



The Rt Hon Laura Trott MBE MP
Chief Secretary to the Treasury
1 Horse Guards Road
Westminster
London
SW1A 2HQ
(via email)

25 April 2024

Dear Laura,

Addressing the gender pension gap in public service pension schemes

I am writing to you about the size of the gender pension gap in public service pension schemes, and the pressing need to take action to reduce it.

The Government has rightly taken several steps to address the gender pay gap.

Gender pay gap reporting, shared parental leave, free childcare and the right to request flexible working have all contributed to the long-term downward trend in its reported size¹.

Unfortunately, the gender pension gap² is over twice the size of the gender pay gap and is hardly decreasing at all.

The scale of this problem is enormous. It has a huge impact on the quality of life of tens of millions of women over many decades in retirement.

It is obviously the case that any progress made in tackling the gender pay gap will also eventually result in progress in relation to the gender pension gap.

But any analysis of the causes of the gender pension gap³ shows that other factors, particularly caring responsibilities, will continue to drive inequality in retirement incomes.

It is crucial that action is taken to address these other causes, otherwise the gap will never be closed.

As Minister for Pensions, you took the important and welcome step of publishing the first official estimate of the gender pension gap. This has increased its profile and the likelihood of future action to address it.

¹ [Gender pay gap in the UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

² [The Gender Pensions Gap in Private Pensions - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

³ [What is the gender pension gap? | Prospect](https://prospect.org.uk)

As Chief Secretary to the Treasury, you now have responsibility for a different policy area that is also hugely important in tackling the gender pension gap: public service pension schemes.

The gender pension gap in public service pension schemes

The gender pension gap varies across the main public service pension schemes but is very high in all those we have data for.

Gender Pension Gap in selected public service pension schemes (latest year available) ⁴	
Civil Service	44.5%
NHS (England and Wales)	60.7%
NHS (Scotland)	62.1%
Teachers (England and Wales)	27.7%
LGPS (England and Wales)	49.4%
Research Councils	60.5%

Analysis of the gender pension gap in public service pension schemes

There has been a welcome increase in the attention given to this issue by Scheme Advisory Boards for the main public service pension schemes in recent years.

The Local Government Pension Scheme Advisory Board commissioned the Government Actuary's Department to produce a report⁵ on the gender gaps in its scheme.

That Board's Cost Management, Benefit Design and Administration Committee subsequently established a gender pension gap working group to discuss potential actions.

I am a member of the Scheme Advisory Board for the Civil Service Pension Scheme. The Cabinet Office produced an analysis of the gender gaps in its schemes for this Board.

I am sure similar analyses have been provided for some of the other main public service pension schemes.

However, I am not aware of any Scheme Advisory Board making any progress towards practical policies that would have a real impact on the size of the gender pension gap in their scheme.

My own experience of discussions about the gender pension gap in the Civil Service, which is in line with what I have heard from people involved in discussions about other schemes, is that Treasury officials refuse to engage on this issue in a meaningful way.

Treasury officials' views

In order to understand Treasury's approach to this issue, Prospect submitted a Freedom of Information request asking for any analyses or briefing that had been produced about the gender pension gap in public service pension schemes.

⁴ All figures taken from 2022-23 scheme accounts (though the underlying data may be taken from different years for different schemes).

⁵ [\[Title\] \(lgpsboard.org\)](#)

The response to this request gave valuable insight into Treasury officials' thinking on this subject.

For example:

- In June 2021, when discussing a response to a Public Accounts Committee recommendation to be proactive in collecting data on gaps in pensions, an official outlined their plan to reject this “on the basis that this is purely a long-term consequential of differences in pay”.
- In the same exchange, there was an assertion that the “best way to tackle [the gender pension gap in public service pension schemes] is through narrowing [the] pay gap”.
- In February 2022, the following statement was included in a briefing pack provided to the then Chief Secretary to the Treasury, “[gender pension gaps] reflect past differences in earnings over members’ careers rather than differences in their pension terms”. It continued, “The best way to combat differences in pension accrual is therefore by tackling the gender pay gap and promoting equal opportunities for career progression”.
- In April 2023, there was further internal correspondence on this topic and officials said “the pension is gender neutral and pension differences reflect differences in pay”.

These (and other) statements demonstrate a failure by the relevant Treasury officials to seriously engage with, and fully understand, the nature of the gender pension gap in public service pension schemes.

Problems with the current approach from Treasury officials

The main mistake that Treasury officials are making is thinking that solving the gender pay gap will eventually entirely resolve the gender pension gap as well.

The simple observation that the gender pension gap is far larger than the gender pay gap should be enough to demonstrate that this cannot be true.

A minimal amount of research would have alerted officials to other causes of the gender pension gap (principally the impact of women undertaking a disproportionate share of unpaid caring activity).

It is also wrong to assert that pension scheme design is “gender neutral”; the claim is particularly out of place in the same document that (rightly) notes that moving from a final salary to CARE benefit design will have a positive impact on the gap over time.

By far the biggest problem with the approach from Treasury is that its superficial analysis and wrong conclusions have effectively ended meaningful discussions on this important issue.

Scheme Advisory Boards are having important discussions about this issue with the relevant scheme managers. However, policy responsibility for these schemes rests with Treasury and, so far, they have not engaged in these discussions at all.

Next steps

In your short time as Minister for Pensions, you took decisive action to unblock a recommendation to publish an official estimate of the overall gender pension gap.

I hope that you will be able to make similar progress on the issue of the gender pension gap in public service pension schemes.

Prospect has specific policy proposals that we think would address this problem. However, we believe it is even more important to simply allow all stakeholders to have a meaningful discussion about these issues.

I would be very grateful if you would ask the relevant Treasury officials to arrange a meeting(s) with the Scheme Advisory Boards, scheme managers and member representatives on this issue.

If the officials responsible for this policy area met with the main stakeholders, there would be a much better chance of all parties reaching a better understanding of the issue, and potentially agreeing to action that would tackle it. At the very least, it would hopefully result in a useful readout for you.

I would be happy to provide any further information you might require and look forward to hearing from you. Given our members' interest in this issue, I will be sharing this correspondence with them.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'G. Graham', written in a cursive style.

Garry Graham

Deputy General Secretary