

Cost Management, Benefit Design and Administration Committee (CMBDA)

HYBRID MEETING – 1st July 2024

ITEM 5 – PAPER B

Update from Gender Pensions Gap (GPG) working group

Current position

1. Since the last meeting, the working group met on 29th May 2024 and significant progress has been made on the [action plan agreed](#) by the Board in March 2024. An updated action plan can be found at **Annex A**.
2. In March 2024, [a blog post](#) was published by the Board Secretary, Jo Donnelly to introduce the GPG work and how the employer's role could help the gap. The blog was aimed at the Local Government Association's (LGA) workforce subscribers, who are mainly HR/personnel staff at Councils.
3. Following this, the Secretariat jointly arranged a webinar with the LGA's Workforce team that was held on 9th May 2024. Over 100 attendees joined the webinar and presentations were provided by the Workforce Team on the LGA's gender pay gap reporting, from the Equality and Human Rights Commission and from the Pensions Team on the Board's GPG work and the Employer's Role. Insight was also provided by an actuary who sits on the Board's working group on the actuarial aspects of the gap.
4. During the webinar, attendees were asked whether they would be interested in supporting the Secretariat in conducting more research into gender gaps at the employer level. So far, 8 employers and 2 LGPS funds have contacted the Secretariat team offering to help. An initial scoping meeting has taken place and another meeting is planned for 28th June 2024.
5. The initial suggestion for this further research involves:
 - Producing individual employer gender pensions gap data
 - Looking at the impact of life events and other absences. That would include looking at the frequency of pension sharing on divorce and the take up of Shared Cost Additional Pension Contributions
 - Identifying best practice examples of HR/payroll procedures

Cost Management, Benefit Design and Administration Committee (CMBDA)

- Looking at non-pension data held by employers on members – e.g, ethnicity, and intersectional analysis.
6. There are significant barriers to obtaining and sharing data which will need to be identified and worked through during this proposal phase. For example, some of the data proposed for further research is held directly by the employing organisation, or via a third-party provider (such as a payroll or HR provider) and some data by the pension fund.
 7. The appropriate data sharing agreements and approval process will need to be reviewed and, if necessary, amended. An initial research proposal document is to be drafted, with the aim to have agreement by the Board on the scope. In addition to the employers interested in supporting further research who attended the webinar, the Secretariat are considering the cross-over with the results of the opt out survey in Item 6 Paper C as there is an opportunity to gather data on pension membership and intersectional analysis from any data gathered on optants out.
 8. The Secretariat have also followed up on a request at the March 2024 Board meeting to engage with the work in the private sector on the GPG issue. The Secretariat have met with Alexandra Miles from Legal and General involved in GPG reporting and the work of the [Pensions Equity Group](#), launched in 2023. There are key areas of cross-over between our workstreams and their main areas of focus, including on improving employer engagement, encouraging best practice on dealing with life events/absences, pensions technology and disclosing employer level pension gaps.
 9. The working group discussed during the last meeting the LGPS regulations which set out the process for dealing with unpaid authorised leave and the actuarial factors which determine the cost of purchasing additional pension lost during an absence, known as Shared Cost Additional Pension Contributions (SCAPCs). It was noted that in some circumstances the member cost of a SCAPC was greater than what their contribution rate would have been if the benefit had built up during 'normal' service. Also, the LGPS regulations mean that where SCAPCs are purchased for lost pension, there are no attached dependent benefits paid in the event of the member's death.
 10. The regulatory timescale and cost of SCAPCs could be disproportionately impacting female members of the LGPS. The group

Cost Management, Benefit Design and Administration Committee (CMBDA)

have suggested that the Board write to the Government Actuary's Department and the Department for Levelling Up, Housing and Communities asking for a review of these factors, as they appear to be potentially discriminatory.

11. On 17th May 2024 [the Board wrote](#) to the then Chief Secretary to the Treasury suggesting that the Government take a consistent and active approach to the gender pensions gap across public sector pension schemes. The Secretariat has also been consulting the actuarial community to consider what can be offered or included on Gender Pensions Gap reporting to funds and employers for the 2025 valuation.

