



Government Actuary's Department

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Reference: LEA230816

Nick Leaton

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14 September 2016

Dear Mr Leaton

Subject: Freedom of Information Request

You asked for the following information:

A few years ago, the government said that it would be publishing annual reports on the current liabilities of the state's pensions. That was in line with FRS17 which has since been replaced by FRS102.

Where are the latest estimates of the liabilities for the state and for the civil service pensions?

Current value, past contributions only is required in line with GAAP.

Our answer is as follows:

There are a number of possible interpretations to what is covered by the term 'state's pensions' and I shall cover two of them in this response outlined below:

- The pensions provided by public sector employers to their staff (public sector pensions)
- The social security benefit provided to citizens (the state pension)

Public sector pensions

The Whole of Government Accounts (WGA) consolidates the audited accounts of over 6,000 organisations across the UK public sector. The WGA is based on International Financial Reporting Standards (IFRS), the system of accounts used internationally by the private sector. The latest published report (attached) set out the liabilities for public sector pension schemes as £1,493.3bn as at 31 March 2015. This covers all defined benefit pension provision, in respect of past service, for bodies within the whole of government accounting boundary (page 179 onwards contains a list of all the bodies included) and both unfunded and funded pension schemes. This figure is net of the assets held for the funded schemes. Note 26 of the WGA contains further information on the liability, including a breakdown by

the major schemes. For example the liability for the civil service (both GB and NI schemes) was £214.8bn as at 31 March 2015.

Individual organisations produce their own set of accounts which include their pension scheme liabilities. Additionally the major unfunded pension schemes produce their own accounts rather than being included in departmental accounts. Many of these will be available online for the year ending 31 March 2016. The latest civil service pension scheme (GB) accounts (attached) shows liabilities of £194.8bn as at 31 March 2015 (the 2015/16 accounts have not yet been published online).

State pension

The government has no contractual obligation to provide the state pension and as such it is not recognised as a liability in the WGA nor within Department for Work and Pensions (DWP) accounts. We are not aware of any liability estimate (in line with IFRS accounting standards) of the state pension calculated as if it was deemed to be a contractual obligation. The Office of National Statistics (ONS) has published (attached) an estimate of state pension liabilities of £3,843bn as at 31 December 2010. This was as part of process of adopting the revised System of National Accounts known as SNA2008, therefore this estimate is not in line with IFRS accounting standards.

If you are dissatisfied with the handling of your request, you have the right to ask for an internal review. Internal review requests should be submitted within two months of the date of receipt of the response to your original request and should be addressed to:

Colin Wilson
Deputy Government Actuary
GAD
Finlaison House
15-17 Furnival Street
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Please remember to quote the reference number above in any future communications.

If you are not content with the outcome of the internal review, you have the right to apply directly to the Information Commissioner for a decision. The Information Commissioner can be contacted at: Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF

Yours sincerely



Matt Gurden
Chief Actuary: Advice to Government division