



Department for
Communities and
Local Government

Local Government Pension Scheme Funds England 2013-14

- Local Government Pension Scheme expenditure on benefits in 2013-14 was £7.8 billion, an increase of £344 million or 4.6% on the figure for 2012-13. Total expenditure was £8.9 billion, some £417 million, or 4.9% more than in 2012-13.
- The overall Local Government Pension Scheme income in 2013-14 was £11.6 billion, an increase of £534 million, or 4.8% when compared with the figure for 2012-13.
- In 2013-14, total expenditure accounted for 77% of the Local Government Pension Scheme income, the same as in 2012-13 and up from 57% in 2006-07.
- Expenditure on lump sums paid on retirement in 2013-14 was £1.2 billion, the same as in 2012-13.
- Costs charged to the funds increased by £80 million, or 16.2%, in 2013-14 to £572 million. This accounted for 6.4% of all expenditure, up from 5.8% the previous year.
- Income from employees' contributions to the Local Government Pension Scheme in 2013-14 was £1.8 billion, an increase of £42 million or 2.4% on 2012-13. Income from employers' contributions to the scheme also increased in the same period by £298 million or 5.2%.
- Income from investments increased by £181 million, or 6.1%, when compared with 2012-13 to £3.2 billion.
- The market value of the funds at end of March 2014 was £178 billion. This represents an increase of more than 6.3% on March 2013 and an increase of 83% on March 2009..
- Following last year's small increase in the number of employees in the Local Government Pension Scheme, in 2013-14 the number of members of the LGPS increased by 83 thousand, or 5.2%.
- During 2013-14 the number of pensioners rose by 56 thousand to more than 1.3 million, an increase of 4.3% over the figure for the end of 2012-13.
- The number of people leaving the Local Government Pension Scheme in 2013-14 because of redundancy decreased by 1.8% over the 2012-13 figure to 12,876

Local Government Finance
Statistical Release

29 October 2014

Introduction	2
Expenditure 2004-05 to 2013-14	3
Income 2004-05 to 2013-14	4
Income & Expenditure	6
Membership	7
Retirements from the Local Government Pension Scheme	8
Definitions	10
Technical notes	12
Enquiries	14

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Introduction

This release provides information on Local Government Pension Scheme Funds in England that was gathered on the SF3(Pensions) 2013-14 forms that were submitted by all 81 Administering Authorities in England. The form collects information on Local Government Pension Funds' scheme income, expenditure, membership, retirements and other activities. It also shows other associated information for the financial year 2013-14 and changes over previous years.

The release has been compiled by the Local Government Finance - Analysis and Data division of the Department for Communities and Local Government.

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 Local Government Pension Scheme. The data are also used by local authorities, their associations and regional bodies.

In addition, the data provides a benchmark on the administration and fund management of the Local Government Pension Scheme. The data are also used in compiling the National Accounts and to show the role of pension funds in the economy.

Comments and feedback from end users for further improvement or about your experiences with this product will be welcomed. Please send all views to: sf3.statistics@communities.gsi.gov.uk

Symbols and conventions

...	= not available
0	= zero or negligible
-	= not relevant
	= discontinuity
(R)	= revised since the last statistical release

Rounding

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

1. Expenditure: 2004-05 to 2013-14

Table 1 and **Chart A** provide figures of the expenditure of the Local Government Pension Scheme from 2004-05 to 2013-14.

- Local Government Pension Scheme expenditure on benefits in 2013-14 was £7.8 billion, an increase of £344 million or 4.6% on the figure for 2012-13. Total expenditure was £8.9 billion, some £417 million, or 4.9% more than in 2012-13.
- In 2013-14, 88% of Local Government Pension Scheme expenditure in England was on benefits in the form of pensions and annuities or lump sums, for retired members and their dependants.
- Expenditure on lump sums paid on retirement in 2013-14 was £1.2 billion, the same as in 2012-13.
- Expenditure on pensions and annuities in 2013-14 was £6.3 billion. This was an increase of £325 million on the figure for 2012-13, and is an increase of 5.4%.
- Costs charged to the funds increased by £80 million, or 16.2%, in 2013-14 to £572 million. This accounted for 6.4% of all expenditure, up from 5.8% the previous year.

Table 1: Local Government Pension Scheme expenditure 2004-05 to 2013-14

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	£ million									
Total expenditure on benefits	4,014	4,272	4,757	5,222	5,600	6,317	6,730	7,534	7,504	7,848
<i>of which:</i>										
<i>Pensions or annuities</i>	3,404	3,611	3,816	4,100	4,388	4,774	5,021	5,503	5,998	6,323
<i>Lump sums paid on retirement</i> ^(a)	540	581	859	1,038	1,047	1,323	1,441	1,706	1,241	1,242
<i>Lump sums paid on death</i> ^(b)	69	78	81	84	123	137	153	164	163	168
<i>Optional lump sum</i> ^(c)	-	-	-	-	41	82	114	161	98	115
<i>Other benefits</i>	2	2	1	1	1	1	1	1	4	1
Disposal of Liabilities	821	896	629	563	523	858	829	551	476	472
<i>of which:</i>										
<i>Transfer values</i>	768	853	598	540	502	846	818	551	476	471
<i>Pensions Act premiums</i>	28	29	26	19	21	12	12	0	0	0
<i>Refunds of contributions</i> ^(d)	24	14	5	4	-	0	0	0	0	0
Costs charged to the funds	251	290	349	375	359	384	437	468	492	572
<i>of which:</i>										
<i>Fund Management costs</i>	162	199	254	270	245	271	313	353	374	449
<i>Administration costs</i>	88	91	95	105	114	115	125	118	119	123
Other expenditure	16	15	19	27	19	19	10	38	17	15
Total expenditure	5,101	5,473	5,754	6,187	6,502	7,578	8,007	8,592	8,490	8,907

