Article

Funded occupational pension schemes in the UK, current and upcoming work: January 2023

Updates on the development of funded occupational pension schemes statistics, including progress made against the requirements to be designated National Statistics.

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1 . Overview

This article provides an update on the development of funded occupational pension schemes statistics. These statistics are published quarterly in our Funded occupational pension schemes in the UK bulletin, using data from the Financial Survey of Pension Schemes (FSPS). The FSPS is a quarterly survey that collects data on membership, income and expenditure, transactions, assets and liabilities of UK funded occupational pension schemes.

These statistics are primarily used in the compilation of the UK National Accounts and the UK Balance of Payments. We work closely with other government departments to provide important evidence to inform policy decision making. The data are also used by the Organisation for Economic Cooperation and Development (OECD) to produce internationally comparable national accounts.

The improvements we have made are informed by user needs and the requirements published by the Office for Statistics Regulation (OSR) as part of the National Statistics designation assessment of these statistics. We are now able to publish more detailed data and commentary that give users greater insight into the UK funded occupational pensions landscape. Demand for these insights has increased following recent events, such as the Bank of England's intervention in UK gilts markets in autumn 2022 to stabilise gilts markets and liability driven investment (LDI) funds. This demonstrates the importance of continuing to engage with users to develop our pensions statistics.

Within this article, we also outline upcoming work which reflects our current development priorities for funded occupational pension schemes statistics. This work is in line with current delivery timeframes, resource availability and the priorities of both the Office for National Statistics (ONS) and our users. As such, this plan should be considered indicative, and is sensitive to changes to priorities or resource availability.

2 . Our current position

Following the Independent Review of UK Economic Statistics (PDF, 5.1 MB) in 2016, the Office for National Statistics (ONS) began redevelopment of its financial statistics, including pensions. This resulted in the creation of the Financial Survey of Pension Schemes (FSPS). We published our UK pension surveys: redevelopment and 2019 results article in 2020, detailing the design and coverage of this new survey alongside our first data estimates covering Quarter 3 (July to Sept) and Quarter 4 (Oct to Dec) 2019.

Building on this initial success, we began publishing FSPS data in our quarterly Funded occupational pension schemes in the UK bulletin in 2021. Within these bulletins, we deliver impactful analysis and insight on estimates through our experience leading FSPS data collection and processing.

Recent developments of UK funded occupational pension schemes statistics have been made with two objectives in mind. Firstly, to improve the coverage, quality, and granularity of the data. This means that we can provide more detailed insights, respond to user requirements more comprehensively, and increase the value to the public of our statistics. Secondly, to meet the requirements published by the Office for Statistics Regulation (OSR) as part of the National Statistics designation assessment of these statistics.

Improvements to data

We develop the FSPS dataset and statistical bulletin each quarter to improve the quality of our data, analysis and insights. We have made a number of improvements to UK funded occupational pension schemes statistics.

Expanded inputs into the UK National Accounts series from Blue Book 2022

An important reason for the redevelopment of the ONS pensions survey was to improve the compilation of data into the UK National Accounts. We achieved this by improving the coverage, quality and granularity, in line with the latest requirements and definitions. For example, FSPS data now include small (fewer than 12 members) private sector defined contribution pension schemes in the updated national accounts series, which were not included previously.

Published a split of private sector defined contribution (DC) membership by membership type

Improvements to data collection from large DC pension schemes have resulted in more robust estimates for DC active, deferred and pensioner membership. Therefore, we are now able to publish these data. This is of interest to users within the financial sector and across government. With most new private pension provision being within DC schemes, users can now track movements in active membership to monitor the number of individuals enrolled into a private workplace pension scheme.

Published pooled investment vehicle (PIV) investment assets proportions split by scheme type

The FSPS collects detailed information on individual pooled investments, such as the asset type of the PIV. Publishing these asset type proportions enables a complete picture of the overall allocation of assets for users. PIVs constitute approximately 45% of total assets, excluding derivatives, for UK funded occupational pension schemes.

Published direct investment gilts holdings for private and public sector defined benefit and hybrid schemes

These estimates, split by gilt type and maturity date, enable users to monitor gilts trends from one of the largest groups of gilt holders to a granularity not produced by any other statistical body.

