



Department for  
Communities and  
Local Government

# *Statistical Release*

31 July 2012

## FIREFIGHTERS PENSION INCOME AND EXPENDITURE, 2010-11 & 2011-12

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.

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## Firefighters Pension Scheme, England

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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 40/60ths and has a normal retirement age of 55 (or 50 after 25+ years service). It has a current membership of approximately 25,400 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 11,900 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 to 2011-12

### Expenditure: 2008-09 to 2010-11

1. **Table 1** and **Chart A** provide figures for all Firefighters Pension Scheme expenditure from 2008-09 to 2011-12.

- Firefighters Pension Scheme expenditure in 2011-12 was £644 million, an increase of 7% compared with £605 million in 2010-11.
- In both 2010-11 and 2011-12, 99% of Firefighters Pension Scheme expenditure in England was on benefits in the form of pensions and early retirements.
- Expenditure on commutation payments in 2011-12 was £132 million. This compares with £127 million in 2010-11.

**Table 1: Firefighters Pension Scheme Expenditure, 2008-09 to 2011-12**

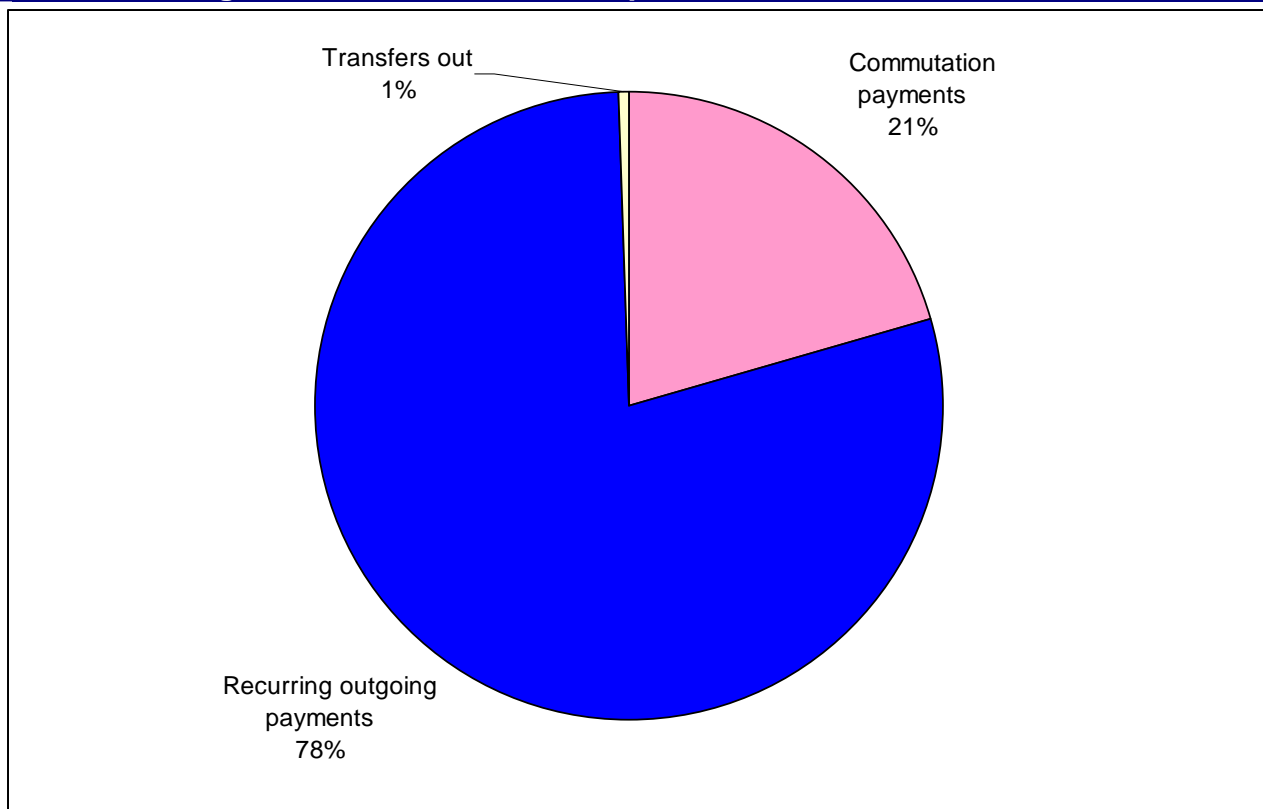
	<b>£million</b>				<b>%change</b>
	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12<sup>1</sup></b>	<b>2011-12</b>
Pension outgoings	588.3	633.6	599.7	640.3	7%
<i>of which:</i>					
<i>Commutation payments</i>	166.4	170.9	126.9	132.3	4%
<i>Recurring outgoing payments</i>	422.1	462.7	472.8	508.0	7%
Transfers out <sup>2</sup>	2.5	9.1	4.7	3.4	-27%
Miscellaneous	0.5	2.0	0.1	0.1	-14%
<b>Total</b>	<b>591.3</b>	<b>644.8</b>	<b>604.5</b>	<b>643.8</b>	<b>7%</b>

