

Employer newsletter – February 2025

We're excited to bring you the first newsletter of 2025. The newsletter allows us to share important news and insights. This helps you to remain informed and supported every step of the way. We hope you find the content helpful and engaging. If you have any feedback on the newsletter or have any ideas for future versions, then please let us know by emailing:

employer.engagement@eastsussex.gov.uk

Member contributions

From April 2025 employee contribution salary thresholds are changing. The table below shows the new salary bandings and employee contribution rates that will apply.

Band	Actual pensionable pay for an employment	Main section contribution rate (%)	50/50 section contribution rate (%)
1	Up to £17,800	5.50	2.75
2	£17,801 to £28,000	5.80	2.90
3	£28,001 to £45,600	6.50	3.25
4	£45,601 to £57,700	6.80	3.40
5	£57,701 to £81,000	8.50	4.25
6	£81,001 to £114,800	9.90	4.95
7	£114,801 to £135,300	10.50	5.25
8	£135,301 to £203,000	11.40	5.70
9	£203,001 or more	12.50	6.25

If members work part-time or term time, rates are based on the actual rate of pay for their job. So, they only pay contributions on the pay they actually earn.

These changes could mean the % contribution they pay could change if their pensionable pay on 1 April 2025 takes them into a different banding. Please ensure that monthly submissions from April onwards account for these changes.

Note: If any April 2025 salary increases due are paid late, then some members may think they have dropped down to a lower contribution banding. However, when the pay award is implemented, the member may revert back to a higher contribution band. This will then be applied to the backdated pay and further monthly contributions.



'My Pension' registration support

In July 2024 we re-launched our self-service website 'My Pension'. The website provides members with online access to their Local Government Pension Scheme account(s).



We have previously asked for your support in helping promote the new website. And we would like to ask again. For contributing members, we have just over 40% of our target pool now registered, so some way to go.

The uptake differs between employers (we have figures for each employer available should you want it).

Increased registration ensures members have access to tools that empower them to manage their pensions effectively, reducing queries and administrative workloads for both employers and the Fund. Here's the link to the registration page.

[Register for 'My Pension' now](#)

For registration guidance and FAQs, visit our ['My Pension' support page](#).

Our communications manager is happy to work with you if you need articles/wording to share via staff newsletters, intranets etc.

He can be contacted at paul.linfield@eastsussex.gov.uk.

Auto enrolment earnings band 2025/26

As you'll be aware the law on workplace pensions changed in 2012. Every employer with at least one member of staff now has duties, including enrolling those who are eligible into a workplace pension scheme and contributing towards it. This is called 'automatic enrolment'.

The earnings bands that apply for 2025/26 for the purposes of automatic enrolment under the Pensions Act 2008 have been announced. The UK Government have announced that the automatic enrolment earnings trigger will remain at its current level of £10,000. This is unchanged since the 2014/15 year. The tables below show the position for the 2025/26 Scheme year (runs 1st of April to the 31st of March).

Table 1: Automatic enrolment earnings bands

Earnings*	Age 16 - 21	Age 22 to <SPA**	Age SPA** to <75
Upper lower earnings threshold (£6,240)	Entitled worker	Entitled worker	Entitled worker
Between £6,240 and £10,000	Non-eligible jobholder	Non-eligible jobholder	Non-eligible jobholder
Over earnings trigger for automatic enrolment (£10,000)	Non-eligible jobholder	Eligible jobholder	Non-eligible jobholder

Table 2: Automatic enrolment earnings bands per period

Pay reference period	Lower earnings threshold (£)	Earnings trigger for automatic enrolment (£)
Annual	6,240	10,000
6 months	3,120	4,998
3 months	1,560	2,499
1 month	520	833
4 weeks	480	768
2 weeks	240	384
1 week	120	192

Training for East Sussex Pension Fund members

The Fund has started running training sessions to support contributing members. In January 2025 we ran the following courses (2 sessions per topic).

