

Cost Management, Benefit Design and Administration Committee (CMBDA)

MEETING OF 19th February 2024

ITEM 9 – PAPER D

OPT-OUTS SURVEY UPDATE

Background

1. In late 2022, the Secretariat issued a survey to LGPS funds asking for data to show whether there had been an increase in the number of members opting out of the scheme, or opting into the 50/50 section, due to increases in the cost of living.
2. The results of this survey proved inconclusive, and since then the Secretariat has been exploring ways to obtain better data on opt outs. The secretariat began liaising with The Pensions Regulator to explore what data on opt out rates can be retrieved from TPR given their annual collection of auto-enrolment data from employers. It was agreed at the last CMBDA meeting that should this prove unsuccessful, a new survey on this should be issued to all local authority employers (i.e. not just administering authorities) using Local Government Association (LGA) workforce contacts.

Considerations

3. The Secretariat submitted a number of Freedom Of Information requests to TPR and has now received a reply with some data about enrolment rates for LGPS employers. The most recent exchange is at Annex A and while we are still exploring how much this can be relied on, given the associated caveats, it does not provide the level of detail that we believe the Committee would like to see.
4. As previously agreed, the Secretariat will design and issue a new Opt Outs survey. A new Data Analyst has been recruited to the SAB Secretariat team, starting in late March, and it is expected that the Opt Outs survey will be one of their first priorities.
5. We are also proposing that the scope of the survey be widened to include questions to determine whether employers collect the reasons for opting out and any data on the characteristics of those opting out, to determine how opt out rates vary across certain groups.
6. This proposal has arisen due to discussions resulting from the receipt of the Sharia Law and the LGPS report. After receiving the report, the

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SAB engaged legal counsel to receive further advice, and this suggested that it would be useful to collect data on the reasons for opting out so we would have an approximate number of LGPS employees opting out on the LGPS on the basis of their faith.

7. Widening the scope of the survey should also allow for information to be collected on how opt outs rates vary by gender and how this relates to the gender pensions gap that has already been identified by GAD. Those members who have opted out of the Scheme will by definition not be reflected in the Gender Pensions Gap (GPG) analysis, but the GPG working group feels this information would be useful in considering how to tackle the underlying causes of inadequate pension provision for some female local government workers.
8. In pulling the survey together the Secretariat will be mindful of the Data Protection Act 2018 when requesting data from local authority employers. The Board has obtained [legal advice](#) on how we can balance advancing our statutory function with the obligations under the Data Protection Act 2018 and the Equalities Act 2010. It is expected that the survey will be designed in a manner that allows for employers to submit anonymised data as far as possible.

Recommendations

9. That the Committee agree to widen the scope of the Opt Outs survey to collect data on the reasons for opting out and allow for analysis by specified characteristics i.e. gender and faith.



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Local Government Pension Scheme (LGPS) data request

FOI reference - FOI-212

Date - 11 January 2024

Request

The data we believe we are seeking is “The total number of staff employed on your duties start date or staging date” which is provided by funds to the TPR in their declaration. It would be also helpful if you could provide LGPS aggregated totals on: “The total number of staff you had put into a pension scheme” and “the number of staff who were already members of a pension scheme (on your duties start date or staging date)”. We’ve concentrated on the declaration of compliance but there may different data collected which we are not aware of.

To reconfirm, we would only expect data on a LGPS aggregated basis only, we wouldn’t expect (or require) any data to be shared at individual employer level. Ultimately, we are interested in the scheme-level picture of the LGPS and the number of employees eligible who have chosen not to join the LGPS and would welcome TPR’s assistance in obtaining this data.

Response

We have carried out some analysis based on the initial declarations of compliance submitted by employers who have told us that they have automatically enrolled eligible jobholders into a LGPS scheme to the end of January 2024.

1. The total number of staff employed on your duties start date or staging date - 3,106,000
2. The total number of staff you had put into a pension scheme - 221,000
3. The number of staff who were already members of a pension scheme (on your duties start date or staging date) - 2,249,000

Please note the following caveats to the information above.

- We have no way of knowing whether the employers who have declared that they have used a LGPS scheme for AE also use other pension schemes for other parts of their workforce.
- Nor do we know that a LGPS scheme was used to contractually enrol the membership in point 3.

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