

CHAPTER 8

Local Authority Pension Funds

Pension funds (Table 8.1)

- 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 Employment: 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.

Local authority Joint Staffing Watch

- 8.3. The data on staffing previously published in this chapter were assembled from the Joint Staffing Watch return, which has been discontinued. Trends in aggregate local authority employment are now monitored by inquiries carried out by the Office for National Statistics, which will be less burdensome on authorities.

Table 8.1: Pension funds: 1990/91 to 1998/99

£ million										
Pensions or annuities		Expenditure				Refunds of contributions	Transfer values	Pensions Act premiums	Other expenditure	Total expenditure
		Lump sum benefit paid		On retirement	On death					
Retired employees	Dependants									
1990/91	1,179	109	323	24	7	8	367	14	917(a)	2,949(a)
1991/92	1,382"	125	396	26	7	10	400	19	721(a)	3,085(a)
1992/93	1,545	141	443	24	7	10	387	20	106	2,683
1993/94	1,704	159	430	23	5	8	459	17	116	2,921
1994/95	1,774	173	373	24	5	7	206	43	117	2,720
1995/96	1,921	174	444	34	4	9	199	20	129	2,934
1996/97	2,075	190	451	43	4	13	264	20	141	3,202
1997/98	2,222	203	473	46	5	16	313	23	157	3,457
1998/99	2,370	226	404	47	5	14	283	22	162	3,532

£ million						
Income						
Contributions (including those from admitted authorities)						
	Employers (inc Investment secondary)		income (gross)	Transfer values	Other income	Total income
	Employees	contributions				
1990/91	648	460	1,620	320	1,331(b)	4,380(b)
1991/92	707	486	1,635	308	1,679(b)	4,815(b)
1992/93	730	509	1,579	269	113	3,200
1993/94	736	677	1,588	360	13	3,374
1994/95	758	839	1,699	231	7	3,534
1995/96	826	1,075	2,015	263	18	4,197
1996/97	882	1,322	2,180	326	15	4,726
1997/98	911	1,520	2,245	392	25	5,094
1998/99	946	1,788	2,226	523	13	5,536

Number of fund members at end of each year (thousands)					
	Employees	Former employees prospectively entitled to deferred benefits		Market value of fund at end of year £ million	Costs (c)(d) charged to the funds £ million
		Employees	Pensioners		
1991/92	977	643	258	31,467	47
1992/93	942	695	268	37,835	49
1993/94	951	599	290	43,319	99(c)
1994/95	972	740	305	42,939	102
1995/96	1,167	769	327	50,966	124(d)
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

(a) Includes losses on realisation of assets up to 1991/92.
(b) Includes profits on realisation of assets up to 1991/92.
(c) Because of a change in 1993/94, this figure may not be comparable with earlier years.
(d) Because of a change in the form in 1995/96, this figure may not be comparable with earlier years.

NOTE: Two major changes affected Pension Funds from April 1990.
(1) Pensions Increase Acts expenditure became, in general, a charge on the fund, increasing the level of employers' contributions to the funds.
(2) The solvency requirement for funds was reduced from 100% to 75%, decreasing the level of employers' contributions.

Some Pensions Increase payments are still reimbursed in 1990/91 (under Regulation P14(2)(c) – see SI 1990 No 503). Pensions Increase Acts payments are estimated as £74 million in 1990/91, £56 million in 1991/92, £58 million in 1992/93, £57 million in 1993/94, £56 million in 1994/95, £52 million in 1995/96 and £51 million in 1996/97. These amounts are not included in the table above.