Name of course	What does the course cover?
Introduction to the Local Government Pension Scheme	Whether you are new to the Scheme or been a member for a while, this session covers the benefits of being in the LGPS.
Your Pension MOT	A course designed to help you keep up to date and engaged with your pension, with lots of handy tips thrown in.
Preparing for retirement	This course will help if you are thinking ahead to retirement and want to know more about the process, how your benefits are calculated and answers to key retirement questions.

The sessions have been very well received.

Course	Excellent (%)	Good (%)	Neutral (%)	Poor (%)
Introduction to the LGPS	41.4	51.7	6.90	0.00
Your Pension MOT	46.4	51.9	1.9	0.00
Preparing for retirement	35.3	56.9	7.8	0.00



Shown below is a link to a page on our Pension Fund website dedicated to the training we are planning for members.

<https://www.eastsussexpensionfund.org/your-pension/paying-in/free-pension-training/>

We would like your help to share this link with your employees, so that they can book onto the next courses we are running in May and October this year. The page highlights:

- 1) The courses available
- 2) The dates they are available
- 3) and provides a link to book on via Eventbrite

Members will need to book each course separately. For those unable to attend during working hours we can provide a pre-recorded version. If any employers need face-to-face training, then please email employer.engagement@eastsussex.gov.uk with your request.

Our communications manager is happy to work with you or a communications representative if you need wording to share via staff newsletters, intranets etc. He can be contacted at paul.linfield@eastsussex.gov.uk. We also have sample wordings you can use if required.

Submission of AVC payments and payroll files

A new payroll guide put together by Prudential (our in-house Additional Voluntary Contribution Provider) is now available for employers. This guide covers how to format and send payroll information to Prudential and when payments should be made. Either the Prudential or our Employer Engagement team will be in contact to assist with the system implementation.

[Explore Prudential payroll guide](#)

Member surveys 2024

Towards the end of last year, we ran our member survey for contributing and deferred members. The results were very positive in the main, but there are some suggestions for improvement we will look to address in 2025 and beyond.

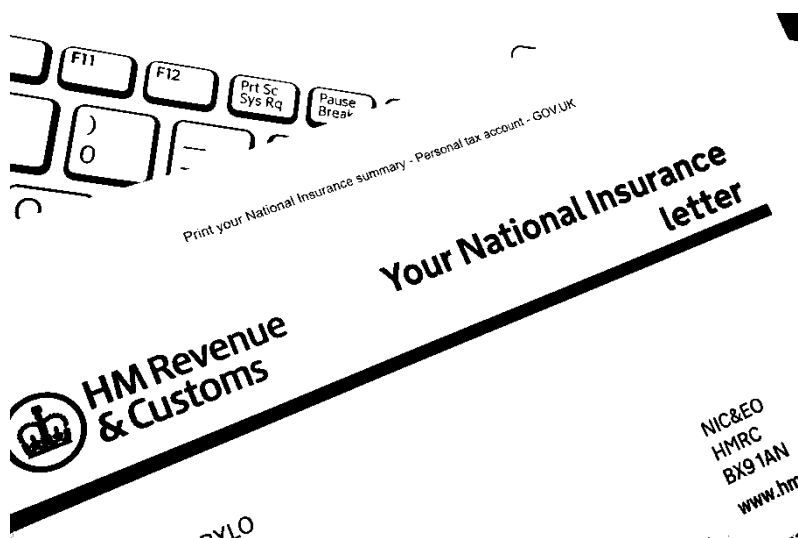
[Explore member survey results](#)

National Insurance Increase from 6th April 2025

A change to the employers National Insurance Contribution (NIC) rate from 13.8% to 15% was announced by the Chancellor in the Budget. This will take effect from 6 April 2025. The relevant threshold will also reduce from £9,100 to £5,000.

As a result of this change, employers may be looking at salary sacrifice arrangements as a means of limiting the increase. Under the LGPS, types of salary sacrifice arrangements that are pensionable and still benefit from the income tax and NIC advantages are:

- Shared Cost Additional Voluntary Contributions (SCAVC), providing the employer has a policy in place and the member is issued with a new contract of employment, or contract amendment, stating the pensionable value of their SCAVC.
- Bicycles and cycling safety equipment (including cycle to work).
- Workplace nurseries, childcare vouchers, and directly contracted employer provided childcare.