Published overseas direct investments by asset type

Combined for all scheme types, these estimates offer insight into levels of overseas investment by UK funded occupational pension schemes.

Published overseas assets by country for selected asset types

Combined for all scheme types, these estimates are of interest to users conducting by country analysis of worldwide investments and how UK funded occupational pension schemes contribute.

Published non-pension entitlement liabilities

Non-pension entitlement liabilities are all liabilities a pension scheme may have outside of the assets owed to members. Combined for all scheme types, these liabilities provide short-term liquidity and form part of the LDI strategy, which has become a key focus for users.

National Statistics assessment requirements

The Office for Statistics Regulation (OSR) outlined two requirements in its [Assessment Report in July 2022 (PDF, 236 KB)](#) for Financial Survey of Pension Schemes (FSPS) statistics to become designated National Statistics. This section details these requirements and the ONS response.

Requirement 1 – The ONS needs to deliver key insights that serve the public good, such as breakdowns of the types and locations of assets that pension funds are investing in and to ensure that it can respond effectively to new user demands

As set out in Improvements to data, we have published new estimates in multiple areas of the FSPS.

Underpinning the response to this requirement have been improvements to data processing and imputation. The use of coding to automate data processing has increased efficiency and reduced the potential for human error. Improvements in communication with smaller funded occupational pension schemes has provided better information to impute responses for these schemes.

The improvements we have made to data, and the more detailed breakdown of types and locations of assets that funds are investing in, have delivered important insights for users. Newly published non–pension entitlement liabilities and direct investment gilts holdings for private sector defined benefit and hybrid schemes have supported users' understanding of recent financial events affecting funded occupational pension schemes' liability driven investment (LDI) strategies. In particular, the release of gilts holdings by type and maturity date allows users to better understand the movements and trends in various gilt types.

Publishing overseas assets by country gives users key insight into where their private workplace pension savings are being invested around the world. Estimates of the levels of overseas direct investment assets allow users to better understand the strength of domestic and overseas demand for assets from UK pension schemes.

In the dataset and quarterly statistical bulletin for funded occupational pension schemes in the UK, we provide analysis and commentary on the latest published estimates including repo and cash and borrowing liabilities. Our expertise of the FSPS microdata and engagement with respondents enables us to publish meaningful insight and analysis.

Recent developments in the UK pensions landscape have led to an increased interest in our data, and our latest published estimates have effectively responded to this recent interest.

We have also been able to respond consistently to user queries and new requests in a timely way. Improvements in the efficiency of our system, especially in coding and automation of data processing, allow us to dedicate more time to responding to user demands and increase the value of our data to users.

Requirement 2 – The ONS should work with key stakeholders to establish and be open about a work programme for its priorities for funded occupation pension scheme statistics development

We have established closer working relationships with key stakeholders. These include the Department for Work and Pensions (DWP), the Debt Management Office (DMO) and The Pensions Regulator (TPR). This has led to improvements for both parties. For instance, we have shared information with TPR to improve their pensions universe from which we select our sample, in response to information received by schemes during the sampling process.

We have also been in close contact with other key users such as the Bank of England and HM Revenue and Customs (HMRC). We have also strengthened working relationships with internal users across the ONS, such as the public sector finance team.

We have used these closer working relationships with stakeholders to establish a work programme based on our joint priorities as outlined in Upcoming work.

3 . Upcoming work

The development of funded occupational pension schemes statistics continues to be a priority for the Office for National Statistics (ONS). We aim to provide additional granularity, analysis and insight that will improve users' understanding of the UK pensions landscape and provide vital policy evidence.

We have established a work programme of upcoming priorities based on the needs of users, including our key stakeholders. It is important to note that for each of the items identified in the programme, data are subject to quality assurance and disclosure processes which may limit the level of detail we are able to publish.

Please refer to the Related links section for more details about the data we collect and to access the latest version of the Financial Survey of Pension Schemes (FSPS) questionnaire.

