

Local Government Pensions

SAB

England and Wales

Local Government Pension Scheme Advisory Board
Jo Donnelly – Board Secretary / Head of Pensions (LGA)

Introducing the Gender Pensions Gap

9 May 2024

About the Local Government Pension Scheme (LGPS)

- One of the largest defined benefit schemes in the world
- The LGPS in England and Wales combined*:
 - £369 billion in assets
 - 14,992 scheme employers (Local authorities, academy trusts, other central government funded bodies and private contractors)
 - 6.39m scheme members
- From 1 April 2014 - Career Average Revalued Earnings (CARE) Scheme
- Before 31 March 2014 – Final Salary Scheme
- Run by 86 administering authorities in England and Wales



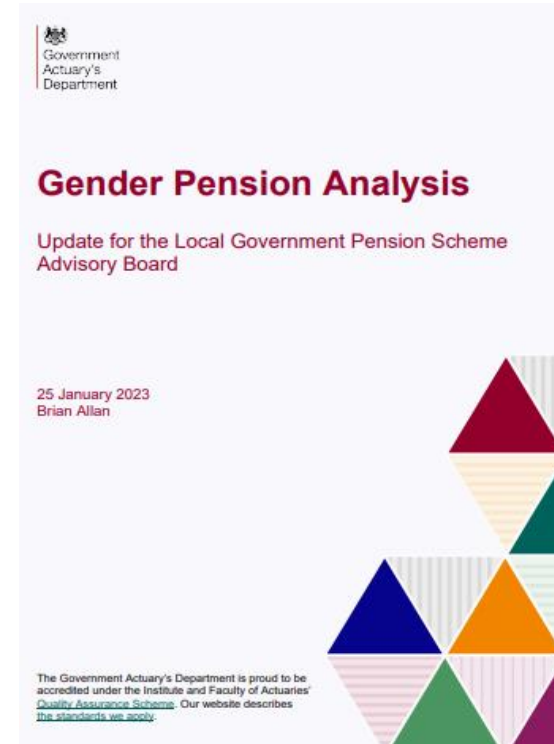
About the Scheme Advisory Board (SAB)

- Established in 2014, chaired by Cllr Roger Phillips
- Membership - equal number of employer and employee representatives, non-voting members and advisors
- Secretariat provided by the LGA
- Separate SABs for the LGPS in Scotland, and for the LGPS in Northern Ireland
- The Board's purpose is to:
 - Provide advice to the Secretary of State and to administering authorities on "*the desirability of changes to the scheme*" and "*in relation to the effective and efficient administration and management*" of the LGPS
 - Provide a framework to encourage best practice, increase transparency and coordinate technical and standards issues across the sector
- England and Wales SAB website www.lgpsboard.org

The LGPS Gender Pension Gap report

- We commissioned the Government Actuary's Department (GAD) to report on:
'overview of how pension income and total pension pot size in the LGPS were impacted by gender'
- Administration data including gender pay and service information (supplied by employers to administering authorities), but no information about other protected characteristics
- LGPS benefits analysed by individual (using National Insurance number)
- State benefits, private pensions and other savings not considered

Let's look at the results...



