

Statistical Release

2 November 2006

LOCAL AUTHORITY PENSION FUNDS

ENGLAND

2005-06

- Local Government Pension Scheme expenditure on benefits in 2005-06 was £4,108 million, compared with £4,014 million in 2004-05, an increase of 2.3%.
- Income from employees' contributions to the Local Government Pension Scheme in 2005-06 was £1,576 million compared with £1,431 million in 2004-05, an increase of 10%. Income from employers' contributions to the scheme rose by 16% to £4,124 million in the same period.
- Income from investments rose by 14% in 2005-06 to £2,639 million.
- There were more than 1.6 million employees in the Local Government Pension Scheme at the end of March 2006, an increase of 2.5% from March 2005. At the same date there were nearly 1.0 million pensioners (including dependants) in the scheme, an increase of 2.1%.

This release relates to the financial year 2005-06 and the information is derived from Local Government Pension Scheme Funds (SF3) forms submitted by all 81 Administering Authorities in England.

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

Expenditure: 2001-02 to 2005-06

1. **Tables 1a, 1b** and **Chart A** provide figures for Local Government Pension Scheme expenditure from 2001-02 to 2005-06.

- Local Government Pension Scheme expenditure on benefits in 2005-06 was £4,108 million, compared with £4,014 million in 2004-05, an increase of 2.3%.
- In 2005-06, about 78% of Local Government Pension Scheme expenditure in England was on benefits in the form of lump sums, pensions and annuities for retired members and their dependants.