Annual Report and Accounts 2023-24

East Sussex Pension Fund has recently published their Annual Report and Accounts for 2023-24, focussing on the financial activity in the year to 31 March 2024. This has been another turbulent year in terms of global markets with inflationary pressures and increasing interest rates, but the Fund has been robust and provided a strong service to scheme members and employers.

The Fund has continued its journey of responsible investment, and more specifically with its focus on climate change risk. The Fund's strategy and risk management processes help us to make sure we can keep paying our members pensions now and into the future. The Fund continues to be in a very strong funding position comparing assets to liabilities.

[Explore the 2023/24 Annual Report and Accounts](#)

i-Connect

We continue to try to onboard the last remaining employers on to i-Connect, a live cloud service for the flow of member information from your payroll system to the Funds pension administration system.

We will soon be introducing an annual check to ensure that the right individuals at employer/payroll companies have appropriate access to perform their roles on i-Connect. This will also help us tidy up any accounts that are no longer required.

There is an i-Connect support page available on our Pension Fund website, which includes a range of guides to help you carry out your roles.

[i-Connect | East Sussex Pension Fund](#)

If you have any queries about i-Connect please contact the team by email at:

iconnect@eastsussex.gov.uk



Employer training

The engagement team are happy to provide support and in-person training for employers. If you have a specific training requirement and need our help, please email us at:

Employer.engagement@eastsussex.gov.uk

The LGA also have training opportunities for employers. Click on the links below for more details.

- LGA bite-sized training - [Employer bite size training \(lgpsregs.org\)](https://lgpsregs.org)
- LGA Employer role training course - [Local Government Association](https://www.local.gov.uk)

Further support for employers

The Fund offer a range of support material for employers. Here's a reminder...

Employer Toolkit

We appreciate that sometimes it can seem daunting being an employer in the LGPS. That is why the Fund provides an Employer Toolkit.

[Access Employer Toolkit here](#)

HR guide - This guide sets out the requirements for Human Resource departments of employers who provide the LGPS.

[Access HR Guide here](#)

Payroll guide - This guide sets out the requirements for payrolls in respect of the LGPS.

[Access Payroll Guide here](#)

Ill health retirement guide - This guide helps employers understand how ill health retirement works in the LGPS. It also details your role in supporting members through the process.

[Access Ill Health retirement guide here](#)

Forms

We have standard and editable forms available for both employers and members.

[Access forms here](#)

Please can you make sure you only use the forms that are available on the website. We would ask that you delete any forms which may be saved in folders or on personal drives. The Fund are still receiving old versions of forms which creates additional work for everyone. Please also pay particular attention to any instructions on forms when completing them. If we receive invalid or incorrect information it will have a bearing on the time taken to complete a process.

Triennial Valuation 2025

Our Fund Actuary Barnett Waddingham will be preparing for the next triennial valuation of the Fund at 31 March 2025. Key outputs of this valuation are the review of each employers' funding level and to set new contribution rates for the Fund's participating employers for the period 1 April 2026 to 31 March 2029.



Liabilities

- Financial value of a promise
- Member entitlements
- Funded scheme



Assets

- Long-term investments
- Suitable risk
- Investment return on assets



Contributions

- Employee & employer
- Stability
- Cost efficiency

The Actuary looks at the Fund's liabilities, its assets, expected market conditions and current contribution levels.



Funding strategy

- Employer covenant
- Employer circumstances
- Funding strategy statement



Primary rate

- Employer's share of cost of new benefits
- Over a period of time
- Current employees only



Secondary rate

- Adjustment to remove a deficit or surplus
- Over a period of time

Based on these areas, and taking account of the funding strategy and different circumstances that employers operate in, the review sets the contribution level for the three years following the completion of the valuation.