Source: SF3 forms

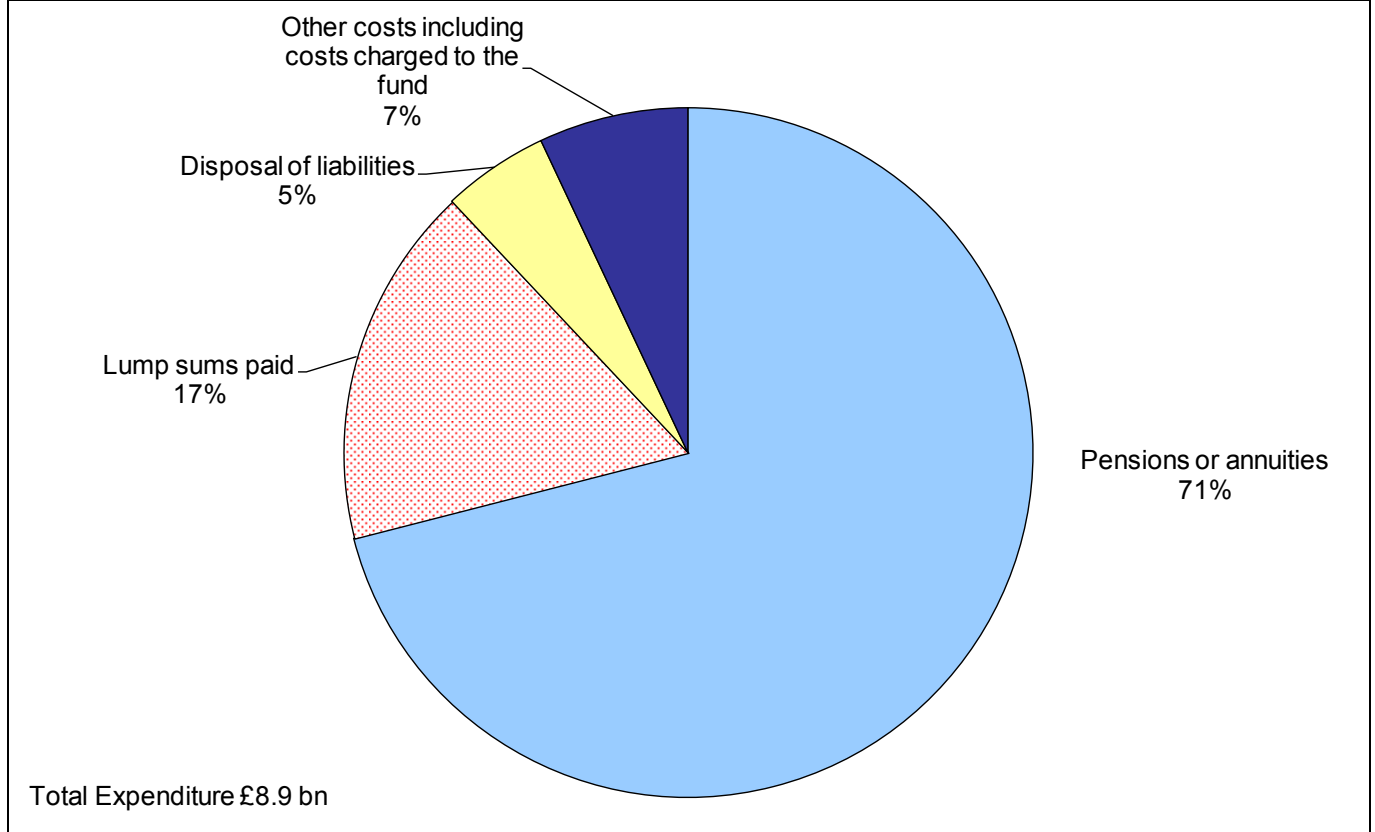
(a) The rules governing the payment of lump sums on retirement changed in 2006-07. They now allow beneficiaries to take more of their pension as a lump sum and less as a continuing pension.

(b) The rules changed from 1 April 2008. Prior to this date death benefit was twice salary, after this date it is three times salary.

(c) This was introduced in April 2008

(d) The rules changed as 1 April 2008. See *Terminology used in this release* for further details

Chart A: Local Government Pension Scheme expenditure in 2013-14



2. Income: 2004-05 to 2013-14

Table 2 and **Charts B & C** provide figures of the income to the Local Government Pension Scheme and the market value of the Local Government Pension Scheme from 2004-05 to 2013-14.

- The overall Local Government Pension Scheme income in 2013-14 was £11.6 billion, an increase of £534 million, or 4.8% when compared with the figure for 2012-13.
- Income from employees' contributions to the Local Government Pension Scheme in 2013-14 was £1.8 billion, an increase of £42 million or 2.4% on 2012-13. Income from employers' contributions to the scheme also increased in the same period by £298 million or 5.2%.
- In 2013-14, 68% of Local Government Pension Scheme income came from employers' and employees' contributions whilst income from investments provided 27% of the total. These are the same proportions as in 2012-13
- Income from investments increased by £181 million, or 6.1%, when compared with 2012-13 to £3.2 billion.
- The market value of the funds at end of March 2014 was £178 billion. This represents an increase of more than 6.3% on March 2013 and an increase of 83% on March 2009.