Chart A: Expenditure in 2005-06

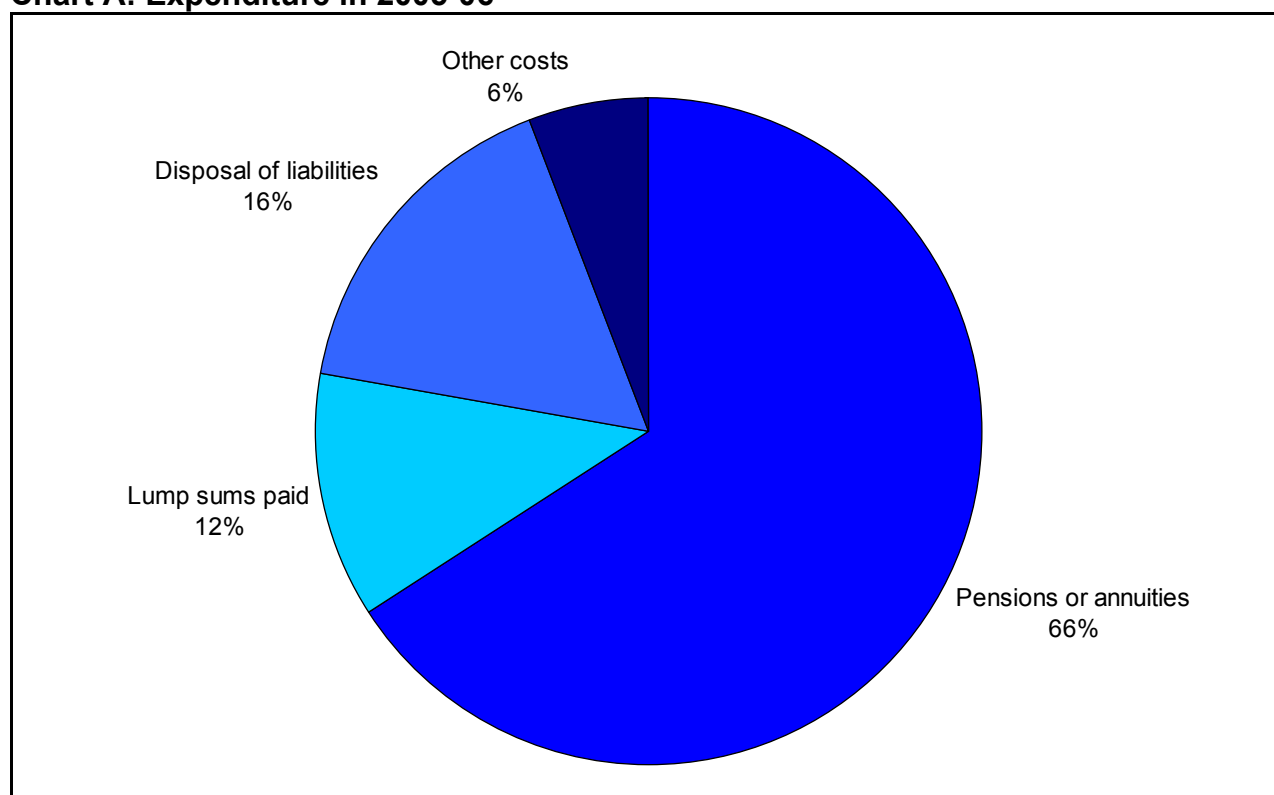


Table 1a: Local Government Pension Scheme expenditure 2001-02 to 2005-06

	2001-02	2002-03	2003-04	2004-05	£ million 2005-06
Expenditure on benefits ^(a)	3,463	3,623	3,770	4,014	4,108
Disposal of Liabilities					
Transfer values	480	609	645	768	827
Pensions Act premiums	24	34	31	28	29
Refunds of contributions	20	22	27	24	14
Costs charged to the funds ^(b)	201	197	218	251	285
Other expenditure	19	15	18	16	15
Total expenditure	4,206	4,501	4,709	5,101	5,277

(a) A breakdown of expenditure on benefits is shown in Table 1b

(b) Costs charged to the fund consist of administration and fund management costs

Table 1b: Local Government Pension Scheme expenditure on benefits 2001-02 to 2005-06

	2001-02	2002-03	2003-04	2004-05	£ million 2005-06
Pensions or annuities	2,973	3,101	3,215	3,404	3,475
Lump sums paid :					
On retirement	430	458	483	540	555
On death	59	62	69	69	76
Other benefits	2	2	3	2	2
Total expenditure on benefits	3,463	3,623	3,770	4,014	4,108

Income: 2001-02 to 2005-06

- In 2005-06, 60% of the income of the Local Government Pension Scheme came from employers' and employees' contributions whilst income from investments provided 40% of the total.
- Income from employees' contributions to the Local Government Pension Scheme in 2005-06 was £1,576 million compared with £1,431 million in 2004-05, an increase of 10%. Income from employers' contributions to the scheme rose by 16% to £4,124 million in the same period.
- Income from investments rose by 14% in 2005-06 to £2,639 million.

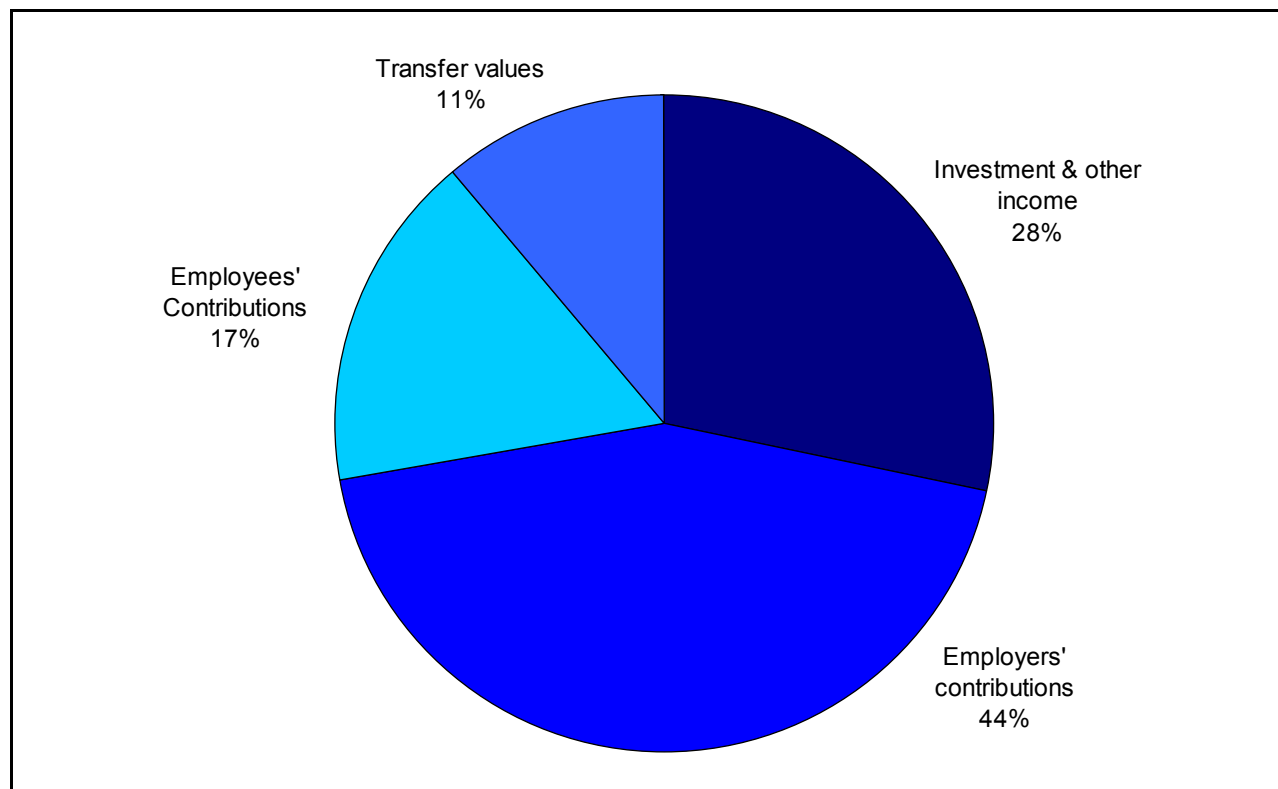
2. **Table 2** and **Chart B** provide figures for Local Government Pension Scheme income from 2001-02 to 2005-06.