Full report available at
www.lgpsboard.org

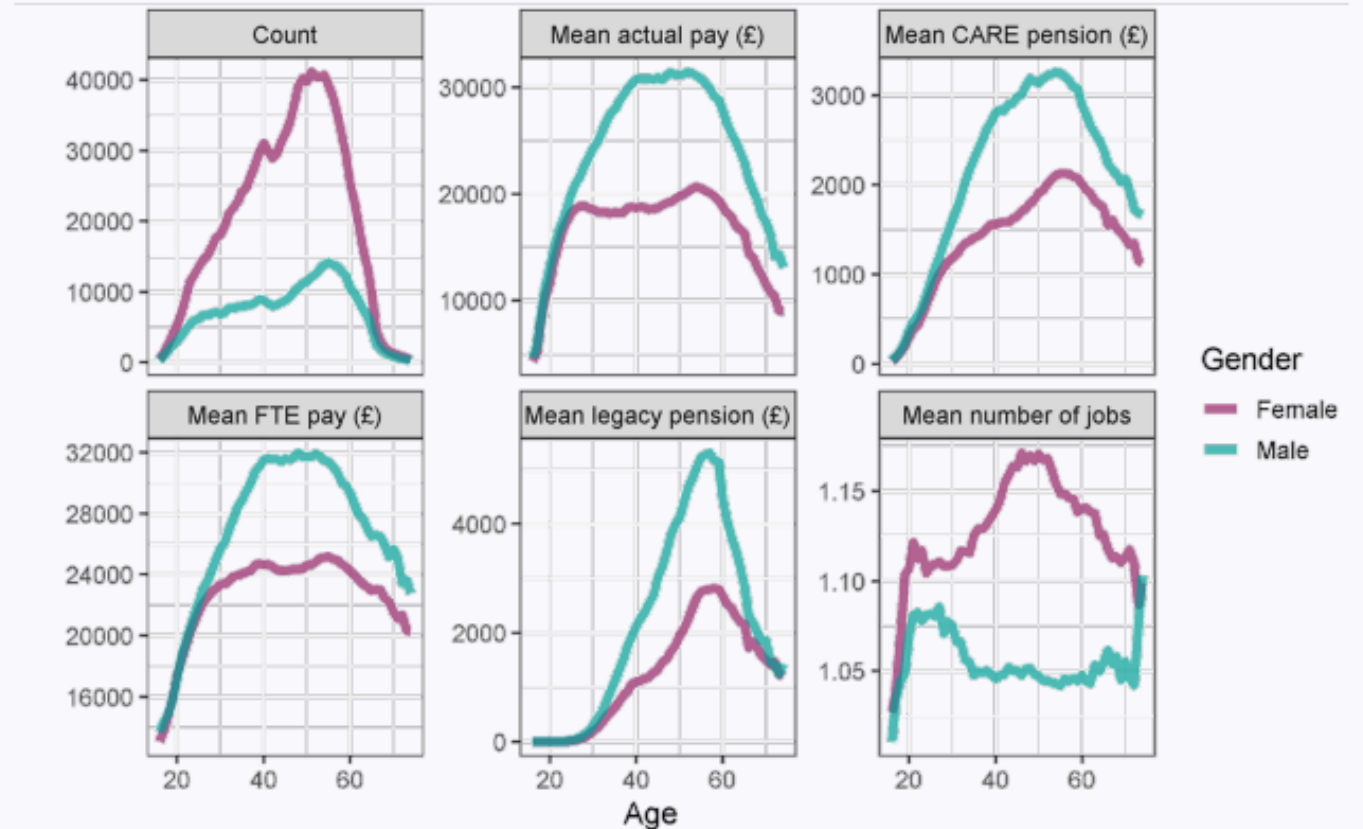
Headline findings: active members

Actual pay gap: **31.7%**

CARE pension gap: **34.7%**

Final Salary pension gap:
46.4%

Chart 1: Actives gender differences by age

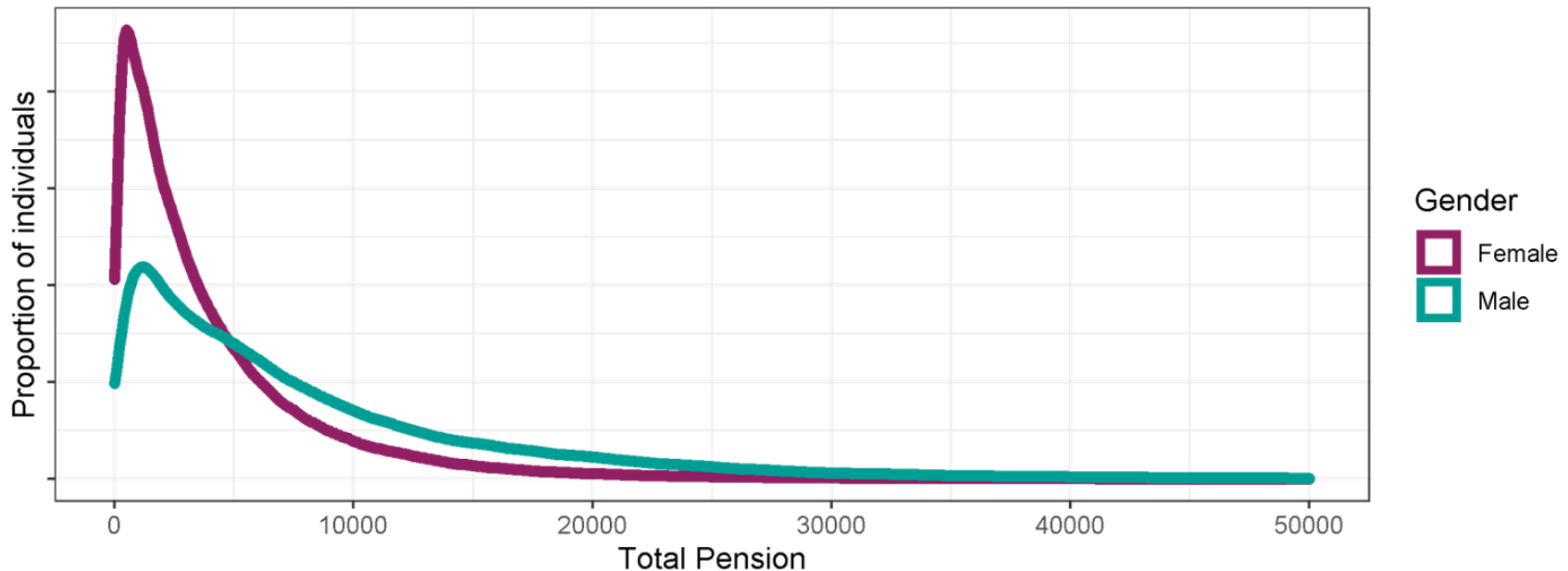


While women comprise around **74%** of current employees within the LGPS England and Wales data, they have lower mean pay and accrued pension.