Next steps

12. The Secretariat will continue to work on the activities highlighted in this report and on the actions listed in the action plan at Annex A.

Recommendation 1 – That the Committee notes the position as set out above and that the Secretariat continues with the actions planned in Annex A of this report

Recommendation 2 – The Board writes to GAD and DLUHC to ask for a review of factors used for SCAPCs

DRAFT Scheme Advisory Board - Gender Pensions Gap (GPG) action log
V5 – for the CMBDA meeting on 1 July 2024

No.	Action point	Follow up actions	Status	Comments
1.	Investigate feasibility of changes to regulations to extend the deadline for scheme members to elect for SCAPCs	a) Contact Department for Health & Social Care for background on NHS policy on pension buy-back and statistics for take-up. b) Consider how potential impact could be measured and impact on employers contributions c) Transfers in – explore the impact of funds allowing all transfers in and not being fund discretion (Note: all funds have to accept club transfers in and aggregate other LGPS rights)	COMPLETED ONGOING NOT STARTED	No response – to be removed from action log
2.	Plan specific communications needed for 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	a) Develop FAQ for employers similar to current strike leaflet to cover unpaid leave b) Add content to LGA Employer Role course c) Investigate how pension administration systems show in member self-service portals the pension impact of breaks and life events	ONGOING COMPLETED ONGOING	Draft started Slides added To be explored in action point 8

		<p>d) Collate the best practice examples for HR/payroll procedures and communications during life events</p> <p>e) Investigate if actuaries could include gender pensions gap as part of valuation report</p>	<p>ONGOING</p> <p>ONGOING</p>	<p>Part of further research with employers following webinar</p>
3.	Work with LGA workforce team on increasing awareness of GPG and identify the policy solutions which could have a positive impact	<p>a) Presentation at virtual event on 9th May 2024 with LGA workforce team covering GPG aimed at HR leads and pension contacts across Local Government</p> <p>b) Contribute to LGA's monthly blog/workforce bulletin on GPG in March 2024</p> <p>c) Investigate with LGA workforce team to consider the duty which could be put on employers for reporting future GPG</p>	<p>COMPLETED</p> <p>COMPLETED</p> <p>NOT STARTED</p>	<p>Next steps - further research with employers</p>
4.	Continue the discussions with DLUHC on the progress of New Fair Deal and impact of outsourcing on the GPG	<p>a) Put forward as a topic for Cllr Phillip's discussion with the new minister</p> <p>b) Explore how to understand the impact of outsourcing on the GPG</p>	<p>ONGOING</p> <p>NOT STARTED</p>	<p>To be revisited post general election</p> <p>To be revisited post general election</p>
5.	Explore further research options with Pensions Policy Institute (PPI)	<p>a) Provide PPI initial comments on the research proposal and investigate potential funding options</p>	<p>ONGOING</p>	<p>Feedback provided to PPI on proposal and data sharing issues to be investigated.</p>

		b) Meet with employers who volunteered to discuss further research following the LGA workforce GPG webinar	ONGOING	
6.	Add questions on GPG to Opt Out survey	a) Planned for when new Secretariat analyst starts in late March 2024	COMPLETED	Survey closed 7 th June – results to be presented at CMBDA 1 st July committee meeting
7.	To write to the Chief Secretary to the Treasury, Laura Trott MP	a) Draft and send letter suggesting that the Government take a consistent and active approach to the gender pensions gap across public sector pension schemes	COMPLETED	Letter issued 17 th May 2024 and published on SAB website
8.	Explore the cross-over of work with the Pensions Equity group and pensions in the private sector	a) Meet with Alexandra Miles (LGIM) to compare action-plans and areas of cross-over	ONGOING	Cross-over areas identified and being explored (such as employer best practice, pension administration systems, divorce policy, mandatory disclosures)