Employer contributions are made up of two elements:

1) The estimated cost of future benefits being built up each year, after deducting members' contributions and an allowance for the Fund's administration expenses. This is referred to as the "Primary rate", and is expressed as a percentage of members' pensionable pay; plus

2) An adjustment to the Primary rate referred to as the “Secondary rate”. In broad terms, the Secondary rate is in respect of benefits already accrued at the valuation date, which could be in surplus or deficit thus creating either a positive or negative rate.

The Primary rate plus the Secondary rate gives the total employer contribution rate which we aim to keep as stable as possible to avoid future shocks for employers. Given the long-term nature of the liabilities the rates are effectively smoothed.

How have things evolved since 2022?

There’s been a lot of talk about emerging surplus in Local Government Pension Scheme (LGPS) funds with funding levels allegedly ranging from 80% to 200%. With the English and Welsh 2025 valuation fast approaching, now is a good time to look at what’s happened since the last valuation on 31 March 2022, the estimated position now, and the outlook for the 2025 valuation.

Investment returns

There has been a range of asset returns across funds since the last valuation. East Sussex Pension Fund’s investment returns are slightly behind what we expected for the period since March 2022. This will have a negative impact on the funding level, although nothing too significant (as at 14 Feb 2025).

Benefit and pension increases

CPI increases apply to pensions in payment, deferred benefit revaluation and Career Average Revalued Earnings (CARE) benefits accrued by active members. These increases were high in the first two years following the 2022 valuation, with 10.1% and 6.7% at April 2023 and April 2024, respectively. This has since come down, with the increase in April 2025 to be 1.7%. The aggregate impact of these benefit increases has decreased the funding level of the Fund by about 11%.

Assumptions for the future

Our expectations for future investment returns have increased and our expectation for future inflation has decreased, which both have a positive impact on the funding level. The updated expectations for the future has offset the lower-than-expected fund returns and higher than expected benefit increases over the period.

The outlook for 2025

The LGPS is in a better place than it has been for a long time, although we need to be careful not to overstate this. The outlook for 2025 will be highly dependent on views of future market conditions and expected future asset returns. Although our actuaries’ view on future returns is not significantly different from 2022, there is scope for some good news at the 2025 valuation. All assumptions will of course be reviewed as part of the 2025 valuation, however we are expecting East Sussex Pension Fund to be in a similar, if not slightly better, position than it was in 2022.

Of course, things could happen between now and March 2025 – impacts on markets because of ever changing geopolitical landscapes is a particular concern.

It's important not to focus too much on the funding level. This is an important metric but is only an estimate of the funding position at a point in time. Getting strong, consistent investment performance and setting stable, affordable contributions for employers is far more important – this is consistently one of our key objectives and is achieved successfully through the approach taken by our actuary.

Key milestones – 2025 valuation

The below outlines the key milestones in the 2025 valuation. These timings might change but we will let you know if they do:

- **31 March 2025:** The effective date of the valuation. All benefits built up to this date will be valued.
- **30 April 2025:** This is the deadline for receipt of data from all employers. Either via the March 25 i-Connect file upload or an end of year return. The data will then be validated, and the Fund may contact you if there are any data queries.
- **July 2025:** The Fund will submit the data to the Fund Actuary. The actuary will use this data to calculate each employer's funding level and contribution rate.
- **October 2025:** The Fund will review initial whole Fund valuation results and review and revise the Funding Strategy statement, to recognise different employer strategies and any regulatory changes.
- **November 2025:** Employer Forum with the Fund Actuary present where estimated contribution rates will be shared with employers who attend. Commence Funding Strategy Statement Consultation.
- **February 2026:** Review Funding Strategy Statement Consultation Responses and amend the strategy for approval.
- **March 2026:** All valuation results are finalised. The Fund Actuary issues final Valuation Report and a Rates and Adjustments certificate to each employer. New LGPS3I forms will be issued to employers.
- **April 2026:** New employer contributions take effect.

We will update you again as this works moves forward.

Contact us

For general employer enquiries, please email: employer.engagement@eastsussex.gov.uk

For i-Connect, please email: iconnect@eastsussex.gov.uk

For LGPS3I submissions please email: escc.pensionsLGPS3I@eastsussex.gov.uk