Understanding liability driven investment (LDI) pooled funds within pooled investment vehicles

While defined benefit and hybrid (DBH) pension schemes invest directly in assets (direct investment), they also perform LDI strategies via investments into LDI pooled funds. An LDI pooled fund is a leveraged fund, centred around an LDI strategy, in which there is more than one investor in the fund or underlying fund(s). The FSPS collects detailed information of pooled investment vehicle (PIV) investments, including fund names and holdings of individual pooled investments. Using this information, we aim to publish estimates on the proportion of PIVs invested in LDI pooled funds by DBH pension schemes.

Publish information on schemes offering different retirement benefits products

We will quality assure and publish data on the percentage of private sector defined contribution (DC) pension schemes offering different retirement products, such as drawdown. There is demand for these data to capture the response of pensions schemes to the changes to UK pension rules in 2015. This will enable analysis and evaluation of the policy. These data build upon existing published FSPS benefits data.

Quality assure and publish high-level estimates of UK funded occupational pension schemes' expenses

Expenses incurred by funded occupational pension schemes are of interest to users and policy makers. We aim to quality assure and publish average cost as proportion of assets held split by scheme type. There is currently limited publicly available data on the expenses of UK pension schemes. These estimates will allow better understanding of the level of expenses of schemes on a quarterly basis, which may reveal trends across financial years as well as longer-term trends.

Publish estimates of investment performance by scheme type

Investment performance of funded occupational pension schemes will consider stock movements and changes in market value. The FSPS collects data from which investment performance may be measured using various methods to obtain estimates split by scheme type. These estimates offer insight to the performance of the different scheme types over the FSPS timeseries, which covers events such as the coronavirus (COVID-19) pandemic. This allows users to analyse the performance of funded occupational pension schemes without the influence of flows such as benefits and contributions on total asset movements.

Quality assure estimates of transfers in and out of UK funded occupational pensions

We aim to quality assure data on transfers in and transfers out of private sector DC and DBH pension schemes. This is of interest to key users such as the Department for Work and Pensions (DWP) and will serve the public good by providing a better understanding of trends in pension transfers, when considering the long-term objective of consolidation within the UK pensions industry.

4 . Provide feedback

We are committed to providing analysis and insight on funded occupational pension schemes in the UK to inform users of important trends and events within the UK pensions landscape. We will review our workplans regularly and are keen to hear from users of our data to understand your requirements and help us develop our statistics further.

If you have any feedback or suggestions on our work on funded occupational pension schemes in the UK, please contact us at financial.inquiries@ons.gov.uk.

5 . Publication schedule

We publish regular releases related to funded occupational pension schemes in the UK in our quarterly Funded occupational pension schemes in the UK bulletin.

6 . Related links

Financial Survey of Pension Schemes (FSPS) questionnaire
Article | Last updated 20 October 2022
The Financial Survey of Pension Schemes (FSPS) survey page with a direct link to download the questionnaire in the "related downloads" section. This page also displays information on completing the survey and dispatch or return by dates for respondents.

Funded occupational pension schemes in the UK
Bulletin | Last released 21 December 2022
Quarterly estimates of membership, income and expenditure, transactions, assets and liabilities of UK-funded occupational pension schemes from the FSPS. This bulletin forms part of the UK National Accounts and balance of payments.

Funded occupational pension schemes in the UK: April to June 2022
Dataset | 21 December 2022
All data related to funded occupational pension schemes in the UK: April to June 2022. This dataset is split by scheme type (private sector defined benefit and hybrid, private sector defined contribution and public sector defined benefit and hybrid), overseas direct investments and overseas assets by country.

Funded occupational pension schemes in the UK Quality and Methodology Information (QMI)
QMI | Last revised 25 March 2022
Quality and Methodology Information for the funded occupational pension schemes in the UK using data from the Financial Survey of Pension Schemes (FSPS), detailing the strengths and limitations of the data, methods used, and data uses and users.

UK pension surveys: redevelopment and 2019 results
Article | Released 29 June 2020
Article outlining the redevelopment process for the Financial Survey of Pension Schemes (FSPS) and estimates from April 2019. Estimates include employer and employee contributions, benefits, transfers, assets, and liabilities.

7 . Cite this article

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