

Mandarins' pension pots

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Introduction

The senior civil servants who lead Whitehall government departments have some of the best remuneration packages in the public sector, with a £20 million pension pot between them.

Whilst their pension pots have been accumulated over many years of service, the overall benefits are significantly more generous than most in the private sector.

Recently, the TaxPayers' Alliance showed that new civil servants are in a particularly favourable position compared to those in the private sector. Based on the current scheme, the average pension at retirement will be almost three times greater than an equivalent in the private sector.¹

Regular promotion, salary rises and job security should be recompense enough for a life in the civil service. At the very least, all new civil servants should join on the basis of a defined contribution pension, and be funded, rather than unfunded. Unfunded pension schemes do not have assets set aside to cover the costs of employee benefits, and instead rely on future taxation.

Key findings

- The 22 individuals who run UK government departments have an **average pension pot of £907,273**.
- The mandarin with the largest pension pot was **Sir Simon McDonald**, head of the Foreign and Commonwealth Office. His pension pot is currently valued at **£1,858,000**.
- The average pension upon retirement will be **£50,909**.
- 14 of the departmental heads will receive a lump sum upon retirement. **The average value of this is £148,929**.
- The mandarin with the largest annual pension will be **Sir Simon McDonald**. He will have a pension of at least **£80,000 to £85,000 a year**.

¹ Basey, P. *Pensions Inequality*, TaxPayers' Alliance, 2018.

Table 1: departmental heads' pension pots, annual pensions and lump sums, as of 31 March 2018

Department	Name	Job title	Cash equivalent transfer value (pension pot) (£)	Accrued annual pension (£)	Lump sum (£)	Notes
Attorney General's Office (within the Government Legal Department)	Jonathan Jones	Procurator general, treasury solicitor, permanent secretary, chief executive	1,154,000	57,500	167,500	
Business, Energy and Industrial Strategy	Alex Chisholm	Permanent secretary	246,000	22,500		
Cabinet Office	Mark Sedwill	Cabinet secretary	1,211,000	77,500		Figures derived from the Home Office 2017-18 accounts, where Mark Sedwill was previously permanent secretary.
Cabinet Office	John Manzoni	Permanent secretary	319,000	22,500		
Digital, Culture, Media and Sport	Sue Owen	Permanent secretary	1,568,000	72,500	212,500	
Education	Jonathan Slater	Permanent secretary	1,248,000	57,500	177,500	
Exiting the EU	Philip Rycroft	Permanent secretary	275,000	17,500		
Foreign Office	Simon McDonald	Permanent under-secretary	1,858,000	82,500	252,500	
Health and Social Care	Christopher Wormald	Permanent secretary	1,013,000	67,500		

Department	Name	Job title	Cash equivalent transfer value (pension pot) (£)	Accrued annual pension (£)	Lump sum (£)	Notes
Her Majesty's Revenue and Customs	Jon Thompson	Chief executive and permanent secretary	744,000	47,500		Figures derived from 2016-17 accounts. He opted to have a partnership pension account on 1 October 2016. The contribution in 2017-18 was £23,100.
Home Office	Philip Rutnam	Permanent secretary	1,209,000	67,500	142,500	Figures derived from the Department for Transport 2016-17 accounts, where Philip Rutnam was previously permanent secretary.
Housing, Communities and Local Government	Melanie Dawes	Permanent secretary	969,000	52,500	142,500	Figures derived from 2016-17 accounts. Melanie Dawes moved to the partnership pension scheme in 2017-18 and received a contribution of £24,900 during the year.
International Development	Matthew Rycroft	Permanent secretary	929,000	62,500		
International Trade	Antonia Romeo	Permanent secretary	473,000	37,500	72,500	
Justice	Richard Heaton	Permanent secretary	831,000	47,500	132,500	Figures derived from 2015-16 accounts. Richard Heaton chose not to be covered by Civil Service pension arrangements during the 2017-18 financial year.

