

Cost Management, Benefit Design and Administration Committee (CMBDA)

HYBRID MEETING – 24 February 2025

ITEM 7 PAPER C Gender Pensions Gap (GPG)

Current position

1. Since the last Committee meeting the working group met on 26 November 2024. Significant progress has been made by the working group and the secretariat in several areas, including working on the action plan agreed in [the last committee meeting](#).
2. The current status of the action plan is below. It was proposed that actions A to D will be prioritised initially, with progress expected by this Committee meeting. Actions E to G are longer-term aims and follow-on steps and therefore the secretariat has outlined suggested next steps to take these forward.

GPG action plan

Action	Status
A. Explore and propose a standard GPG definition and reporting approach (including methodology) for the Local Government Pension Scheme, including both for funds and employers, and prepare this draft for Committee approval at its next meeting	Completed – update provided in this report
B. Explore with the Pension Equity Group (PEG) how to adapt the ‘Mind the Gap’ employer best practise guide for the Public Sector	Not yet started – to start following the next PEG meeting in March 2025
C. Work with MHCLG (as required) to conduct a more detailed review of treatment of authorised unpaid leave and produce proposals for consultation on amendment to the LGPS regulations and SCAPC’s	Discussions held with MHCLG and proposals from them expected in the coming months
D. Analyse the responses from the GPG survey to local government employers	Completed – update provided in this report
E. Investigate how pension member self-service portals can help to communicate	Not yet started however suggested next action is

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the impact of breaks, life events and improve financial planning for women	for the secretariat to contact the main pension administration system providers and raise at the next PEG meeting.
F. Identify the communication needed to employers on the GPG to raise awareness of the specific issues which impact the GPG within the LGPS regulations, particularly during scheme member life events	Not yet started however suggested next action is for the secretariat to organise a roundtable event with employer representatives and industry experts to engage with the LGPS sector on the GPG issue and build upon the insight obtained in the survey. For the Secretariat to identify the most appropriate employer forums to engage with LGPS employers.
G. Further research into the pensions gap for individuals with other protected characteristics, including the intersection of these with the already established gender pensions gap.	Not yet started

Survey results

- The secretariat issued a GPG survey on 5 December 2024 to local government and academy school employers called '*Exploring the Gender Pensions Gap in the Local Government Pension Scheme (LGPS)*'. The survey included questions on employer interest in GPG data and what type of data is held by employers on employees who opt out. The detailed summary of the results of the survey can be found in **Annex A**.
- The survey was sent to 398 Local Authority contacts and was shared with Academies through representative groups. The survey received 55 responses, with a response rate from Local Authorities of 9%.

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5. 72 per cent of respondents expressed a strong interest in obtaining data on their organisations' GPG. The majority of respondents indicated that this data would help them identify and target gaps, monitor equality, and raise awareness of pension issues among employees. One respondent noted, *"The data might help in thinking about current practices and pension advice,"* highlighting the role this information could play in changing organisational pension practices.
6. Despite the strong interest, several barriers to obtaining and acting on GPG data were identified. Financial constraints were a major concern, with many respondents stating that limited budgets meant they were unable to pay for this data. Additionally, a number of respondents felt that this data should be made available as part of the standard pension administration service, rather than at an additional cost. The survey also revealed gaps in data collection practices, particularly regarding member opt-outs and demographic breakdowns of scheme members.
7. A notable finding was that only 4% of respondents actively record the reasons behind employees' decisions to opt out. Employers also shared the resources they offer employees who choose to opt out, such as providing information about the benefits of the scheme, the 50/50 scheme as a cost-effective alternative, and employee assistance programmes. However, only 40% of respondents included the 50/50 scheme in their communications, indicating that a significant number of employees may not be fully informed about this alternative or the consequences of their decision on retirement savings.
8. Overall, the results of this survey show a clear desire among the employers who responded to understand and address their GPG but highlights the need for cost-effective solutions for collecting and reporting data.

Gender Pensions Gap reporting

9. At the last Committee meeting, it was agreed that the Secretariat explore and propose a standard GPG definition and reporting approach (including methodology) for the Local Government Pension Scheme, including both for funds and employers, and prepare this draft for Committee approval.
10. With thanks to representatives on the Pensions Equity Group (PEG) Alexandra Miles and Kathryn Fleming, who kindly shared with the secretariat their initial thoughts on GPG reporting in a research paper. The GPG working group had a substantial discussion, based on the original PEG document, on an initial proposal for how GPG reporting for the LGPS could be done.

