

OBR Pre-Budget forecast: Public service pensions

Explanation of how the numbers work

- Receipts = employer and employee contributions, set as a proportion of pay from current public service workers and employers.
- Gross expenditure = spending on current public service pensioners.
- Cap and share¹ = the saving from the previous Government's policies.

OBR Pre-Budget forecast: Net public service pensions							£ billion
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Gross expenditure	22.5	24.3	25.4	27.0	28.5	30.4	32.1
Pensions receipts	-19.4	-21.2	-21.3	-21.5	-21.3	-21.4	-21.8
Cap and share					-1.0	-1.0	-1.0
Net public service pensions	3.1	3.1	4.0	5.5	6.2	8.0	9.4

Explanations of the increase in gross expenditure

- Just over half of the increase in gross cash expenditure in this period is due to expected inflation.
- The remainder is a real terms increase, driven by:
 - past real terms increases in earnings;
 - longevity increases; and,
 - a larger number of pensioners, due to improved pension rights (under general pensions law) for a public service workforce that has grown considerably since the 1950s.)
- These numbers do not include expenditure on the:
 - Local Government Pension Scheme;
 - Police Pension Scheme; and,
 - Firefighters Pension Scheme.

¹ For an explanation of this policy, see Box 6.A of the 2009 Long Term Public Finance Report