Table 2: Local Government Pension Scheme income 2001-02 to 2005-06

	2001-02	2002-03	2003-04	2004-05	£ million 2005-06
Contributions (including those from admitted authorities)					
Employees	1,139	1,228	1,334	1,431	1,576
Employers ^(a)	2,617	2,916	3,217	3,544	4,124
Investment income (gross)	2,207	2,054	2,145	2,322	2,639
Transfer values	688	790	840	987	1,044
Other income	26	26	37	40	43
Total income	6,677	7,014	7,573	8,325	9,426

(a) Includes employers secondary contributions

Chart B: Income in 2005-06



Membership and market value: 2001-02 to 2005-06

- There were more than 1.6 million employees in the Local Government Pension Scheme at the end of March 2006, an increase of 2.5% from March 2005. At the same date there were nearly 1.0 million pensioners (including dependants) in the scheme, an increase of 2.1%.
- The market value of the funds at end March 2006 was £112.0 billion, the highest ever year-end cash value. This was an increase of 25% on March 2005. In the same period the FTSE All Share Index increased by 22%.

Table 3: Number of Local Government Pension Scheme members and market value of funds 2001-02 to 2005-06

	2001-02	2002-03	2003-04	2004-05	Thousand 2005-06
Number of scheme members at end of each year					
Employees	1,457	1,498	1,547	1,577	1,617
Pensioners	899	916	928	952	973
Former employees entitled to deferred benefits	590	646	694	757	851
Market value of funds at end of year					
	78,285	63,728	79,382	89,530	£ million 112,023

Background 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 for 2005-06 in this Statistical Release is derived from Local Government Pension Scheme Funds (SF3) forms submitted by all 89 Administering Authorities in England and Wales. However, this release is based on data for the 81 Administering Authorities in England only.
3. The pension funds in the Local Government Pension Scheme provide pensions for most local authority employees. In England and Wales there are 89 pension funds in the Local Government Pension Scheme. 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. Separate arrangements apply for the pensions of the police, fire fighters and teachers.
4. Enquiries about this Statistical Release should be addressed to Sheela Vyas at sf3.statistics@communities.gsi.gov.uk (Tel. 020 7944 4174).
5. For a fuller picture of recent trends in local government finance, readers are directed to *Local Government Financial Statistics England No. 16 2005* which is available in hard copy from Wetherby Publications communities@twoten.com (Tel. 0870 1226 236) and electronically from the DCLG's website: www.local.communities.gov.uk/finance/stats/lqfs/2005.