Headline findings: pensioner members

Pensions in payment gap: **49.4%**

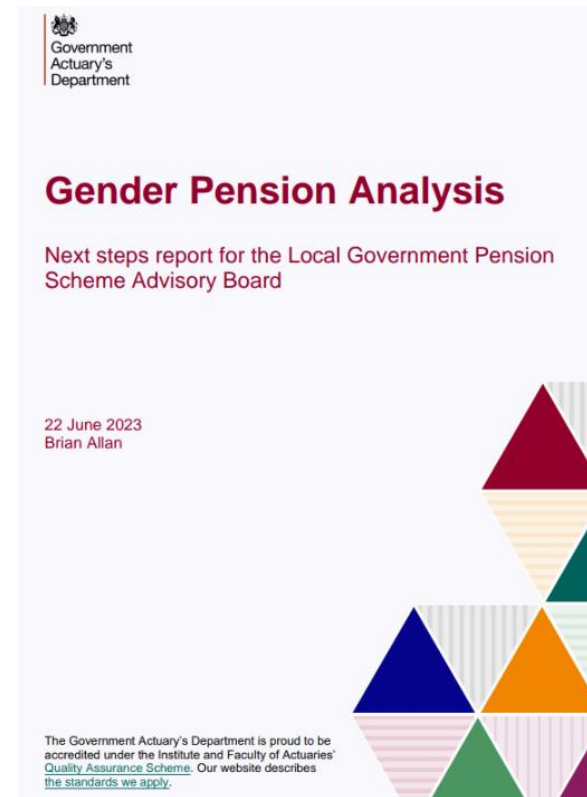
While women comprise around **62%** of pensioners within the LGPS England and Wales pensioner data, they have lower pensions than men.



Gender Pensions Gap – a further report

We asked GAD to explore these gaps in more depth, focussing on:

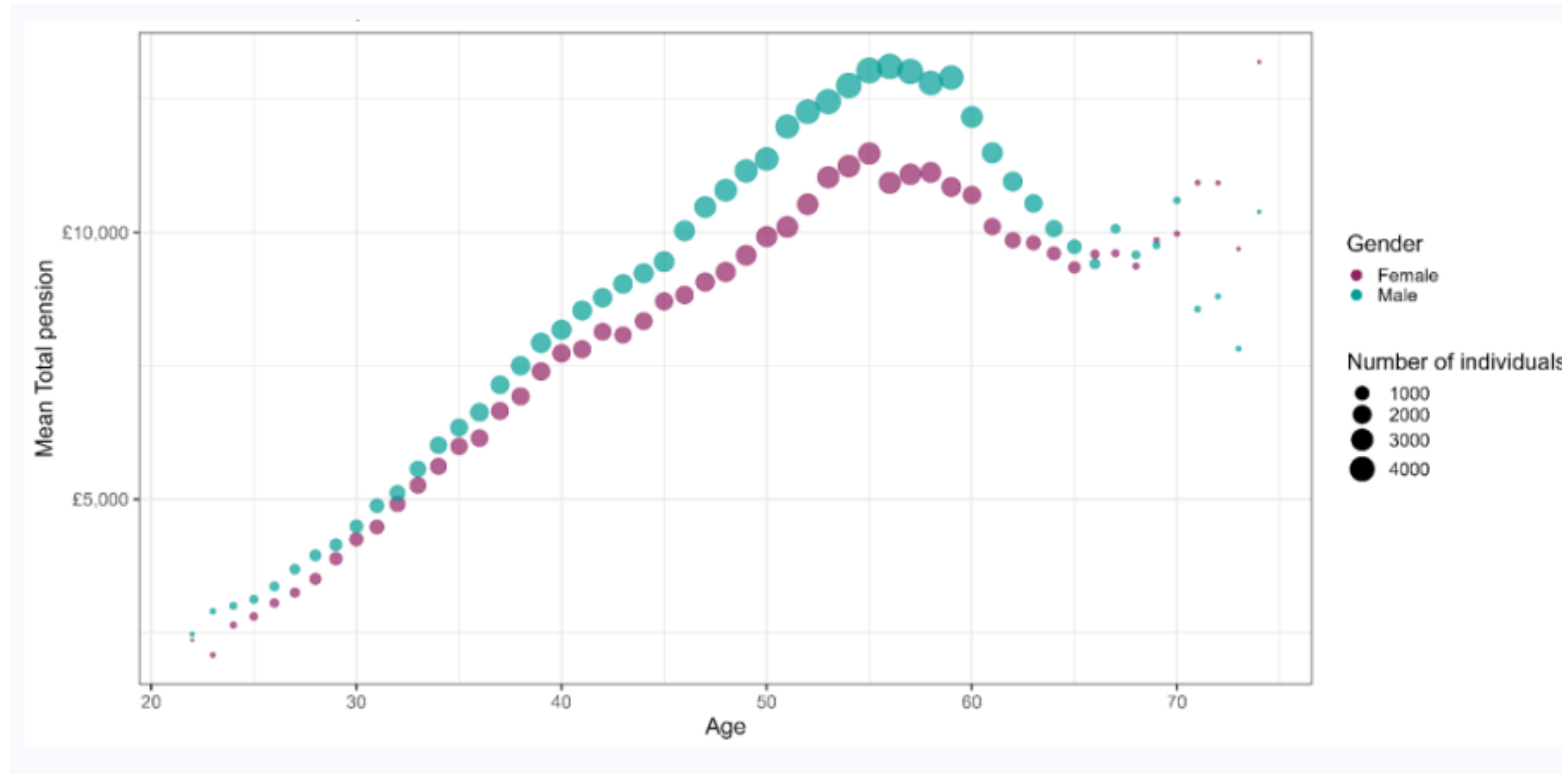
1. Career patterns – in particular, evidence of recent and past part-time working
2. Differences relating to employers or categories of employers
3. Comparing our analysis with the LGA's 2019 gender pay gap report



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1. Correlation with part-time working patterns

