefighter pensions, where a Fire Authority's total pension income exceeds total pension expenditure this will create a pension surplus for the particular Fire Authority's locally managed pensions account which will be recouped by central Government. Where a Fire Authority's total pension income is less than the total pension expenditure this will create a pensions account deficit which will be reimbursed to the Fire Authority by payment of the annual Pensions Top Up grant from DCLG.

## Firefighters' Pension Scheme England 2010-11

These figures provide figures from the un-audited data of Firefighters' Pension funds Expenditure and Income for the year 2010-11. The information is based on un-audited data from 100% of fire Authorities and is subject to change.

### Expenditure: 2010-11

4. **Table 1** provides figures for all Firefighters' Pension Fund expenditure 2010-11

- Firefighters' Pension Fund un-audited expenditure for 2010-11 is £605 million.
- It is thought that in 2010-11, 99% of Firefighters' Pension Fund expenditure in England will be on benefits in the form of pensions and early retirements.

<b>Table 4. Firefighters Pension Fund Expenditure un-audited 2010 11</b>	
	<b>£Million 2010-11</b>
<b>Pensions outgoings</b>	600.2
<i>of which</i>	
<i>commutation payments<sup>1</sup></i>	132.4
<i>Recurring outgoing payments</i>	471.0
<b>Transfers out<sup>2</sup></b>	4.0
<b>Miscellaneous<sup>3</sup></b>	0.7
<b>Total</b>	604.9

1 One authority failed to provide a figure for their commutation payment and thus their figure for this particular section was estimated based upon last years audited data.  
2 This only includes the value of transfers out of the FPS and the NFPS to other pension schemes  
3 This will contain the value of any other source of miscellaneous expenditure for each Fire Authorities Pension Fund. For most Authorities this will normally be zero but will provide Fire Authorities with a means of recording any additional streams of expenditure.

### Income: 2010-11

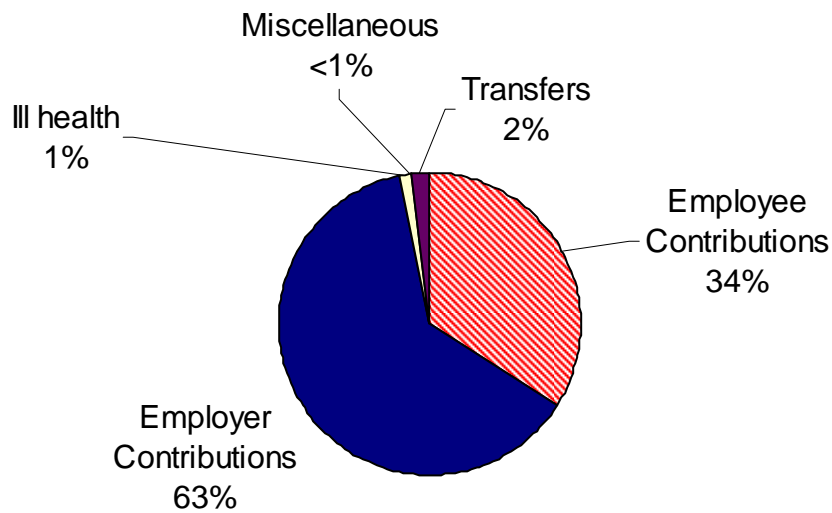
5. **Table 2** and **Chart B** provide projected figures for income into the Firefighters' Pension Fund for 2010-11.

- In 2010-11, the un-audited data shows that the largest source of income into the Firefighters' Pension Fund was employer contributions making up 63%, whilst employee contributions make up a further 34% of the total.

**Table 5. Firefighters Pension Fund Income un-audited 2010-11**

	£Million 2010-11
Employee Contributions	105.6
Employer Contributions	193.7
Miscellaneous	0.0
Ill health	3.7
Transfers	6.2
<b>Total</b>	<b>309.1</b>

**Chart B: Firefighter Pension Fund income un-audited in 2010-11**





## **Terminology used in this release**

A list of terms relating to local government finance is given in the glossary at *Annex G to Local Government Financial Statistics England No. 21 2011*. This is accessible at <http://www.communities.gov.uk/publications/corporate/statistics/financialstatistics212011> Information can be found on the Local Government Pension Scheme at <http://www.communities.gov.uk/localgovernment/localregional/localgovernmentfinance/statistics/pensionscheme/>

The most relevant terms for this release are explained below.

### **Administering authority**

A body responsible for administering the Firefighter Pension Scheme, also known as Fire and Rescue Authorities.

### **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 Fund each time they medically retire a scheme member on ill-health grounds. The ill-health charge equates to a payment of 2 times pensionable pay for a lower tier ill-health retirement and 4 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 that is transferred with them when they move from one pension scheme to another.

### **Data quality**

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 Firefighter Pension Schemes and associated information for the financial year 2009-10 (FFP) forms.

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 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.

### **Uses made 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 FireFighter Pension Schemes. The data are also used by fire authorities and their associations.

## Background Notes

1. Statistical Releases are produced to high professional standards set out in the National Statistics Code of Practice. They undergo regular quality assurance reviews to ensure that they meet customer demands.
2. The information for 2009-10 in this Statistical Release is derived from Firefighter Pension Scheme (FFP) forms submitted by all 46 Administering Authorities in England only.
3. 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.
4. For press enquiries about this Statistical Release please contact the Local Government press desk on 0303 444 0444 or email [press.office@communities.gsi.gov.uk](mailto:press.office@communities.gsi.gov.uk). For other enquiries please telephone Raych Clayton on 0303 444 4183 or email [sf3.statistics@communities.gsi.gov.uk](mailto:sf3.statistics@communities.gsi.gov.uk).
5. Timings of future releases are regularly placed on the Department's website, [www.communities.gov.uk](http://www.communities.gov.uk) and on the National Statistics website, [www.statistics.gov.uk/hub/release-calendar/index.html](http://www.statistics.gov.uk/hub/release-calendar/index.html)
6. Further information is also available on the department's website [www.communities.gov.uk/localgovernment/localgovernmentfinance/](http://www.communities.gov.uk/localgovernment/localgovernmentfinance/)
7. For a fuller picture of recent trends in local government finance, readers are directed to *Local Government Financial Statistics England No.21 2011* which is available in hard copy from Wetherby Publications Centre at [communities@twoten.com](mailto:communities@twoten.com) (Tel. 0870 1226 236) and electronically from the Communities and Local Government website. <http://www.communities.gov.uk/publications/corporate/statistics/financialstatistics21201>

### Symbols and convention used in this release

.. = not available

### Rounding

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

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