

# Cost Management, Benefit Design and Administration Committee (CMBDA)

<b>DATE:</b>	24 February 2025
<b>VENUE:</b>	Hybrid meeting (MS Teams and 18 Smith Square)
<b>TIME:</b>	11:00am to 1:00pm

## AGENDA

<b>Item</b>		<b>Paper</b>	<b>Timings</b>
1	Welcome, introductions, apologies and declaration of interests		11:00
2	Meeting protocol		11:05
3	Actions and Agreements from 21 October 2024 meeting	<b>Paper A</b>	11:10
4	LGPC Update	<b>Paper B</b>	11:15
5	Ministry of Housing, Communities and Local Government (MHCLG) update	<b>Verbal</b>	11:25
6	2025 fund valuations and section 13	<b>Verbal</b>	11:35
7	Update from Gender Pensions Gap working group	<b>Paper C Annex A Annex B</b>	11:45
8	Update on Pensions Review – Phase Two	<b>Verbal</b>	11:55
9	New Fair Deal and the Two-Tier Code	<b>Verbal</b>	12:00
10	Normal Minimum Pension Age	<b>Verbal</b>	12:20
11	Committee Workplan	<b>Paper D</b>	12:30
12	Local Government Reorganisation	<b>Verbal</b>	12:40
13	AOB and date of next meeting		12:50

# Cost Management, Benefit Design and Administration Committee (CMBDA)

**Hybrid meeting of 24 February 2025**

## **ITEM 3 PAPER A**

**Actions and agreements from 28 October 2024**

### **Actions and agreements**

#### **Present**

George Georgiou	Employee representative (GMB), Chair
Simon Taylor	Practitioner – West Midlands Pension Fund
Emma Mayall	Practitioner – Greater Manchester Pension Fund
Kevin Gerard	Practitioner – Carmarthenshire Pension Fund
Paul Guillotti	Practitioner – Richmond and Wandsworth Pension Fund
Glyn Jenkins	Employee representative (UNISON)
John Neal	Employee representative (Unite)
Becky Durrant	Actuaries – Aon
Robert Bilton	Actuaries – Hymans Robertson
Melanie Durrant	Actuaries – Barnett Waddingham
Michelle Doman	Actuaries – Mercer
Martin Smith	Government Actuary's Department (GAD)
Matt Gurden	GAD
William King	Ministry for Housing, Communities and Local Government (MHCLG)
Rachel Abbey	Local Government Association (LGA) – Lead Pensions Adviser
Joanne Donnelly	LGA – Board Secretary
Jeremy Hughes	LGA – Senior Pensions Secretary
Ona Ehimuan	LGA – Pensions Secretary
Becky Clough	LGA – Board Support and Policy Officer
Sarah Tingey	LGA – Research and Data Analyst

#### **Items 1 and 2 – Welcome, introductions and declarations of interest**

1. The Chair welcomed all in attendance to the meeting. Robert Bilton deputised for Catherine McFadyen (Hymans Robertson) and Becky Durrant deputised for Jonathan Teasdale (Aon). Rachel Abbey deputised for Lorraine Bennett (LGA). There were apologies from Charity Main (Academies representative).
2. There were no conflicts of interest declared.

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## Item 3 – Actions and agreements from 1 July 2024 meeting

3. The minutes of the meeting on 1 July 2024 were agreed as a fair and true record of the meeting.

## Item 4 – Update on McCloud and Pensions Dashboards

4. Rachel Abbey (RA) gave a verbal update to the Committee on McCloud confirming the latest issues covering the McCloud remedy. Covered in the update was that the recently laid LGPS (Information) Regulations 2024 remove the requirement to include estimated underpin information in the 2023/24 Annual Benefit Statements and also provide a discretion not to include estimated underpin information in the 2024/25 statements for a particular member or class of members. Earlier in the month the team ran a series of webinars, two covering transfers and a further two covering McCloud issues generally, the webinars were attended by over 500 people.
5. An update was provided on the issue of teachers' excess service and McCloud. The team meet regularly with representatives from MHCLG, the Department for Education and Capita (the Teachers' Pension Scheme administrator). The estimated number of teachers possibly in scope was down to 6,000 and could decrease further.
6. On Pensions Dashboards, RA confirmed that the Department for Work and Pensions had published a [written statement](#) on dashboards which confirms that the final deadline for connecting to the dashboard is 31 October 2026.
7. Glyn Jenkins (GJ) asked whether current retirees and other scheme leavers were seeing an increase in benefits due to the impact of the McCloud remedy. RA said there was no systematic data gathering on this but anecdotally under 10 per cent of scheme members are affected by the remedy as the career-average scheme offers better accrual for most scheme members, and this was leading to higher benefits.