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11. The working group's proposal is in **Annex B**, which the Committee are asked to approve.
12. The proposal suggests that the first initial step for LGPS GPG reporting could be done via the Actuarial Valuation report which is a statutory document produced by administering authorities during each triennial actuarial valuation. We are not proposing at this time mandating all LGPS scheme employers to report on the GPG specifically, although that is intended to be the direction the group would want to work towards. The group felt it was important to have comparability of methodology between private and public, DB and DC schemes. But while it is believed this is important, it may require further engagement within and across sectors to understand how best this can be achieved.
13. It seems that there is considerable interest in the concept of the gender pensions gap in all forums in which it is raised. As part of gathering acceptance for 'mainstreaming' this kind of reporting, at least across the public sector, the secretariat believe that it would be productive for the Board to arrange a "roundtable" event to bring together the various stakeholders with an interest in this area. That event could bring together representatives of public sector schemes (broadly defined, so including those like Railpen or USS), the actuarial profession, member representatives and representatives of employer groups (like the Local Government Association, University and Colleges Employers Association (UCEA), academy representatives etc). If the Committee agrees then the secretariat will work up more detailed proposals and look for co-sponsors for this event.

Recommendations – That the Committee notes the update provided in this report and next actions for the working group.

That the Committee asks the secretariat to develop proposals for a roundtable event and gauge interest from stakeholders who might want to attend.

For the Committee to note the survey results at Annex A and agree the proposals in Annex B

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ITEM 7 PAPER C ANNEX A

Exploring the Gender Pensions Gap in the Local Government Pension Scheme (LGPS)

Introduction

1. The gender pensions gap is an issue that the Scheme Advisory Board (SAB) for the LGPS in England and Wales has been investigating for some time. SAB's research showed that pension membership, pay, working patterns and life events are all factors which impact how much a female local government employee will get when they retire. This survey aimed to explore the interest from employers in obtaining the gender pension gap for their organisation as well as explore what practices they have around employees wishing to opt out of the scheme and the data they hold.

Method

2. A survey was sent to 398 Local Authority contacts using a contact list from the LGA research team and distributed through to academies via representative groups. The survey was open from 05 December 2024 until 02 January 2025

Results

3. The survey received 55 responses. 65 per cent (36) of these were from Councils, 31 per cent (17) were from Academies, one was from a pension fund, and one remains unknown. The response rate from Councils was 9 per cent. Respondents were asked if they would be interested in knowing what the gender pension gap is for their organisation. Below is a breakdown of these responses. Over 72 per cent of respondents said they were extremely interested or very interested in knowing their GPG.

	Total	Council	Academy
Extremely interested	45%	38%	60%
Very interested	27%	35%	13%
Moderately interested	25%	24%	27%
Slightly interested	2%	3%	0%

4. Respondents were asked to provide more commentary on their answers. One key theme was respondents thought that having this information could help them **understand and target any gaps**, with several responses emphasising the importance of understanding their GPG to inform future practices and monitor performance. For example, one respondent noted "*The data might*

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help in thinking about current practices and pension advice” while another stated “Knowing the pension gap will help raise awareness of the issue and support resource and actions to address the issue.”

5. Another theme that was clear within the commentary was the information could be used to **help monitor equality and diversity** within their organisations. Many respondents said this information would be “*useful*” due to their workforce being majority female and in lower paid term time only jobs in making them “*aware of any issues with the review to taking steps to resolve them and in this case achieve equality*”. Other respondents commented about how this data could provide an opportunity to address issues, stating that “*there is nothing we can do about the historical situation but the data might help in thinking about current practices.*”
6. The third theme is **awareness and education**, particularly in helping employees understand the importance of pensions and how gender might affect their retirement outcomes. One response noted, “*We realise that some populations are not fully aware of the importance of their pension,*” indicating that LGPS members may lack awareness about how pensions impact their future. “*Knowing the pension gap will help raise awareness of the issue and support resource and actions to address the issue*”.
7. In terms of how frequently they would like to see this information, 67 per cent of respondents said annually and 33 per cent said every three years. No other frequencies were suggested by respondents. Despite the high levels of interest shown in obtaining their GPG, only 26 per cent of respondents said they would be willing to pay for this – with almost half of these (42 per cent) respondents saying they would only be willing to pay “a token amount”. 36 per cent of academies and 44 per cent of councils said they would not be willing to pay to obtain the gender pension gap for their organisation.