Table 2: Local Government Pension Scheme income and market value of funds 2004-05 to 2013-14

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
£ million										
Contributions (including those from admitted authorities)										
Employees ^(a)	1,431	1,576	1,605	1,680	1,926	1,974	1,966	1,839	1,785	1,827
Employers ^{(b)(c)}	3,544	4,124	4,626	5,009	5,400	5,759	5,947	5,920 *	5,732	6,030
Investment income (gross)	2,322	2,639	3,019	3,165	2,873	2,572	2,696	3,045	2,983	3,164
of which:										
Dividends receivable	1,407	1,646	1,959	2,080	1,999	1,754	1,708	2,071	2,015	2,161
Interest receivable	420	501	561	638	546	385	383	370	345	361
Income from property	236	247	283	303	302	305	345	387	395	423
Other investment income	259	244	216	144	25	128	259	217	227	218
Transfer values	987	1,044	754	707	557	800	791	662	519	559
Other income	40	43	59	50	50	58	96	82	79	53
Total income	8,325	9,426	10,063	10,610	10,806	11,163	11,496	11,547	11,098	11,632
£ million										
Market value of funds at end of year	89,530	112,967	122,402	119,959	97,272	132,012	142,716	147,719	167,171	177,620

Source: SF3 forms

(a) The rate of employee's contribution to the scheme changed from 1 April 2008 from a flat rate for all employees to a variable rate dependent on salary.

(b) Includes employers' secondary contributions

* Employers contribution for 2011-12 includes a one-off exceptional item of £65m due to transfer of responsibility of scheme