## Item 5 – Update from Gender Pensions Gap (GPG) working group

8. Becky Clough (BC) introduced Paper B to the Committee detailing the progress that had been made since July.
9. The Board [wrote to MHCLG](#) asking for a review of the actuarial factors and regulations covering shared cost additional pension contributions (SCAPCs). The Board also now has representation on the Pensions Equity Group (PEG) and the Group's 'Mind the Gap' paper was included at Annex

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A for the Committee to review and comment on how it can be updated for the public sector.

10. A survey is being prepared which asks scheme employers for data and insight on the number of scheme members who opt out of the pension scheme and to gauge appetite for gender pensions gap reporting. Will King (WK) said that there is Ministerial interest in this work within Government and MHCLG are aligned with the Board on the timings for actions A-D as detailed in the paper. The Secretariat emphasised that they would move quickly on the things which were, to a degree, within their gift (such as recommendations to changes to SCAPC rules) but other things required culture change at the workplace level and these would take time.
11. John Neal (JN) thanked the Secretariat for their work and suggested that the way SCAPCs work in the LGPS needed to be aligned with the similar deadlines for other public sector pension schemes.
12. Simon Taylor (ST) asked how PEG's Mind the Gap report is being promoted to employers. BC said that PEG didn't yet have a website and so the draft, which is currently under development, was only being shared via LinkedIn. The Secretariat were also liaising with PEG on the communications strategy to support and promote this work.
13. GJ asked whether any analysis of the GPG for those taking flexible retirement or working the "4 day week" had been undertaken. Jeremy Hughes (JH) explained that the Board's priority now was on the mainstreaming of GPG reporting across public sector pension schemes, rather than commissioning further analysis itself.

**ACTION – that the Secretariat carries out the actions detailed in paragraph 2 in Paper C, namely**

- **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**
- **Explore with the PEG how to adapt the 'Mind the Gap' employer best practise guide found in Annex A for the Public Sector**
- **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 SCAPCs**

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- **Analyse the responses from the GPG survey to local government employers**

## Item 6 – Opt out survey

14. Sarah Tingey (ST) gave a verbal update to the Committee. The previous data collected showed no evidence to demonstrate an increase in optants out from the scheme. There are ongoing discussions with MHCLG on ways of gathering comprehensive, reliable data on opt outs. This will require the establishment of a legal basis for funds to gather and hold data on optant outs, agreement on standards so that consistent data can be collected, and also collaboration with pension software providers and administrators to ensure that reporting was not burdensome.
15. A further survey aimed at collecting information from Local Authorities and academies sector would be issued by the Secretariat soon.
16. GJ asked if there was data for the 50/50 section of the scheme. Martin Smith (MS) said that this data was collected for the scheme-level valuations that GAD carry out every four years. Kevin Gerard (KG) added that the 50/50 scheme is actively promoted by most funds and that gathering 50/50 scheme data shouldn't be an onerous amount of work, but it needed to be clear if it was being gathered, i.e. would it be movement from the main scheme to 50/50, or a point in time headcount of the number of members in the 50/50 section of the scheme.
17. The Committee noted the update set out above.

## Item 7 – Pensions Review

18. Joanne Donnelly (JD) introduced Paper D to the Committee. The Board has published its response to the government's Call for Evidence. It was not expected that there would be any big announcements at the budget on 30 October 2024 but this would instead happen at the Mansion House speech in November.
19. The Board Chair would also be meeting with Pension Committee Chairs to discuss the Pensions Review and other topical issues in November 2024 following on from similar events earlier in the year.

**POST MEETING NOTE – MHCLG launched the LGPS Fit for the Future consultation following the Mansion House speech on 14 November 2024. The consultation closes on 16 January 2025 and the Board will be submitting a response early in the new year.**

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20. The Committee also agreed with the recommendation that it should seek to engage with Phase 2 of the Pensions Review, which was expected to look at pensions adequacy and fairness.

**ACTION – for a small working group to be set up to consider how best to engage with Phase Two of the Pensions Review.**

## Item 8 – New Fair Deal

21. Jeremy Hughes introduced the discussion to the Committee. Implementation of New Fair Deal (NFD) was not explicitly in Labour's manifesto but it was expected that the new Government would seek to catch up on implementation of the last Government's NFD policy from 2013. An announcement was also expected on whether NFD would apply to further education staff, after the sector was reclassified by ONS as being part of the public sector.