	Total	Council	Academy
No	39%	44%	36%
Unsure	33%	29%	43%
Yes, but maybe only a token amount	12%	15%	7%
Yes, if rolled into the overall administration costs incurred by the pension fund	12%	12%	14%
Yes, this would be very valuable data	2%*	0%	0%

*This respondent did not list whether they were a council or academy.

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8. Respondents who said they would not be willing to pay to obtain their gender pension gap were asked to provide further commentary on why.
9. The first key theme is **financial constraints and lack of budget**, which is a major reason many organisations would not be willing to pay for gender pension gap data. Responses such as "*As a Local Authority, we are working on a tight budget*", "*We have no budget*" and "*Budgetary pressures and constraints*" reflect the financial limitations faced by these organisations. For many respondents, the lack of available funding makes paying for gender pension gap data unfeasible.
10. The second theme is the **expectation of free or standard access to data**, with several respondents emphasising that this information should be readily available at no extra cost. For example, one response stated, "*This should be available as standard as we provide gender pay gap data without charge*". Another respondent mentioned, "*This is information that should be provided as part of the administration of the scheme and additional costs should not fall on to employers*," reinforcing the idea that this data should be part of the pension administration costs with no additional charge.
11. Finally, respondents alluded to **uncertainty about the cost and potential benefits**, as some organisations expressed hesitation or reluctance to commit to paying without a clearer understanding of the cost, value, and details of the data. Responses like "*Unsure as we'd need to understand the cost and what would be provided*" and "*It really depends on what the analysis provides and whether we can proactively and practically take steps to reduce the gender pensions gap*". Knowing the cost and how the data would be presented to them would be extremely useful to the respondents.
12. Respondents were asked where they would prefer this data to be made available if gender pension gap reporting became mandatory. Below is a breakdown of these responses. Most commonly (41 per cent) respondents said that they would prefer to publish this data in their own annual reports.

In your own (employer) annual report	41%
Separate dedicated report	17%
Reported alongside the employer contribution rate in the pension fund valuation report	17%
Reported by official statistics (i.e. via gov.uk)	13%
In the pension fund annual report	7%

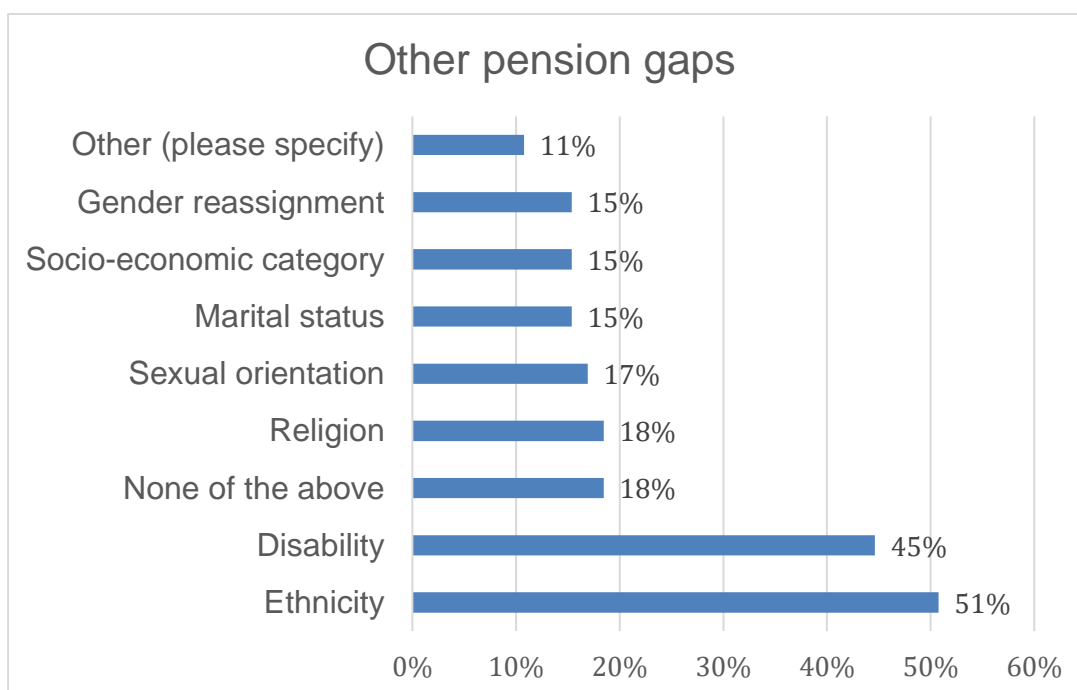
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Other (please specify)**	2%
Response	2%

