



Department for  
Communities and  
Local Government

# Firefighters' Pension Fund Income and Expenditure, 2013-14 & 2014-15, England

- Firefighters' Pension Fund expenditure increased 5% to £746.8 million in 2014-15, from £710.6m in 2013-14.
- Meanwhile, the fund's income increased to £302.7 million in 2014-15 from £301.4m the previous year, no percentage change year on year (0%).
- Income as a proportion of expenditure has continued the trend of decreasing each year, and since 2010-11 the pension fund's income has fallen from 51% of expenditure to 41% in 2014-15.



## Fire & Rescue Services *Statistical Release*

19 August 2015

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# 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: Analysis & Data Team of the Department for Communities and Local Government.

The responsibility for the policy and legislation of the two types of firefighter pension schemes (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 employing 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 managed by each Authority. 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.

## User engagement

We are currently reviewing this publication and investigating alternative methods such as an infographic. Users are encouraged to provide feedback as well as how these statistics are used and how well they meet user needs. Consequently a short survey has been produced (via survey monkey below) to help us further improve this statistical release.

Link to Survey Monkey:

<https://www.surveymonkey.com/r/firefighterpensionscheme>

If you are a user of these statistics comments on any issues relating to this statistical release are encouraged and you are welcome to email: [lqf1.revenue@communities.gsi.gov.uk](mailto:lqf1.revenue@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.

## Uses of the data

The data in this statistical release is 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 is also used by fire authorities and their associations.

# Expenditure

Expenditure in this context refers to Pension benefits provided by governments to their own employees and paid directly out of the government's current budget. **Table 1** provides figures for all Firefighter's Pension Scheme Expenditure over the last 5 years and the year on year change from 2013-14 to 2014-15.

**Table 1: Firefighters' Pension Scheme Expenditure, 2010-11 to 2014-15**

	£Million					Year on Year Change (%)	Proportion of Expenditure (%)
	2010-11	2011-12	2012-13	2013-14	2014-15 <sup>1</sup>	2014-15	2014-15
Pension outgoings	599.7	640.3	659.7	702.9	737.5	5%	99%
<i>of which:</i>							
<i>Commutation payments</i>	126.9	132.3	116.2	223.7	234.0	5%	31%
<i>Recurring outgoing payments</i>	472.8	508.0	543.4	479.2	503.5	5%	67%
Transfers out <sup>2</sup>	4.7	3.4	7.1	6.8	8.5	24%	1%
Miscellaneous	0.1	0.1	0.2	1.0	0.8		0%
<b>Total</b>	<b>604.5</b>	<b>643.8</b>	<b>667.0</b>	<b>710.6</b>	<b>746.8</b>	5%	100%

Source: FPF forms

<sup>1</sup>2014-15 figures are unaudited, previous years' are audited.

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

Firefighters Pension Scheme expenditure in 2014-15 was £746.8 million, an increase of 5% compared with £710.6 million in 2013-14.

As in the previous three years, 99% of Firefighters Pension Scheme expenditure in England was the payment of regular pension and optional retirement lump sum payment.

Expenditure on commutation payments (optional one-off lump sum payment on retirement) in 2014-15 was £234 million. This compares with £223.7 million in 2013-14. Consequently, this shows lump sum payments are on the rise.

# Income

Income is a cash flow paid into a pension scheme by an employee and employer. **Table 2** shows Firefighter's Pension Scheme Income over the last 5 years and the year on year change from 2013-14 to 2014-15.