Chart B: Local Government Pension Scheme income in 2013-14

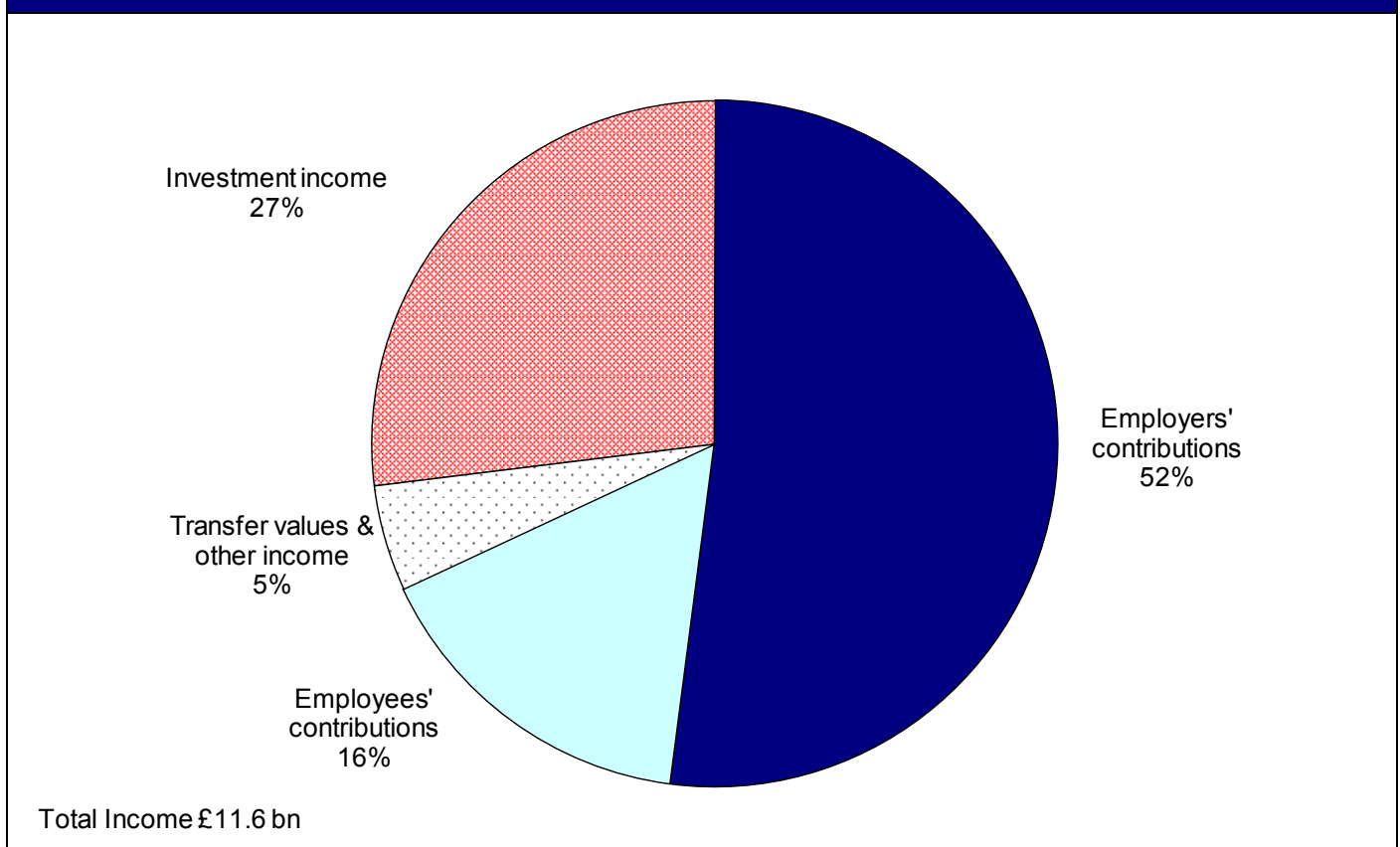
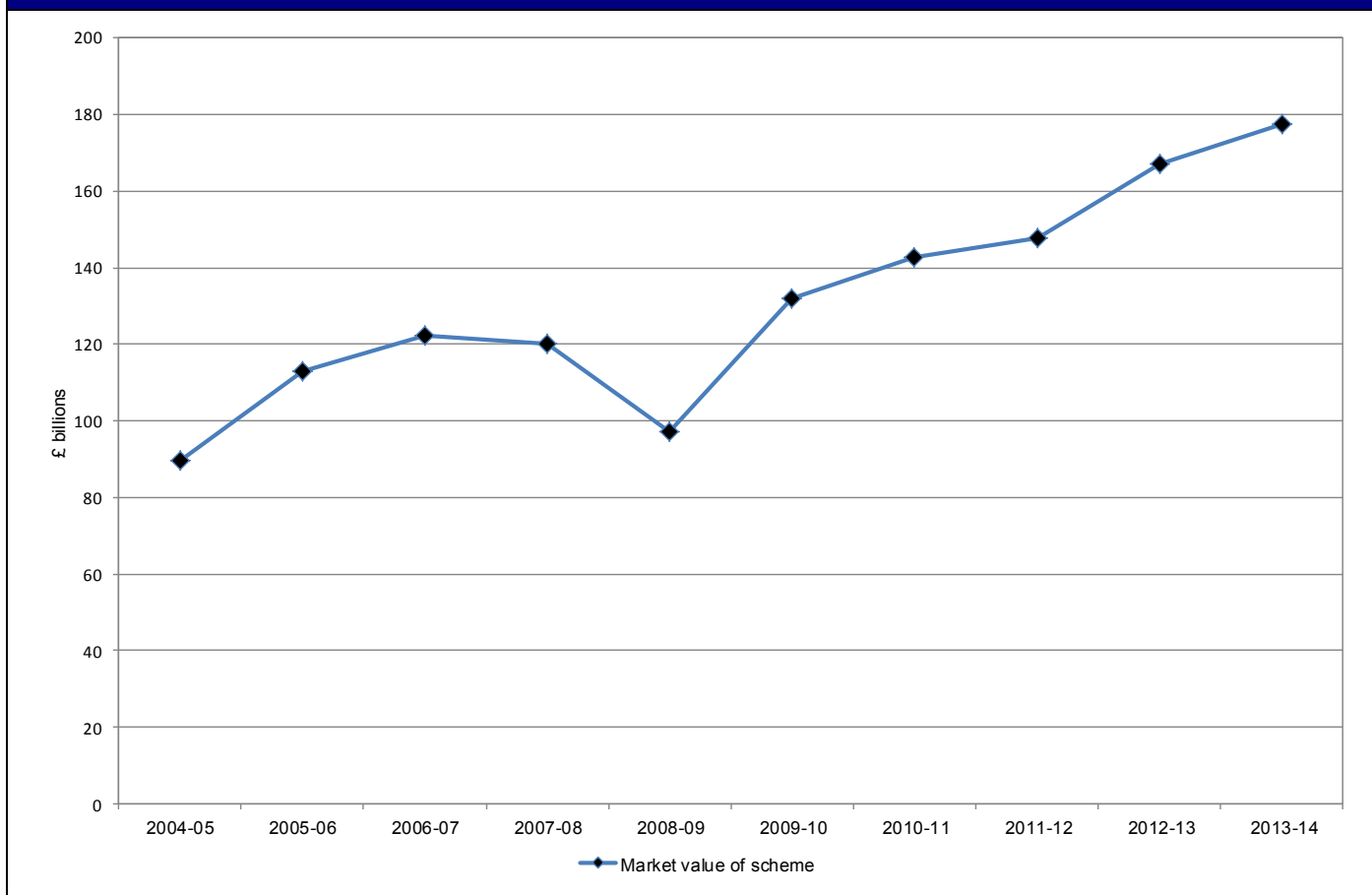


Chart C: Market value at the end of the year of the Local Government Pension Scheme 2004-05 to 2013-14