**The respondent who answered 'other' said they did not have a strong opinion on where this should be reported.

13. As well as gender pension gap data, employers were asked if they would be interested in obtaining data about any other pension gaps within their organisations. The graph below shows the percent of employers who said yes to each option. 18 per cent of employers said they were not interested in obtaining any of the other pension gaps. Those who responded 'other' said they would be interested in obtaining the following pension gaps:

- Part time workers
- All other protected characteristics
- Age of pension start



14. Respondents were asked if they collect any of the following data about their employees. The majority of respondents were unsure if they collected this information. No respondents from Academies said that they collect data on members who elect to buy lost pension, compared to 17% of respondents from Councils. From these responses, Councils seem to collect a lot more data around this than Academy schools.

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	Total Percent	Councils	Academy
Total number of LGPS scheme members who took authorised unpaid leave	25%	33%	12%
The number of females who made an election to buy 'lost' pension	11%	17%	0%
Total number of LGPS scheme members reported who made an election to buy 'lost' pension	11%	17%	0%
The total number of females who took authorised unpaid leave	20%	25%	12%
Unsure	56%	56%	59%

15. Employers were asked what, if any, communications they give to scheme members on unpaid leave regarding their pension. 12 per cent of Academy respondents said that they do not provide their employees with any of the information below. All options were relatively low for communications given out during unpaid leave. A breakdown of the results is below.

	Total	Councils	Academy
None of the above	5%	0%	12%
Scheme members are directed to contact the pension fund for information on how to buy back the lost pension	24%	30%	12%
Information about buying back lost pension is provided on general pension resources available to the scheme member (e.g. via the employer intranet)	15%	22%	0%
Information about buying back lost pension is provided generally to scheme members from time to time, e.g. as a feature in newsletters	16%	22%	6%
Scheme members are not currently provided with information on how to buy back the lost pension	7%	3%	18%
Individual scheme members are notified before they take unpaid authorised leave that it is not pensionable and told how to buy back the lost pension	35%	42%	24%

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Individual scheme members are notified after they take unpaid authorised leave that it is not pensionable and told how to buy back the lost pension	18%	28%	0%
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Opt Out Questions

16. As part of gaining a broader picture of LGPS membership and pension adequacy, as well as questions around the gender pension gap data, employers were also asked about their practices around employees opting out of the pension scheme.
17. Respondents were asked if they do any of the following when an employee enquires about opting out of the scheme. Only 4 per cent of employers said they collect reasons why the employee is thinking of opting out of the scheme, and only 40 per cent said that they provide them with information about the 50/50 scheme which may be a suitable alternative to those wanting to opt out due to cost.

Provide information about the benefits of the scheme	29%
Other (please specify)	22%
Refer them to the opt out form from the pension fund	58%
Inform them of the 50/50 section of the scheme	40%
Collect reasons why they are thinking of opting out	4%
Provide information about employee assistance/financial support	13%

18. Those that responded 'other' said that they **refer to official pension websites**, such as their pension fund or the LGPS website, for detailed information about opting out and alternatives like the 50/50 scheme. For example, one response noted, "We refer members to the Pension Fund members website where they can access information on opting out or 50/50 scheme." Others said that they **provide direct access to opt-out forms**, as this is what they have enquired about. One stated, "*Members contact the pension team and are provided with a link to the opt-out form*". Some respondents added they **avoid financial or pensions advice**, one respondent explained, "We refer them to our pension partner administrators and the LGPS website as we don't want to be seen to provide pensions advice,".
19. Respondents were asked if they have any examples of financial education communications that they provide to their employees. The most common

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examples of financial education communications provided to employees include:

20. **Webinars and Workshops:** Many organisations said that they offer webinars and seminars focused on financial education which cover a variety of topics. One respondent shared that they host "*Retirement workshops*" delivered by external companies.
21. **Employee Assistance Programmes:** Several responses highlighted the use of employee assistance programmes, offering employees guidance on financial matters. One example stated, "EAP paid by our organisation, free and confidential to employees," and another referred to the EAP providing support through financial wellbeing to their employees.
22. **Intranet and Internal Resources:** Many organisations said that they provide links to resources on their own intranet, offering employees easy access to pension information, salary sacrifice schemes, and other financial topics. One response mentioned, "*Employer Intranet - link to LGPS website,*" while another shared, "*Generic pension information is shared via intranet.*"
23. 70 per cent of respondents said they would be willing to share with the pension fund and/or the SAB the percentage of their employees eligible for LGPS membership who aren't currently contributing.