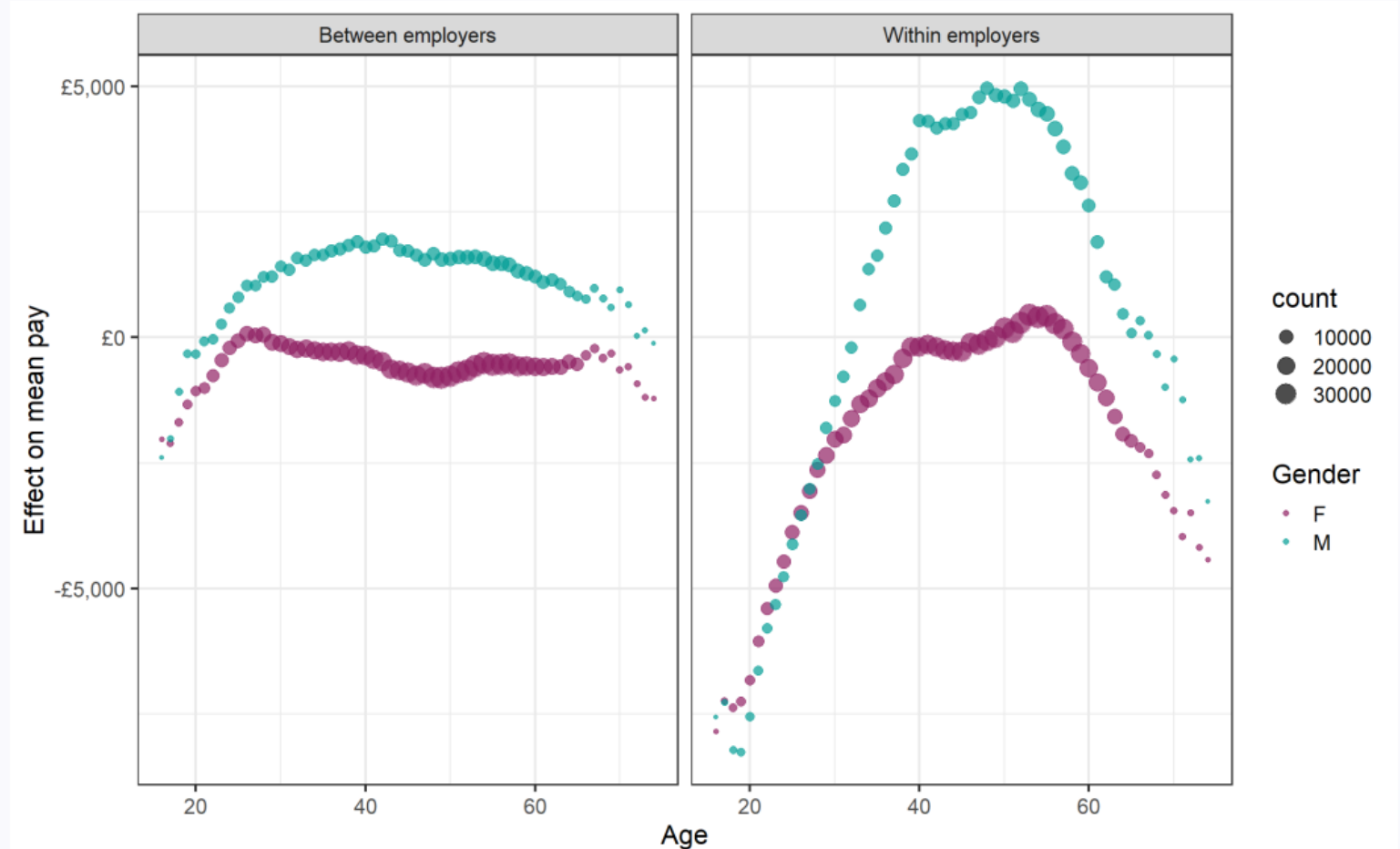
Part-time working patterns are closely related to gender pension (and pay) gaps for LGPS members. Controlling for differences between men and women in terms of both current and historic part-time working patterns reduces, but does not eliminate, these gender gaps.