**POST MEETING NOTE – The Government has since [written](#) to the Association of Colleges confirming the extension of New Fair Deal to further education bodies that operate in the statutory sector**

22. The Government has also committed to bringing in a new "Two Tier Code", as part of Labour's "new deal for working people". This was explicitly in some of the policy documents prepared for the election but not the manifesto itself. The commitment was to "extend and strengthen" what was in the [withdrawn code](#). JH said that LGA would be engaged in discussions on how the new Code might be implemented in the local government sector, that there would first be a consultation on the previous New Fair Deal policy and, as mentioned above, a fresh look at the two-tier Code.

## Item 9 – Normal Minimum Pension Age (NMPA)

23. JH introduced the discussion and highlighted Paper D from the 1 July 2024 meeting which laid out the current position. The Committee discussed whether it should recommend to the Board taking a view on how the incoming increase of NMPA from 55 to 57 will impact the LGPS.
24. John Neal (JN) said that Unite would like to see existing LGPS members specifically protected from the increase. Emma Mayall (EM) said that a large

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proportion of the scheme is comprised of women and she would like to see an equality impact assessment conducted for any proposed changes.

25. WK asked how the Committee's views aligned with LGPC's position. RA explained that LGPC's response is more technical than policy based. The Committee noted that there was no protection for LGPS members the last time NMPA was increased, which was out of line with the other public sector schemes, but this was because there was no unqualified right to the earlier NMPA in the old regulations.
26. The Committee agreed to recommend that the Board should take a defined stance on the issue.

**ACTION – that the Secretariat raise the issue of normal minimum pension age and its effect on the LGPS at the next Board meeting on 25 November 2024**

## Item 10 – MHCLG Update

27. WK informed the Committee that four key areas had been taken to the minister for consideration: addressing the gender pensions gap, getting a better handle on opt outs, implementation of New Fair Deal and updating survivor benefits in the light of recent court judgments. The aim was to make the necessary amendments to regulations next year and MHCLG may be able to address additional areas which have been on the technical list for addressing at the same time. WK thanked the Secretariat for their ongoing efforts across various workstreams.
28. GJ expressed a concern about the delay in implementing the Goodwin case and that any widowers who have lost out should be identified as soon as possible.

## Item 11 – AOB and date of next meeting

29. There were no AOB items, and the date of the next meeting was confirmed as 24 February 2025.

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## HYBRID MEETING – 24 February 2025

### ITEM 4 PAPER B LGPC update

#### Background

1. The Local Government Pension Committee (LGPC) is a committee of councillors constituted by the LGA. It represents local authority interests in dealing with Government and others on local government pension issues. Its work is carried out by the LGPC secretariat at the LGA.
2. The LGPC also provides an advisory and training service to LGPS administering authorities across the UK. The service is funded by a subscription on LGPS authorities and training income.

#### McCloud remedy

3. LGPS administrators continue to implement the McCloud remedy. The McCloud implementation period set out in the statutory guidance runs to 31 August 2025; however, it is expected that work will continue beyond this date.

#### McCloud webinars

4. We are currently working with [Affinity Connect](#) on McCloud webinars for scheme members. The webinars will provide an overview of the LGPS as well as information about McCloud. These will be advertised on the [national LGPS member website](#) shortly. The first webinars will take place in April 2025.

#### McCloud and Annual Benefit Statements

5. The LGPS regulations provide a discretion for administering authorities not to include estimated underpin information in the 2024/25 statements for a particular member or class of members.
6. Authorities using this discretion will need to decide before 31 August 2025 and tell affected members.
7. There is currently no guidance on the circumstances in which it may be appropriate to use this discretion.



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## Pensions Dashboards

8. In October 2024, the Department for Work and Pensions (DWP) issued a [written ministerial statement](#) confirming the Government's commitment to pensions dashboards.
9. The Minister for Pensions also announced that the MoneyHelper dashboard will be made publicly available before commercial dashboards are launched. This is to obtain better insights into customer behaviour and ensure greater confidence in a range of areas, including operational delivery, security and consumer protection.
10. The Pensions Regulator (TPR) is responsible for ensuring workplace pension schemes comply with pensions dashboards duties. It has published a [policy for compliance and enforcement](#) of these duties. It continues to engage with the sector using surveys and regular updates.

## Member benefit changes

11. MHCLG has confirmed it will shortly consult on a raft of changes to member benefits. These include changes to:
  - equalise survivor benefits
  - remove the age 75 limit for death grants
  - update forfeiture rules
  - make buying pension to cover absences easier and fairer
  - introduce new Fair Deal into the LGPS regulations.