	Total	Council	Academy
No	12%	10%	9%
Unsure	16%	17%	18%
Yes	70%	73%	73%

24. Those who said no or unsure were asked for further commentary on why they answered this way. People expressed uncertainty about sharing data, with one respondent maintaining that it "*depends on what is being asked*" and another adding, "as it wouldn't be providing personal information relating to non-members, we possibly could." There were also practical challenges, with one person mentioning that the "*data would be difficult to collect and take some time*" as well as uncertainty about the quality of data due to employers being part of multiple different pension schemes, as one person remarked, "*currently unsure of quality of the data of specifying this just for LGPS.*"
25. Employers were asked if they were able to break this data on the percentage of eligible members who are currently active members down by any of the

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following demographic variables. Almost half said they are able to break this data down by gender, age, length of service, and salary. 18 per cent said they do not collect data on who has opted out of the scheme and 13 per cent said they would be interested in this data but do not currently collect it.

Gender	42%
N/A - don't collect this data for employees who have opted out of the LGPS	18%
Other	0%
Age	47%
Length of service	42%
Ethnicity	24%
Salary	40%
Would be interested in this data but we don't currently collect this	13%

26. When asked if they have any additional comments to share, respondents said: *"This data would be useful for our workforce profile documents and we are looking to promote our pensions and pension products available to staff further and this would give us greater depth data to inform our decisions"*
"On analysing profile of employees, we don't have data for every employee - some choose not to share."

Conclusion

27. Overall, the results from this survey highlight a strong interest among employers in obtaining and understanding their gender pension gap, with over 72 per cent saying that they would be extremely or very interested in this. Many respondents felt that this data could be a useful tool for targeting gaps, monitoring equality, and improving pension awareness among their employees. However, financial constraints and already stretched budgets as well as an unknown cost of the data pose a significant barrier to obtaining this information. In addition to this, improvements in data collection and standardised reporting across all LGPS employers is crucial to understanding the demographic breakdown of scheme members and the bigger picture of who's in and who's out of the scheme. Despite these challenges, the majority of employers expressed willingness to share data with relevant bodies and an interest in improving equality within their workforce.

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ITEM 7 PAPER C ANNEX B

Proposal for Gender Pension Gap reporting for administering authorities of the Local Government Pension Scheme (LGPS)

Introduction

1. This paper brings together the thoughts of the Scheme Advisory Board's Gender Pension Gap working group on GPG reporting for administering authorities. Not in scope within this paper is the proposal for a requirement for reporting of scheme employers in their own company documents/reports, as this requires further insight from employers and funds. The Board has insight and feedback from a survey undertaken in December 2024 on employer appetite for GPG reporting shared with the Committee. Further engagement is also planned for 2025 to employers to share the Board's work on GPG reporting.
2. This paper is the first step of establishing GPG reporting by LGPS administering authorities. It is hoped that this first (and important step) will encourage more transparency and interest from the sector.

Definition of Gender Pensions Gap (GPG)

3. There is currently no official measure of the gender pension gap, but in the UK, this is generally understood to refer to the differences in retirement outcomes for males and females¹. The proposed definition of the GPG for the LGPS is: *"the percentage difference in the pension income built up for male and female scheme members over a typical working life"*. For the LGPS, this could be measured as: *'the average value of current accrued annual pension income to be paid at normal retirement age. Including both final salary and CARE benefit accrual split between males and females'*
4. We are also proposing an additional definition called the Gender Pensions Savings Gap (GPSG): *"the percentage difference in the pension accrued annually or over a three-year period for male and female scheme members"*. For the LGPS, this could be measured (for active members only) as: *'the average value of the pension accrued over one year or over three years' (For example, this could be comparable to annual allowance style calculations)*.

Suggested reporting approach of the GPG in the LGPS and considerations

5. It is proposed that Actuarial Valuation reports would be the best place for reporting the GPG data initially. For England and Wales, it is proposed that this could take place initially for the 2025 valuation. The report could show the fund level GPG and where practicable split by employer (there could be pooling of employer types to

¹ [The Gender Pension Gap - House of Commons Library \(parliament.uk\)](https://www.parliament.uk/libraries/commons/commons-library-research/the-gender-pension-gap/)

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reduce the number of different requirements – e.g. academies, local authorities, town and parish councils etc) or a minimum member level to make the reporting meaningful).