3. Income & Expenditure

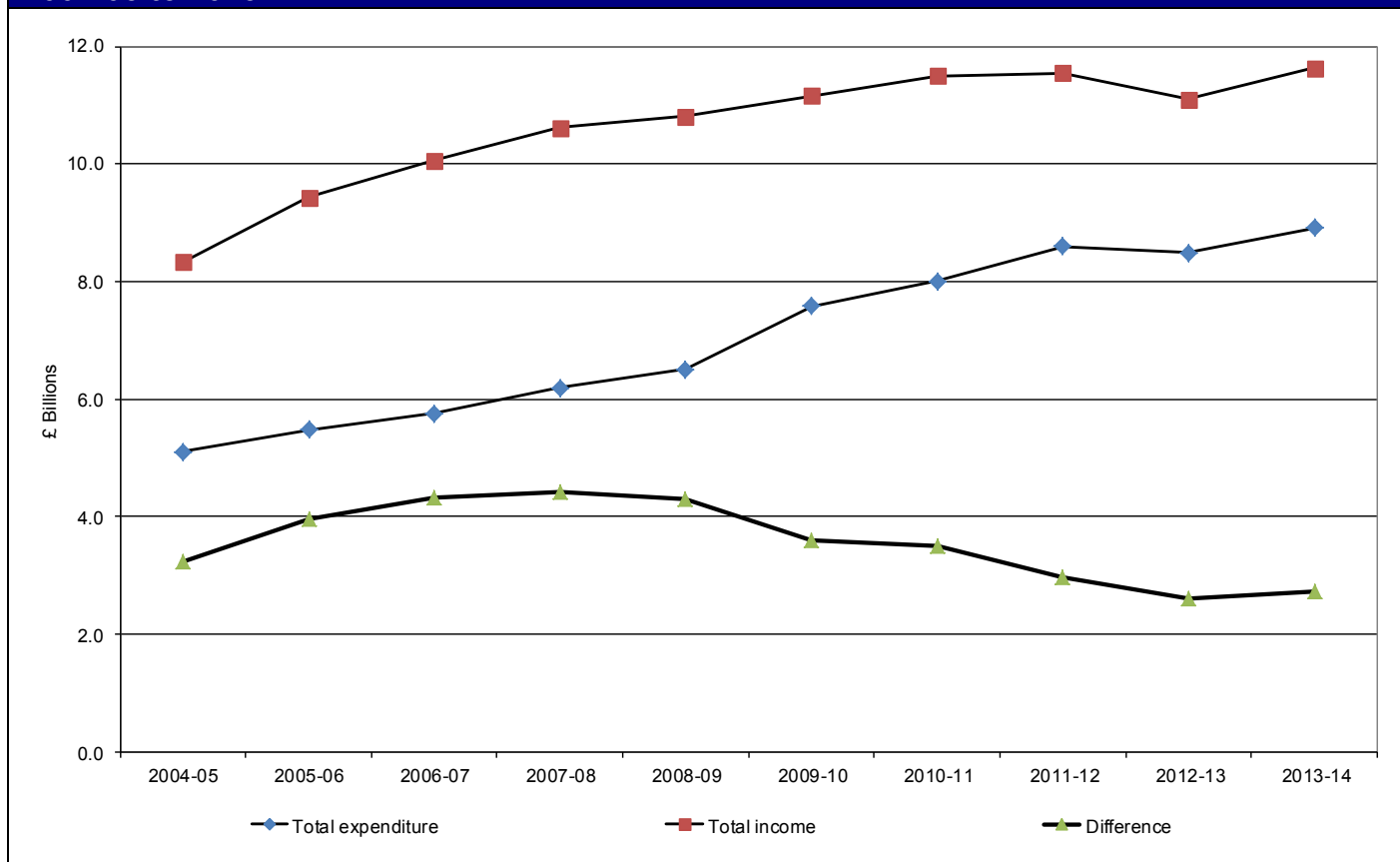
Table 3 and **Chart D** provides a comparison of total Local Government Pension Scheme expenditure and income from 2004-05 to 2013-14.

- In 2013-14, total expenditure accounted for 77% of the Local Government Pension Scheme income, the same as in 2012-13 and up from 57% in 2006-07.

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Total expenditure (from Table 1)	5,101	5,473	5,754	6,187	6,502	7,578	8,007	8,592	8,490	8,907
Total income (from Table 2)	8,325	9,426	10,063	10,610	10,806	11,163	11,496	11,547	11,098	11,632
Excess of income over expenditure	3,224	3,953	4,309	4,424	4,304	3,584	3,488	2,955	2,608	2,725
Expenditure as a % of income	61%	58%	57%	58%	60%	68%	70%	74%	77%	77%

Source: SF3 forms

Chart D: Local Government Pension Scheme total expenditure and income 2004-05 to 2013-14



4. Membership

Table 4 and **Chart E** provide figures of the membership of the Local Government Pension Scheme at the end of each year from 2004-05 to 2013-14.