Source: FPF forms

<sup>1</sup>2011-12 figures are unaudited, previous years are audited.

<sup>2</sup>This only includes transfers out of FPS and NFPS to other pension schemes

**Chart A: Firefighters Pension Scheme Expenditure, 2011-12**



## Income: 2008-09 to 2011-12

2. **Table 2** and **Chart B** provide figures for the income of the Firefighters Pension Scheme from 2008-09 to 2011-12.

- In 2011-12, the largest source of income into the Firefighters Pension Scheme was employer contributions making up 63%, whilst employee contributions make up a further 34% of the total. These were the same proportions as in 2010-11, although both employer and employee contributions declined
- Income from employee contributions to the Firefighters Pension Scheme in 2011-12 was £103 million, a decrease of 3% on £106 million in 2010-11, itself a decrease of 1% on 2009-10. Income from employers' contributions to the scheme declined by 3% in 2011-12 and 2% in 2010-11.
- Income from ill health charges were £4.8 million in 2011-12, an increase of 28% on £3.7 million in 2010-11.
- Transfers into the Firefighters Pension Scheme fell 58% year-on-year to £2.8 million in 2011-12, from £6.2 million in 2010-11 and £9.1 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 recorded as miscellaneous income in 2009-10.

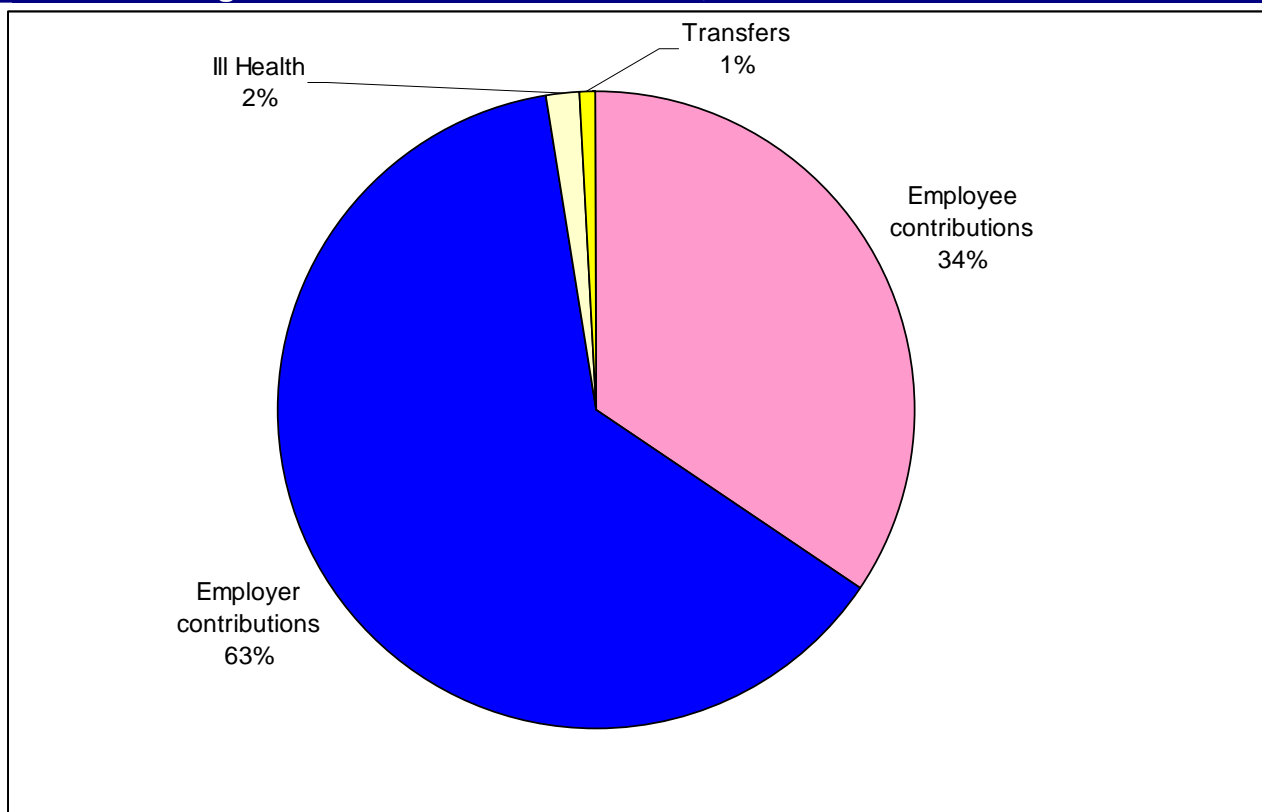
**Table 2: Firefighters Pension Scheme Income, 2008-09 to 2011-12**