6. Broadly, this would comprise the average and total accrued pension for active, pensioner and deferred male and female members at the valuation date (31 March) for the fund. There is a question still to be answered on the data the calculation would come from, for example, this could be the same value as is reported in the scheme member Annual Benefit Statement (ABS) and to be shown in the Pensions Dashboard. Or perhaps more appropriately, this could be the data submitted to the fund actuary during the valuation. There are issues to be discussed with both approaches.
7. The valuation data may not be as up to date as the ABS data for active members, as often this is provided earlier in the year to allow actuaries time to do their calculations, but this should be reliable for pensioners. If the ABS data is used, this could be different to the underlying data used to calculate the liabilities and elsewhere summarised in the valuation report, may be confusing and also does not include pensioner data. It will be important that the valuation report sets out clearly the data source used. It is proposed that general consensus is sought between the fund actuaries on the various ways the data is collected, calculated and presented (both in the valuation report as individual employer data or grouped by employer type), with the involvement of the Government Actuary's Department (GAD) and administration software providers
8. Consistency in showing either the percentage difference or annual pension (or both) of the male average less female average should be a key aim. Also to consider is how employers with a small number of scheme members is shown, as there is potential for distorted data with a small membership (e.g. town/parish councils).
9. It should be expected that the cost of producing this data should be rolled into the overall administration fee and should have a minimal impact/burden on funds, considering much of the data/processes are undertaken during the valuation process. However, this will need to be explored in more detail, depending on the final proposals and the analysis of the data required.
10. An example of how the scheme-level data was reported in the SAB's GPG commissioned reports is shown, but it should be acknowledged that the valuation reports are already large documents therefore a balance needs to be struck on how clearly the information is presented alongside the other information in the report. More

Table 1: Actives' pay and pension by gender as at 31 March 2020

Gender	Proportion by no.	Mean actual pay	Mean total pension
Female	74%	£18,807	£3,198
Male	26%	£27,532	£5,416
Gender gap		31.7%	41.0%

Table 2: Pensioners' pension in payment by gender as at 31 March 2020

Gender	Proportion by no.	Mean pension in pay	Mean partner pension
Female	62%	£4,285	£1,653 (39% of member)
Male	38%	£8,466	£3,834 (45% of member)
Gender gap		49.4%	56.9%

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information can be found in the [initial](#) and [subsequent](#) reports on the Board's website.

11. Generally it is agreed that multiple records should be combined when individuals have multiple roles, because if records aren't combined for individuals, it's likely to overstate the gap, as females are in general more likely to have multiple lower paid roles/part time roles resulting in a lower average pension reported. However, consideration is needed where scheme members have employments with different employers. Another potential issue to consider is the impact of McCloud i.e. changes in pension gaps over the next few years being due to the McCloud underpin, however, it is understood the overall scheme impact may be minimal.

Gender Pensions Savings Gap (GPSG) definition

12. It is proposed that the GPSG could also be included in the valuation report as proposed above for GPG reporting. However, it is acknowledged that calculating growth may be more difficult to calculate. The methodology for GPSG reporting could be the percentage difference in the average annual pension accrual over the past year or three years for male and female employees, similar to that used for Annual Allowance calculations.

How the data could be used

- Increased GPG reporting could inform future thinking on policy changes to pension and employment policies impacting pension accrual (i.e. encourage scheme members to join earlier, addressing the impact of childcare costs, availability of childcare options, improving shared parental / family leave policies, providing support for women returning to work including increased flexibility, topping up contribution gaps as a result of career breaks etc)
- Scheme level data is more readily available and included in Section 13 report
- Comparison between funds could provide useful insights for targeted communication, with the caveat that some of the difference between funds will be dependent on the different employer make-up and geographical locations of the funds
- Cumulative effect of reporting over a number of years will identify trends/monitor improvement (or not) and could lead to a desire for further assessment of what is contributing to the GPG
- Reporting at employer level would enable comparisons between employers of a similar type, to identify outliers, or trends which could indicate a need for directed action on policies, implementing initiatives, financial education and aligns with the well-established practice of pay gap reporting
- Raise scheme member awareness of their own retirement outcome.