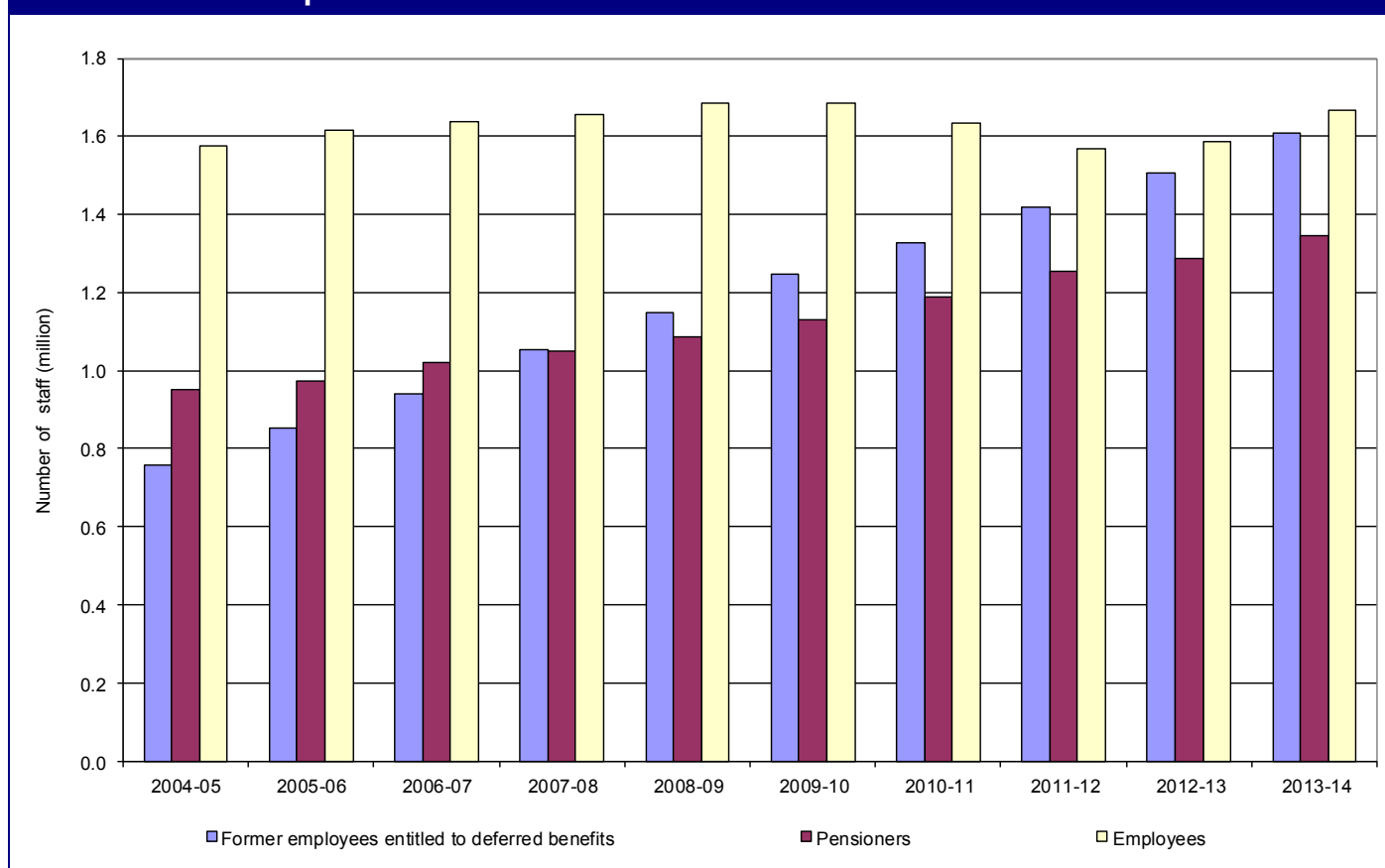
- Following last year's small increase in the number of employees in the Local Government Pension Scheme, in 2013-14 the number of members of the LGPS increased by 83 thousand, or 5.2%. A contributory factor to this increase may be that authorities are now required to auto-enrol staff into pension schemes. This came into effect from October 2012. Staff may opt out of the scheme if they wish.
- During 2013-14 the number of pensioners rose by 56 thousand to more than 1.3 million, an increase of 4.3% over the figure for the end of 2012-13.
- In 2013-14, the number of former employees entitled to deferred benefits rose by 100 thousand to 1.6 million, an increase of 6.1% over 2012-13.

Table 4: Number of Local Government Pension Scheme members at the end of each year 2004-5 to 2013-14

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	Thousand									
Employees	1,577	1,617	1,638	1,656	1,685	1,684	1,633	1,567	1,586	1,668
Pensioners	952	973	1,019	1,049	1,088	1,131	1,187	1,253	1,288	1,344
Former employees entitled to deferred benefits	757	851	942	1,055	1,149	1,245	1,326	1,420	1,508	1,608
Former members to whom Regulation 18 of the 2007 Benefit Regulations (flexible retirees) applies	–	–	0	1	2	4	9	9	10	10

Source: SF3 forms

Chart E: Membership of the Local Government Pension Scheme 2004-05 to 2013-14



5. Retirements from the Local Government Pension Scheme

Table 5 and **Chart F** provide figures of the type of retirement from the Local Government Pension Scheme from 2004-05 to 2013-14.

- The number of people leaving the Local Government Pension Scheme in 2013-14 because of redundancy decreased by 1.8% over the 2012-13 figure to 12,876.
- The number of people leaving the Local Government Pension Scheme in 2013-14 because of normal retirement increased by 5.1% over 2012-13.

- The proportion of people retiring from the Local Government Pension Scheme due to ill-health fell from 15% of all retirements in 2004-05 to 4% in 2011-12 and has remained constant ever since.

Table 5: Type of retirements from the Local Government Pension Scheme 2004-05 to 2013-14