## Increase to the normal minimum pension age

12. The Finance Act 2022 increased the normal minimum pension age (NMPA) from 55 to 57 from 6 April 2028. The NMPA is the earliest age people can access their pension savings, except for ill health. The change does not apply to members of uniformed services pension schemes.
13. The Act provides for protections to allow a member who, on 4 November 2021, already had a right to take their benefits before age 57 to retain a protected pension age. The Act also provides that a member retains a protected pension age on transfer.
14. Whilst the Act provides protection under the primary legislation, it is up to each pension scheme to decide whether it will provide for protected pension ages in its scheme rules.

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15. We are encouraging MHCLG to prioritise this work to allow members and employers to plan appropriately.
16. We are also taking papers to the SAB and LGPC meetings on 24 March 2025 for both parties to take a view on whether it would be appropriate for the LGPS to introduce protected pension ages.
17. The papers will include information on:
  - the details of the change
  - how it differs and interacts with the 2010 increase to the NMPA
  - the cost and two-tier workforce implications for employers if protections are introduced
  - the potential increased complexity of the Scheme.

## **Consultation on inheritance tax and pensions**

18. At the Autumn Budget 2024 the Chancellor announced that from 6 April 2027 most unused pension funds and death benefits will be included within the value of a person's estate for inheritance tax (IHT) purposes.
19. The Government launched a [technical consultation on Inheritance tax on pensions: liability, reporting and payment](#) on the same day. The consultation sought views on the processes required to implement the change. It closed on 22 January 2025.
20. Under the current rules, unused pension funds and death benefits are not liable for IHT where the trustees/scheme managers have a discretion in deciding who will receive them.
21. From 6 April 2027, the distinction between discretionary and non-discretionary payments will be removed. For the LGPS, this means LGPS death grants will be subject to IHT from 6 April 2027. If the death grant is paid to a spouse or civil partner no IHT will be payable.
22. The Government is proposing to make pension scheme administrators responsible for paying and reporting to HMRC any IHT deducted from an LGPS death grant. Personal representatives will still be responsible for calculating whether any IHT is due and passing on the relevant information to the pension scheme administrator.
23. The LGPC responded to the consultation highlighting the following key concerns:

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- an LGPS death grant does not represent an asset the member holds before death. It is similar to an insurance-based product which are not in scope for IHT
- the proposed changes will disproportionately impact younger, unmarried families
- existing death grant nominations will need to be reviewed as members will need to understand the IHT implications when making a nomination
- meeting the deadlines imposed will be very challenging
- the increased complexity for LGPS administrators who are not tax experts.

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## 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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## HYBRID MEETING – 24 February 2025

### 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.

	<b>Total</b>	<b>Council</b>	<b>Academy</b>
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%

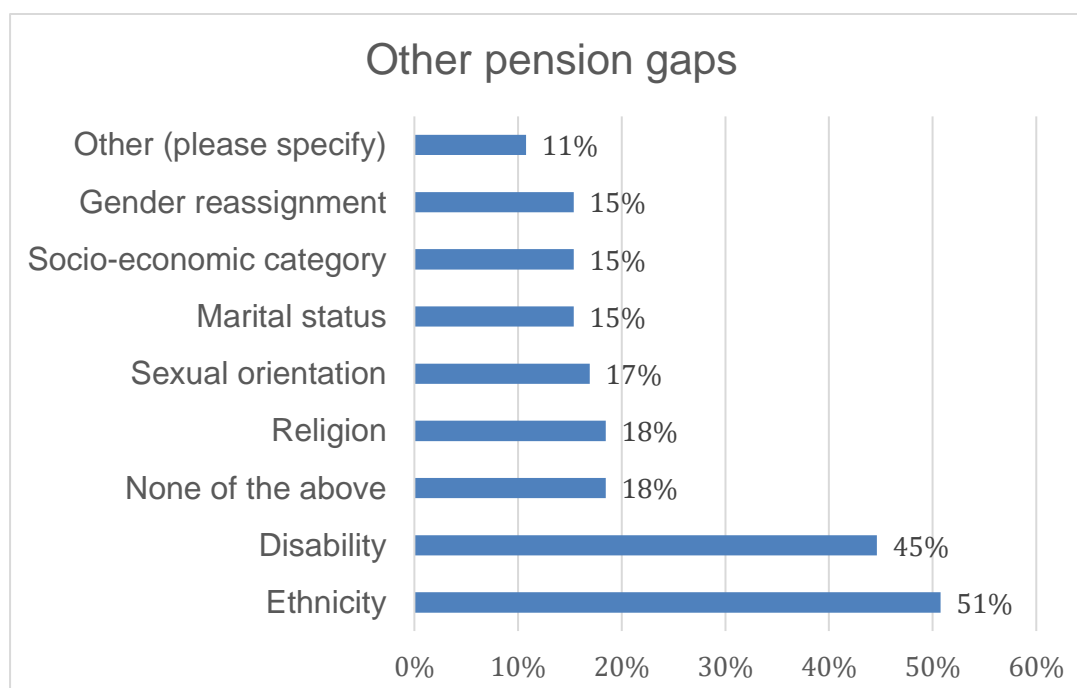
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Other (please specify)**	2%
Response	2%

