

Title of Report	Gender Pensions Gap
For Consideration By	Pensions Committee
Meeting Date	28 November 2023
Classification	Public
<u>Ward(s) Affected</u>	All
<u>Group Director</u>	Jackie Moylan, Interim Group Director of Finance

1. **Introduction**

- 1.1. This report presents the Pensions Committee with a paper on the Fund's gender pensions gap, which has been prepared by the Fund Actuary, Hymans Robertson.
- 1.2. The paper provides a definition of the term "gender pensions gap" as it applies to the Local Government Pension Scheme (LGPS) and assesses the extent of the gap for the Hackney Pension Fund. It analyses the potential causes of the gap and makes a series of recommendations around next steps for the Fund and its employers.

2. **Recommendations**

- 2.1. **The Pensions Committee is recommended to:**
 - **Agree that officers will follow up the recommendations set out in paragraph 8.2 with Hackney Council's HR team to ensure that these are in place for the Fund's largest employer.**

3. **Related Decisions**

- 3.1. N/A

4. **Comments of the Interim Group Director of Finance**

- 4.1. This report presents the Pensions Committee with a paper on the Fund's gender pensions gap. Consideration of the gender pensions gap helps the Committee to understand the extent to which inequality in pension provision between men and women exists within the Hackney Pension Fund, the causes of this inequality, and any actions which can be taken by the Fund or its employers to help address this.

4.2. There are no immediate financial implications arising from this report.

5. **Comments of the Acting Director of Legal, Democratic and Electoral Services**

5.1. Hackney Council has a gender pay gap reporting duty under The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. Although disclosure of gender pensions gap information is not required under the Regulations, the provision of this information gives additional context to the Council's statutory disclosures.

5.2. The Pensions Committee has responsibility for the effective stewardship of the Pension Fund; the consideration of the Hackney Pension Fund's gender pensions gap reporting falls clearly within the Committee's remit.

5.3. There are no immediate legal implications arising from this report.

6. **Background to the Report**

6.1. Pension provision forms an important part of employee pay awards. As more and more organisations publish statistics on their gender pay gap, there has been increasing focus on the gender pensions gap.

6.2. There is at present no official measure of the gender pensions gap; some consider it as the difference between the retirement income of men and women (which would include private and state pension), whilst others consider it as the difference in wealth in retirement (which would suggest the inclusion of other assets, such as property).

6.3. A recent publication by NOW:Pensions in conjunction with the Pensions Policy Institute, highlighted that, on average, women are reaching retirement in their 60s with a pension wealth of £69,000, whilst men at a similar age have pension wealth of £205,800.

6.4. To analyse the Hackney Fund's gender pensions gap, the Fund Actuary has used annual pension amount rather than pension wealth. Wealth reflects differences in life expectancy and is more appropriate for measuring the difference between defined contribution retirement pots. However, the LGPS is a defined benefit scheme and the benefit granted is independent of life expectancy. Therefore, for the Hackney Fund, pension amount is a more appropriate measure for analysing the gender pensions gap.

7. **Hackney's Gender Pensions Gap**

7.1. Using the 2022 valuation data, the Fund Actuary has calculated the average pension for 5-year age brackets and split by gender. The results show that,

on average, for every £1 of pension paid to males, females are receiving around 60p. This is clear evidence of a gender pensions gap.

7.2. The main causes of the gap are identified as:

- Gender pay gap (pension is linked to earnings)
- Part-time vs. full-time working (pension is linked to service)
- Career breaks (also affect length of service)

The causes are discussed in more detail in the Actuary's report, which is set out at Appendix 1 to this report.

7.3. The report concludes that a gender pension gap does exist in the fund, which is more prevalent at older ages but exists at younger ages. The analysis shows that the gender pay gap is a contributing factor; although lower than the national average, the difference will be a contributing factor to the pensions gap.

7.4. The report also notes that there is a significant difference in working patterns between genders. Women are more likely to be part-time workers which results in them accruing less pension.

7.5. Both causes (pay and working patterns) appear most clearly from age 30 onwards; anecdotally this is the age when people start to have families, potentially leading to women being more likely to earn less and work part-time than men.

8. **Next Steps**

8.1. The report acknowledges that the gender pensions gap is not an issue confined solely to the LGPS, and instead exists across the wider pensions landscape. To fully address the gap, and some of its contributing factors, would require significant national level action; the LGPS, as one of the country's largest pension schemes with around 4 million female members, needs to be a key participant in any wider initiative.

8.2. The report recommends some actions that could be taken at local level, albeit employer driven. These include:

- Reviewing job profiles and pay scales to ensure there is genuine equality across the full spectrum (this would also help address the gender pay gap)
- Checking to see that back-to-work policies, including flexible working, fully support and encourage people who have taken career breaks back into the workplace
- Enhancing shared parental leave policies

- Educating employees about implications for their pension any time there is a life point change that may have financial consequences (e.g. reducing hours, getting divorced, promotion etc). Employees can then make informed choices about whether to top up their pension or not.
- Letting new joiners and part-time workers know that they can opt in to the pension scheme, even if they do not meet the qualifying criteria

Appendices

Appendix 1 - London Borough of Hackney Pension Fund - Gender Pensions Gap Analysis (Hymans Robertson)

Background documents

None

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