2. Differences between (and within) employers

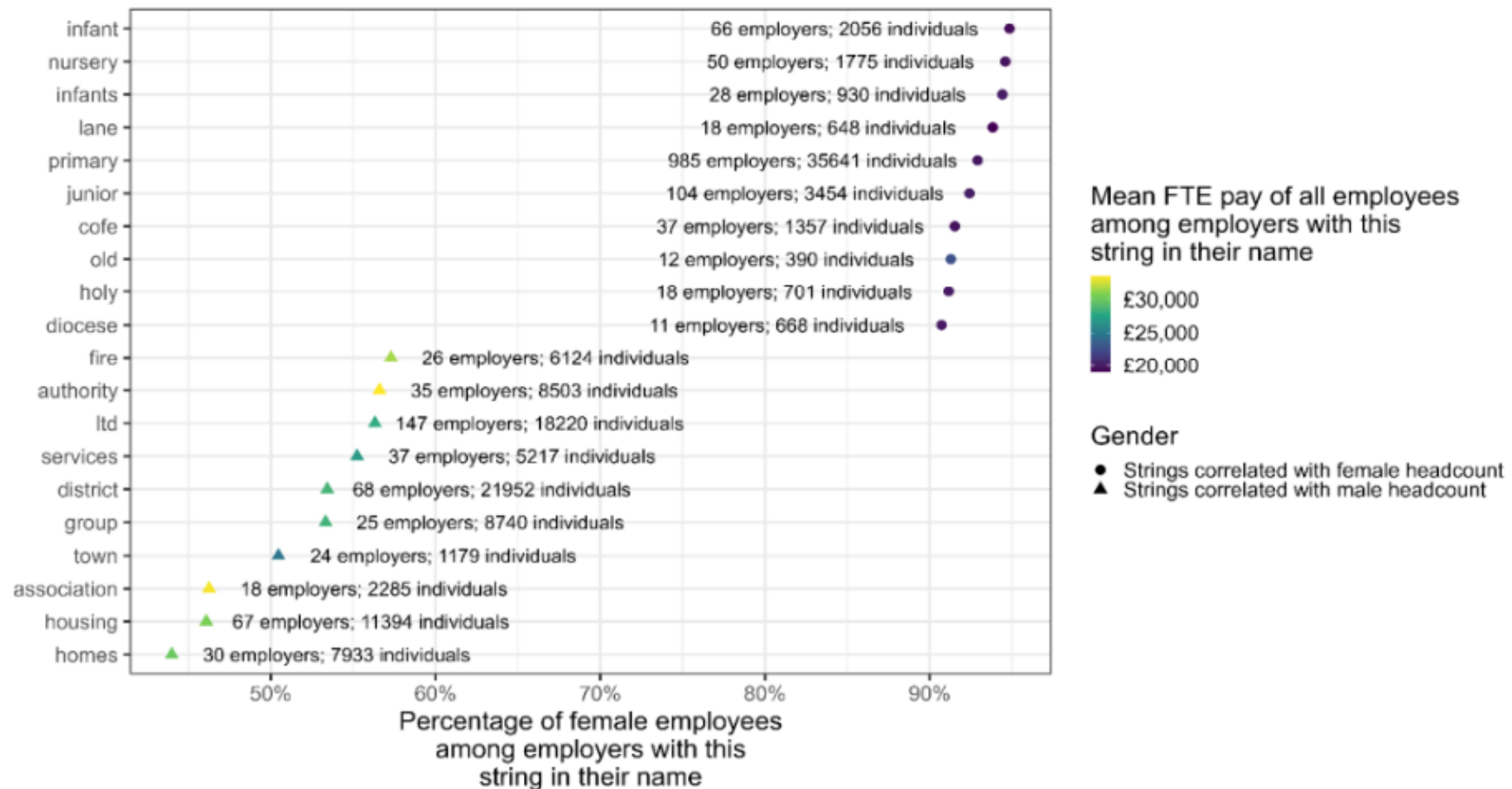
Within-employer makes a larger contribution to the gender pay and pensions gap than between-employer effects.

Chart 7: Between and within employer effects by age and gender



2. Differences between employers

Chart 13: employer name unigrams associated with the highest



3. Reconciliation with 2019 LGA gender pay gap

LGA analysis	GAD analysis
Data was for local authority employers only and excluding the majority of schools' staff.	Data is for all employers, but only includes LGPS members (i.e., doesn't cover opt outs).
Analysis was based on per employer pay gap data, and so only consider 'within-employer effects' and not 'between-employer effects'.	Analysis is based on individuals. So, it includes both 'within- employer effects' and 'between- employer effects'.

Data and methodology differences mean that the LGA pay gap report and the SAB pension gap results are not directly comparable

Gender Pensions Gap – next steps

We need to establish consensus on tangible actions to address disadvantage

- SAB has established a Working Group to look at:
 - Are there any in-scheme changes that may help address the levels of inequality (e.g. buying back pension after an absence, issue of multiple small pension pots)?
 - How do we best communicate with members to ensure they are informed about the potential pension implications of the career choices they make?
 - Can we direct employers to best practice in managing the career paths of those who take time off for caring responsibilities and other life events (child related leave, divorce, bereavement, career breaks and other absences)?

Disclaimer

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