

## 8 Local authority pension funds

8.1. **Table 8.1** gives income and expenditure, and number of fund members, for pension funds administered by local authorities. These pension funds provide pensions for most local authority employees. The actuarial reserves of the pension funds are owned by the fund members and the funds are part of the financial corporations sector in the National Accounts, not part of the local government sector. The cost of pensions under these schemes are therefore part of the expenditure of the pension funds, not the local authorities that administer them. Employers' and employees' contributions, part of the income of the funds, is recorded as expenditure by local authorities in their revenue accounts, either directly or indirectly under employees expenses.

8.2. 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. The teachers' pensions are provided through a nationally funded scheme administered by the Department for Education and Skills: there is no fund of assets owned by fund members but employers' and employees' contributions are paid by local authorities and recorded as expenditure in their revenue accounts.

8.3. The market value of the funds at end March 2000 was £83.3bn, an increase in the year of 13.1%. In the same period the FTSE All Share Index increased by 7.5%.

8.4. There were about 1,362 thousand employees in the scheme at end March 2000, an increase of 4.0% in the year.

8.5. There were about 859 thousand pensioners (including dependants) at end March 2000, an increase of 2.4%, and about 465 thousand former employees entitled to deferred benefits, an increase of 12.7%.

8.6. Expenditure on benefits in 1999/2000, excluding Pensions (Increase) Acts payments, rose by 3.3% to £3,153m.

8.7. Employees' contributions rose by 5.7% to £999m, but employers' contributions rose by 10.3% to £1,972m.

## 8.1 Pension Funds: 1992/93 to 1999/00

£ million

Expenditure											
Benefits											
	Pensions or annuities		Lump sums paid			Total benefits	Refunds of contributions	Transfer values	Pensions Act premiums	Other expenditure	Total expenditure
	Retired employees	Dependants	On retirement	On death	Other benefits						
1992/93	1,545	141	443	24	7	2,160	10	387	20	106	2,683
1993/94	1,704	159	430	23	5	2,321	8	459	17	116	2,921
1994/95	1,774	173	373	24	5	2,349	7	206	43	117	2,720
1995/96	1,921	174	444	34	4	2,577	9	199	20	129	2,934
1996/97	2,075	190	451	43	4	2,763	13	264	20	141	3,202
1997/98	2,222	203	473	46	5	2,949	16	313	23	157	3,457
1998/99	2,370	226	404	47	5	3,052	14	283	22	162	3,532
1999/00	2,479	246	372	52	4	3,153	14	302	22	174	3,666

Income						
£ million						
	Contributions (including those from admitted authorities)		Investment income (gross)	Transfer values	Other income	Total income
	Employees	Employers (inc secondary contributions)				
1992/93	730	509	1,579	269	113	3200
1993/94	736	677	1,588	360	13	3374
1994/95	758	839	1,699	231	7	3534
1995/96	826	1,075	2,015	263	18	4197
1996/97	882	1,322	2,180	326	15	4726
1997/98	911	1,520	2,245	392	25	5094
1998/99	946	1,788	2,226	523	13	5536
1999/00	999	1,972	2,364 (a)	597	38	5953

Number of fund members at end of each year ( thousands)					
	Employees	Pensioners	Former employees prospectively entitled to deferred benefits	Market value of fund at end of year £ million	Costs charged to the funds £ million
1993/94	951	599	290	43,319 (b)	99
1994/95	972	740	305	42,939	102
1995/96	1,167	769	327	50,966 (c)	124
1996/97	1,232	793	348	56,104	134
1997/98	1,265	816	368	68,556	147
1998/99	1,309	839	412	73,634	156
1999/00	1,362	859	465	83,326	173

Source: DTLR pension funds account return

- (a) From April 1999 Advanced Corporation Tax could no longer be reclaimed on UK dividends.  
 (b) This figure may not be comparable with earlier years, because of a change to the form in 1993/94.  
 (c) This figure may not be comparable with earlier years, because of a change to the form in 1995/96.