\*\*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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# Cost Management, Benefit Design and Administration Committee (CMBDA)

**HYBRID MEETING – 24 February 2025**

## **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 females<sup>1</sup>. 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

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<sup>1</sup> [The Gender Pension Gap - House of Commons Library \(parliament.uk\)](https://www.parliament.uk/library/research-briefings/2019/07/2019-07-11-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%

# Cost Management, Benefit Design and Administration Committee (CMBDA)

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.

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# Cost Management, Benefit Design and Administration Committee (CMBDA)

## HYBRID MEETING – 24 February 2025

### ITEM 11 PAPER D

#### WORKPLAN UPDATE

##### Current position

1. When the committee last met in October 2024, the secretariat was asked to bring a timetable of work to the next meeting.
2. The workplan at Annex A details the main items of work that have been agreed by the Committee. We will put this workplan on the Board's website to ensure that administering authorities are aware of the work proposed by the Committee. This paper will be updated and brought to all subsequent meetings to give an update of activity.

#### Gender Pensions Group

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Lead Officer	Becky Clough (LGA)
Supported by	Will King and Florence Nevin (MHCLG), Alison Murray (Barnett Waddingham), Julie West and Greer Flanagan (Hymans) Laura Caudwell and Ben Challinor (AON), Diana McConnell (Westminster) Liz Manuel (Bedford), Julia Grace (Avon) Joana Marfoh (Islington), Karen Gibson (Dorset) John Neal (Unite) George Georgiou (GMB), Glyn Jenkins and Peter Urwin (Unison), Tara George (Meridian Trust); Davena Rankin (Glasgow Caledonian University), Jenny Bullen and Brian Allan (GAD), Jeremy Hughes, Sarah Tingey, Lisa Clarkson and Luann Donald (LGA)
Start date	October 2023
Target completion date	Ongoing
Meetings since October 2024:	26 November 2024

#### Recommendation

For the Committee to note the report and Annex A.

#### Annex A – Draft Workplan

# Cost Management, Benefit Design and Administration Committee (CMBDA)

Workstream	Details	Action for next Committee	Timescales
Gender Pensions Gap	<p>The Committee previously agreed to prioritise:</p> <ul style="list-style-type: none"> <li>• Exploring a standard GPG definition methodology for reporting</li> <li>• Looking into customising the PEG 'Mind the Gap' document for LGPS</li> <li>• Review the treatment of authorised unpaid leave with MHCLG</li> <li>• Analyse responses to the GPG survey</li> </ul>	See separate paper	Ongoing
Opt out data	Work with MHCLG to devise a system to enable collection and analysis of opt out data	Depends on content and timing of MHCLG consultation	<p>Consultation expected in coming months</p> <p>Depending on timing, maybe discuss response at June 2025 CMBDA meeting</p>

# Cost Management, Benefit Design and Administration Committee (CMBDA)

Workstream	Details	Action for next Committee	Timescales
MHCLG consultation on member benefits	Work with MHCLG on initial proposals  Prepare a Board response once the consultation launches	Depends on content and timing of MHCLG consultation	Consultation expected in coming months  Depending on timing, maybe discuss response at June 2025 CMBDA meeting
Normal Minimum Pension Age (NMPA)	NMPA changing in 2028, will there be protection for existing members? Board agreed to review on receipt of LGPC technical paper	Consider role in responding to Board decision	TBC – not clear yet when Government will make policy decision or consult on any necessary changes
Review of local fund valuations	To be discussed with GAD and waiting to see if there will be any steers on surpluses or employer contributions from MHCLG	Contingent on GAD/MHCLG position	TBC  Scottish fund section 13 due in summer 2025, which may give some indication

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