	<b>£million</b>				<b>% change</b>
	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12<sup>1</sup></b>	<b>2011-12</b>
Employee contributions	108.7	107.5	106.0	102.9	-3%
Employer contributions	203.5	198.5	194.7	188.0	-3%
Ill Health	6.5	4.3	3.7	4.8	28%
Miscellaneous	5.1	23.8	0.0	0.2	-
<i>of which:</i>					
<i>Special second commutation payment</i>	-	23.8	-	-	-
Transfers	8.8	9.1	6.2	2.6	-58%
<b>Total</b>	<b>332.7</b>	<b>342.9</b>	<b>310.6</b>	<b>298.4</b>	<b>-4%</b>

Source: FPF forms

<sup>1</sup>2011-12 figures are unaudited, previous years are audited.

**Chart B: Firefighters Pension Scheme Income, 2011-12**



3. **Table 3** provides a comparison of total Firefighters Pension Scheme expenditure and income from 2008-09 to 2011-12.

- The deficit in 2011-12 was £345 million, an increase of 18% from £294 million in 2010-11, which more than reversed that year's decrease of 3% from £302 million in 2009-10.
- By 2011-12 the deficit of the Firefighters Pension Scheme had increased by 34% from the beginning of the series in 2008-09.

<b>Table 3: Firefighters Pension Scheme Total Income and Expenditure</b>						
	<u>Income</u>		<u>Expenditure</u>		<u>Deficit</u>	
	£m	% change	£m	% change	£m	% change
2008-09	332.7	-	591.3	-	258.6	-
2009-10	342.9	3%	644.8	9%	301.9	17%
2010-11	310.6	-9%	604.5	-6%	293.8	-3%
2011-12 <sup>1</sup>	298.4	-4%	643.8	7%	345.4	18%

Source: FPF forms  
<sup>1</sup>2011-12 figures are unaudited, previous years are audited.

4. 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.
5. 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.

## **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 on the Local Government Pension Scheme can be found at

<http://www.communities.gov.uk/localgovernment/localregional/localgovernmentfinance/statistics/pensionscheme/>

The most relevant terms for 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.

### **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 Firefighters Pension Schemes and associated information for the financial years' 2010-11 and 2011-12 (FPF) 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 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.



## 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 Firefighters Pension Scheme. The data are also used by fire authorities and their associations.

## 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 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 Timo Long on 0303 444 1751 or email [sf3.statistics@communities.gsi.gov.uk](mailto:sf3.statistics@communities.gsi.gov.uk). For other enquiries please telephone the Local Government press desk on 0303 444 0444 or email [press.office@communities.gsi.gov.uk](mailto:press.office@communities.gsi.gov.uk) .
5. The responsible statisticians for this release are Steven Melbourne or Mike Young who can be contacted on 0303 444 2116
6. 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)
7. Further information is also available on the department's website [www.communities.gov.uk/localgovernment/localgovernmentfinance/](http://www.communities.gov.uk/localgovernment/localgovernmentfinance/)
8. For a fuller picture of recent trends in local government finance readers are directed to the latest edition of *Local Government Financial Statistics England No22 2012* which is available in hard copy from Cambertown Limited at [product@communities.gsi.gov.uk](mailto:product@communities.gsi.gov.uk) (Tel: 0300 123 1124)
9. DCLG also collect and publish data on the local government pension scheme. This information can be found at the following website: <http://www.communities.gov.uk/localgovernment/localregional/localgovernmentfinance/statistics/pensionscheme/>

**Symbols and convention used in this release**

(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

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