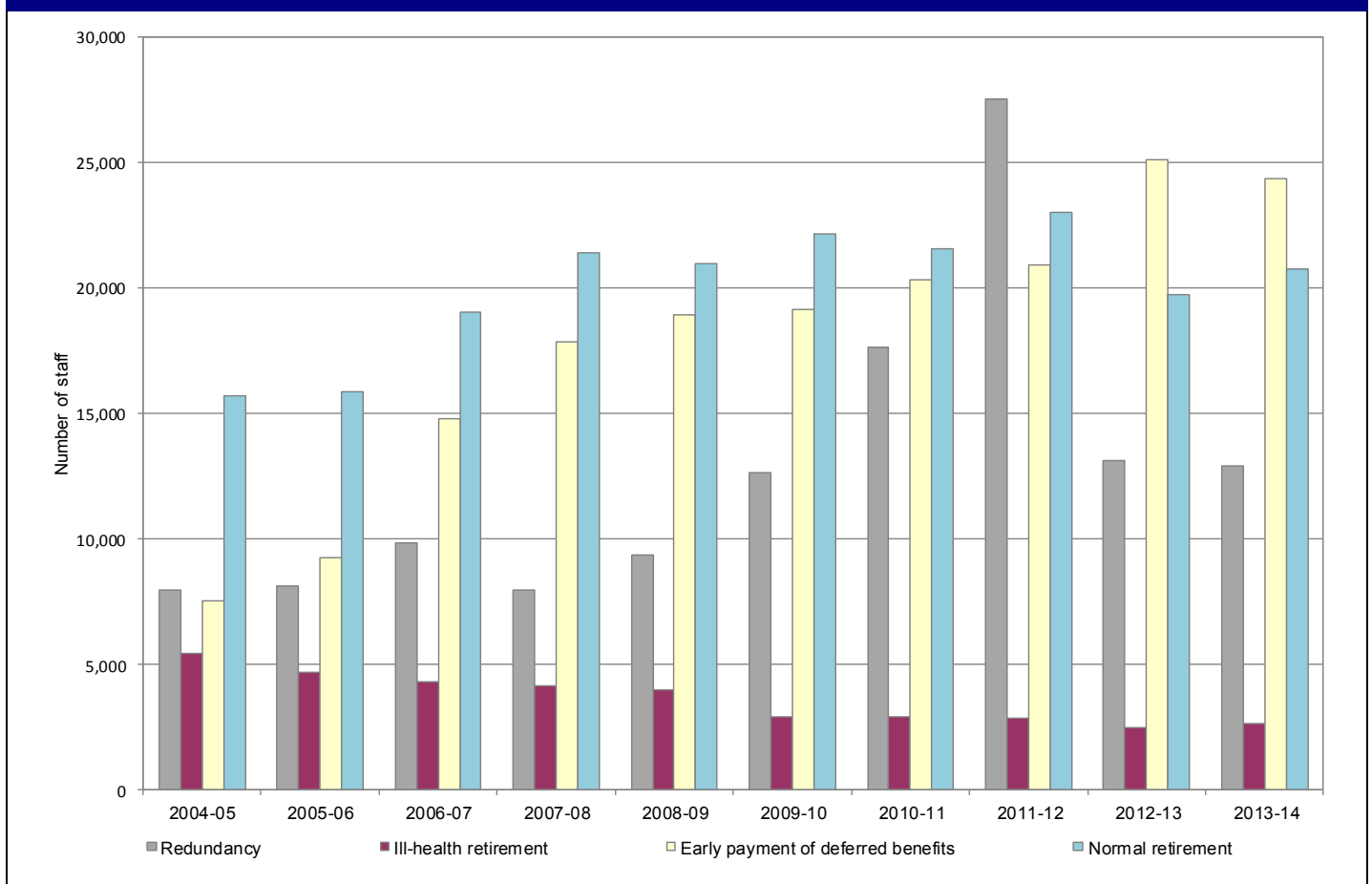
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Redundancy	7,949	8,139	9,838	7,927	9,346	12,637	17,657	27,525	13,110	12,876
Ill health retirement (pre 2008)	5,440	4,678	4,279	4,134	1,470	-	-	-	-	-
Tier 1,2 & 3 ill health retirement awards under LGPS ^(a)	-	-	-	-	2,475	2,898	2,903	2,820	2,441	2,621
Early payment of deferred benefit	7,506	9,252	14,800	17,867	18,952	19,150	20,344	20,923	25,139	24,392
Normal retirements	15,689	15,844	19,015	21,393	20,967	22,180	21,585	23,016	19,717	20,779
Total retirements	36,584	37,913	47,932	51,321	53,210	56,865	62,489	74,284	60,407	60,668

Source: SF3 forms

From 2009-10 onwards ill-health retirements under the 1997 scheme are excluded

(a) This was introduced on 1 April 2008. See *Terminology used in this release* for further details

Chart F: Type of retirement from the Local Government Pension Scheme 2004-05 to 2013-14



6. Definitions

A list of terms relating to local government finance is given in the glossary at Annex G of the latest edition of *Local Government Finance Statistics England*. This can be found at www.gov.uk/government/collections/local-government-finance-statistics-england. The most relevant terms for this release are explained below.

Administering authority

A body responsible for administering a Local Government Pension Scheme fund on behalf of its members who may be drawn from a number of local authorities and other public service employers

Admitted bodies

Administering authorities may admit employees of non-scheme employers to the scheme under an admission agreement.

Contributions

The level of contributions paid by scheme members is determined by the band of pensionable pay specified in Scheme regulations. The rate paid by individual participating employers is determined by local fund actuaries at each Scheme valuation and set for the subsequent triennium period. Where appropriate, these rates may be phased in over the three year period. Scheme regulations do allow for these rates to be revised between triennial valuations in prescribed circumstances.

Former employees entitled to deferred benefits

Members who leave the scheme having completed the minimum period of service but who are not entitled to the immediate payment of a pension benefit, are awarded a deferred benefit which, under normal circumstances, becomes payable when the person reaches their normal retirement age.

Former members to whom Regulation 18 of the 2007 Benefit Regulations (flexible retirees) applies

This applies to a member who had attained the age of 55 and who, with his employer's consent, had reduced his or her hours of work (or the grade in which they were employed) and was permitted by that employer to receive all or part of their benefits under the 2007 Benefit Regulations.

Grant payable on death

This is payable at the discretion of the administering authority to either nominated individuals or dependants of a scheme member who dies in service. Prior to 1 April 2008 this was 2 times final pay. When the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 and the Local Government Pension Scheme (Administration) Regulations 2008 came into effect on 1 April 2008, this increased to 3 times final pay.

Ill-Health retirement

Under the Local Government Pension Scheme (Benefits, Membership and Contributions)

Regulations 2007 and the Local Government Pension Scheme (Administration) Regulations 2008 which came into effect on 1 April 2008, there are now three levels of ill-health retirement pension payable. These levels depend on the extent to which the incapacitating condition which gave rise to the termination of employment in local government prevents the scheme member from obtaining gainful employment in the general workforce.