Department	Name	Job title	Cash equivalent transfer value (pension pot) (£)	Accrued annual pension (£)	Lump sum (£)	Notes
Ministry of Defence	Stephen Lovegrove	Permanent under-secretary of state	549,000	37,500		
Northern Ireland Office	Jonathan Stephens	Permanent secretary	1,312,000	62,500	182,500	Figures derived from 2013-14 accounts, when Jonathan Stephens was previously permanent secretary at DCMS. He opted out of a civil service pension scheme prior to joining the Northern Ireland Office.
Scotland Office	Gillian McGregor	Director	600,000	27,500	87,500	
Transport	Bernadette Kelly	Permanent secretary	987,000	52,500	152,500	Figures derived from 2016-17 accounts.
Treasury	Tom Scholar	Permanent secretary	981,000	62,500	142,500	
Wales Office	Glynne Jones	Director	608,000	32,500	87,500	
Work and Pensions	Peter Schofield	Permanent secretary	876,000	52,500	132,500	
TOTAL			19,960,000			
AVERAGE			907,273	50,909	148,929	

Sources and methodology

- Pension pot refers to the cash equivalent transfer value (CETV). This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. Accrued pension refers to the estimated value of the annual pension payment that a retired civil servant will receive.
- Accrued pensions and lump sums are presented as bands in the accounts. Therefore, the mid-point in the band has been selected for the data table above.
- Civil Service Pensions arrangements are made up of five schemes. Three provide benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one provides benefits on a whole career basis (nuvos) with a normal pension age of 65. A new scheme, alpha, was introduced on 1 April 2015, which new entrants join.
- Figures have generally been derived from 2017-18 annual reports of UK government departments. Where this is not the case (for reasons laid out below), then the set of accounts that gives the most up to date picture of the senior civil servant's CETV is included. This includes those who have moved to a partnership pension account (Jon Thompson and Melanie Dawes).
- Philip Rutnam, permanent secretary of the Department for Transport until March 2017, had a preserved pension relating to prior employment. A proportion of his pension benefit refers to changes in this preserved element. His CETV changed from £1.209 million in 2016-17 to £396,000 in 2017-18 upon his appointment as permanent secretary of the Home Office.
- Her Majesty's Revenue and Customs is a non-ministerial department, but the financial secretary to the Treasury, Mel Stride MP, is the minister responsible for it. It was also included because Jon Thompson, the permanent secretary, previously ran the Ministry of Defence and has worked in the civil service for 14 years.
- Departmental leaders who moved post during 2017-18:
 - Philip Rutnam. Previously permanent secretary at the Department for Transport until 3 April 2017. He started his current role as permanent secretary of the Home Office on 5 April 2017.
 - Mark Sedwill. Previously permanent secretary at the Home Office – until 14 April 2017 – and national security adviser (from April 2017). He started his current role as cabinet secretary and head of the civil service in October 2018, and remains the national security advisor.
 - Matthew Rycroft. Previously UK permanent representative to the UN until January 2018. He started his current role as permanent secretary of the Department for International Development on 22 January 2018.
 - Mark Lowcock. Previously permanent secretary of the Department for International Development until 24 July 2017. He moved to a role at the United Nations. On March 31 2018, CETV was assessed as £1.314 million, accrued pension of £62,500 and a lump sum of £192,500.
 - Oliver Robbins. Previously permanent secretary at the Department for Exiting the European Union until 30 September 2017. He moved to a role in the Cabinet Office. On March 31 2018, the CETV was assessed as £602,000, accrued pension of £42,500 and a lump sum of £107,500.

- Francesca Osowska. Previously director of the Scotland Office until 1 October 2017. She moved to a role as chief executive of Scottish Natural Heritage. On March 31 2018, the CETV was assessed as £462,000, accrued pension at £27,500 and a lump sum of £72,500.
- Robert Devereux. Previously permanent secretary at the Department for Work and Pensions and retired on 31 January 2018. He opted out of the principal civil service pension scheme in 2012. On March 31 2012, the CETV was assessed as £1.506 million, accrued pension at £77,500 and a lump sum of £227,500.