**Table 2: Firefighters' Pension Scheme Income, 2010-11 to 2014-15**

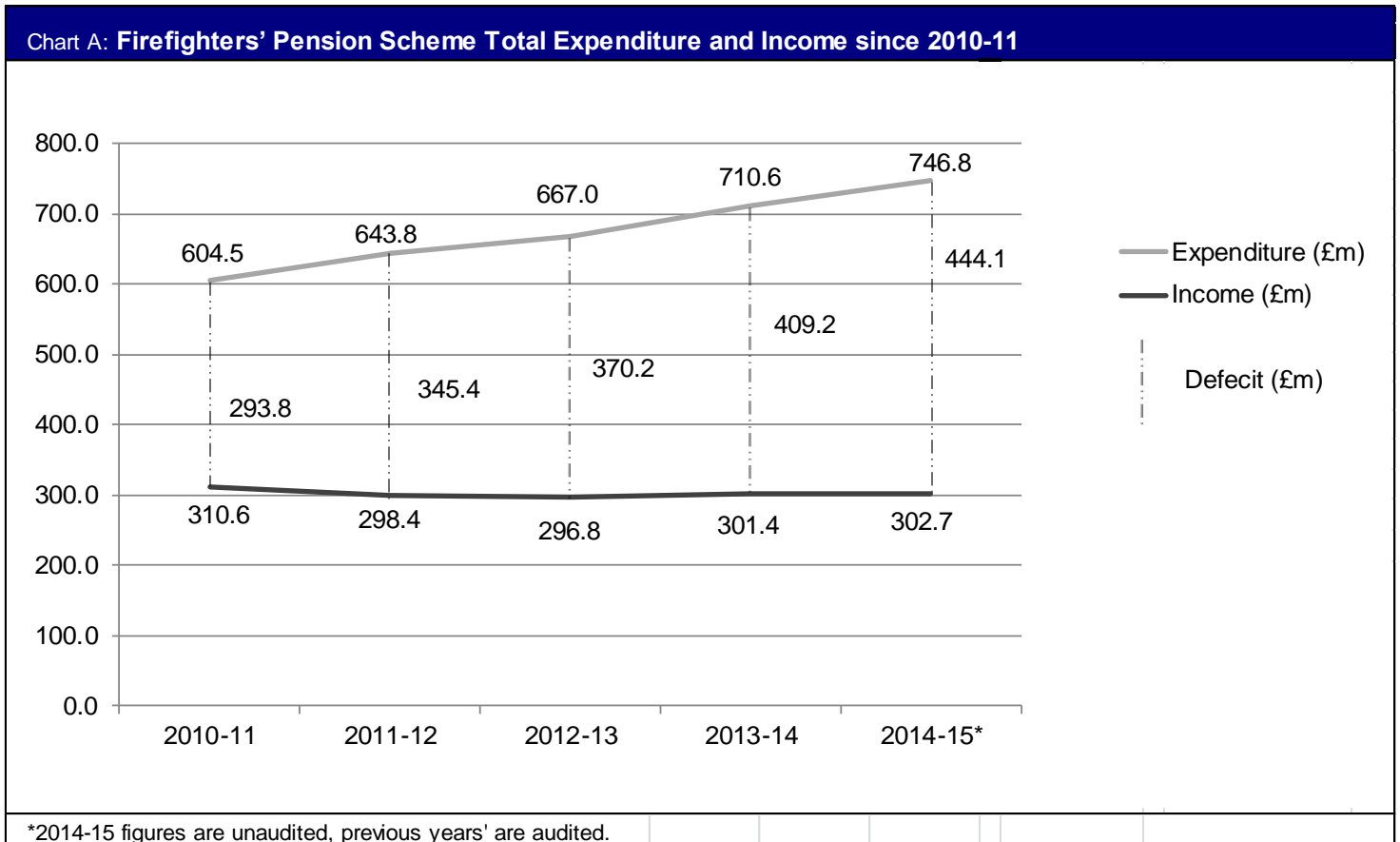
	£Million					Year on Year Change (%)	Proportion of Income (%)
	2010-11	2011-12	2012-13	2013-14	2014-15 <sup>1</sup>	2014-15	2014-15
Employee contributions	106.0	102.9	105.9	116.3	125.4	8%	41%
Employer contributions	194.7	188.0	182.1	177.4	167.6	-6%	55%
Ill Health Charge	3.7	4.8	5.5	5.8	6.3	8%	2%
Miscellaneous	0.0	0.2	0.6	0.1	0.6		0%
Transfers	6.2	2.6	2.7	1.8	2.8	55%	1%
<b>Total</b>	<b>310.6</b>	<b>298.4</b>	<b>296.8</b>	<b>301.4</b>	<b>302.7</b>	0%	100%

Source: FPF forms  
<sup>1</sup>2014-15 figures are unaudited, previous years' are audited.

Table 2 shows whilst employee contributions increased 8% to £125.4m, the decrease in other income sources (particularly employer contributions) meant that total income in 2014-15 experienced a 0% year on year change.

In 2014-15, the largest source of income into the Firefighters Pension Schemes was employer contributions making up 55%, whilst employee contributions make up a further 41% of the total. The proportions were 59% and 39% respectively in 2013-14, indicating a slight shift in the balance of funding from employer contributions to employee contributions; a trend that has continued over the previous five years. This highlights the change in firefighter pension schemes, as more firefighters move to the new scheme, which has a higher contribution rate for the employee.

**Chart A** below shows a comparison of Firefighter’s Pension Scheme Total Expenditure, Income and Deficit over 2010-11 to 2014-15.



Whilst total pensions income has remained steady from 2010-11 to 2014-15, total pensions expenditure has increased over the same period.. As a result the pension funds’ income as a proportion of expenditure has fallen from 51% in 2010-11 to 41% in 2014-15. The deficit of expenditure less income has widened from £293.8 million to £444.1 million over this period, an increase of £150.3 million.

## 6. Definitions

A list of terms relating to local government finance is given in the glossary at Annex G of *Local Government Finance Statistics England* No. 25 2015. This is accessible at.

<http://www.gov.uk/government/statistics/local-government-financial-statistics-england-2015>

The most relevant terms for this release are explained below.

### **Commutation Payment**

This is an optional 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 to 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 schemes.

### **Transfer In and Out**

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

# Technical Notes

## Data collection

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

## Data quality

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

## 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.

## Notes

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

<http://www.gov.uk/government/organisations/department-for-communities-and-local-government/about/statistics#forthcoming-publications> and on the National Statistics website: <https://www.gov.uk/government/statistics/announcements>

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 to 31 March 2015 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. A New Firefighters Pension Scheme 2015 was introduced on 1<sup>st</sup> April 2015 for firefighters recruited on or after this date, and for certain members of the FPS and NFPS who are required to transition into the new scheme. .

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 Scottish, Welsh Assembly and Northern Ireland Government also collect revenue budget data. Their information can be found at the following websites:

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:

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

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](http://www.gov.uk/government/organisations/department-for-communities-and-local-government/about/statistics)



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