Local Government Pension Scheme

The pension funds in the Local Government Pension Scheme operate under regulations made under the Superannuation Act 1972. Schedules to the regulations list the scheme employers, most of these are local authorities. In England there are 81 pension funds in the Local Government Pension Scheme, each administered by an administering authority.

The assets of the pension funds are for meeting the future pension liabilities of the funds, and are part of the financial corporations sector in the National Accounts, not part of the local government sector. Pensions paid out under the scheme are therefore part of the expenditure of the pension funds, not of the local authorities that administer them. Employers' and employees' contributions, part of the income of the funds, are recorded as expenditure by local authorities in their revenue accounts, either directly or indirectly under employees' expenses.

On 1 April 2008, the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 and the Local Government Pension Scheme (Administration) Regulations 2008 came into effect. This Scheme includes some new and different provisions which may affect comparison with previous data sets.

Lump sum on retirement

Prior to 1 April 2006-07, scheme members on retirement became entitled to both an annual pension based on $1/80^{\text{th}}$ of pensionable pay for each year of membership and a lump sum of three times that amount. Under the current regulations, entitlement is to a pension only based on a higher accrual rate of $1/60^{\text{th}}$ but with the option to commute pension into lump sum.

Pension arrangements for fire fighters, police and teachers

Separate arrangements apply for the pensions of the police, fire fighters and teachers. The police and fire fighters' pensions are provided through unfunded schemes administered locally, and the cost of police and fire fighters' pensions are therefore included in local authority expenditure. Teachers' pensions are provided through a notionally funded scheme administered by the Department for Education (DfE). There is no fund of assets, and teachers' pensions are paid by the DfE. Employers' and employees' contributions are paid by local authorities to the DfE and are recorded as expenditure in their revenue accounts.

It should be noted that non-operational staff in the police, fire and rescue service support staff, and non-teaching staff in the education sector are covered by the Local Government Pension Scheme.

Refunds of contributions

Contributions refunded when a person leaves a pension scheme before completing a minimum period of service. Under earlier schemes, a refund of contributions could be paid to those leaving the scheme with less than 2 years service. Under the 2008 scheme, a refund of contributions can

only be made to a person who has been a member of the scheme for less than 3 months.

Transfer Values

A cash value assigned to a person's pension pot that is transferred with them when they move from one pension fund to another.

7. Technical Notes

Survey design for collecting SF3(Pensions) data for 2013-14

During July & August 2014, all 81 Local Government Pension Scheme administering authorities in England were asked to complete the SF3(Pensions) form to show scheme income, expenditure, membership, retirements and other scheme activities.

Data quality

This Statistical Release contains Official Statistics and as such has been produced to the high professional standards set out in the National Statistics Code of Practice. Official Statistics products undergo regular quality assurance reviews to ensure that they meet customer demands.

The information for 2013-14 in this release is derived from Department for Communities and Local Government (DCLG) SF3(Pension) forms and is based on valid returns from all 81 LGPS administering authorities in England.

Only data for authorities that have completed a valid form are used in the computation of national figures for the statistical release. As we received valid data from all authorities in England there has not been a need to use a grossing methodology

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 by Department for Communities and Local Government as the data are received and stored. These include:

i) **In form validation:** This refers to warnings that are built into the Excel forms that are sent to authorities. Forms have been pre-programmed with sense checks to highlight figures outside a set range. If an authority inputs figures that are likely to be incorrect, the form flags up to the officer inputting the data that this value could be incorrect. In some fields the figure can still be accepted if a reason is given whereas some cells will definitely be rejected as it is deemed impossible. In the majority of cases this means that the forms are returned completed and without any validation queries.

ii) **CLASS (Computerised Local Authority Statistics System) validation:** Once the figures have been received by DCLG, they are input into the CLASS database. Further validation checks are carried out which returns a list of errors and warnings for unexpected figures which team members look through and contact an authority about if necessary.

iii) **Manual (or analytical) validation:** These are extra checks done manually by the teams to

double check the figures they receive. During this process the teams also liaise with relevant policy section to clarify and rectify any anomalies.

iv) **Post validation:** Figures get checked and double-checked on the statistical releases. Particular attention is paid to making sure the values have been entered correctly and the figures on the graphs and tables correlate with each other.

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 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.

Background notes

This Statistical Release can be found at the following web address:
<https://www.gov.uk/government/collections/local-government-pension-scheme>

Timings of future releases are regularly placed on the Gov.UK website,
<https://www.gov.uk/government/statistics/announcements> .

For a fuller picture of recent trends in local government finance, readers are directed to the latest edition of *Local Government Finance Statistics England*, which is available electronically from the Department for Communities and Local Government website:

www.gov.uk/government/collections/local-government-finance-statistics-england .

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>

Comments and feedback from end users for further improvement or about your experiences with this product will be welcomed. Please send all views to: sf3.statistics@communities.gsi.gov.uk

Devolved administration statistics

In addition to data for England, DCLG also collect data for 8 administering authorities in Wales. Data for 2013-14 and comparisons with previous years can be found at:

www.gov.uk/government/collections/local-government-pension-scheme

The Scottish Government also collect local government pension fund data. Their information can be found at the following website:

www.scotland.gov.uk/Publications/2014/02/4500/5

Firefighters' statistics

DCLG also collect and publish data on the Firefighters' pension scheme. This information can be found at the following website:

www.gov.uk/government/collections/firefighters-pension-scheme-statistics

8. Enquiries

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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

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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