

Pensions Bulletin

Local Government Pension Scheme (LGPS) Employee Contribution Bands

The table below sets out the employee contribution bands effective for members of the LGPS from 1st April 2025. These are calculated by increasing the 2024/25 employee contribution bands by the September 2024 CPI figure of 1.7 per cent and then rounding down the result to the nearest £100.

Band	Pensionable Pay	Contribution Rate
1	Up to £17,800	5.5%
2	£17,801 to £28,000	5.8%
3	£28,001 to £45,600	6.5%
4	£45,601 to £57,700	6.8%
5	£57,701 to £81,000	8.5%
6	£81,001 to £114,800	9.9%
7	£114,801 to £135,300	10.5%
8	£135,301 to £203,000	11.4%
9	£203,001 or more	12.5%

New Pensions Minister

On 14 January 2025, Torsten Bell MP was appointed Parliamentary Under Secretary of State (Minister for Pensions) in the Department for Work and Pensions. Emma Reynolds, who previously held this role, was appointed Economic Secretary to the Treasury.

Auto Enrolment

The Government has confirmed that the auto-enrolment thresholds for 2025/26 will remain the same as 2024/25.

For 2025/26:

- The auto-enrolment earnings trigger will remain at £10,000
- The lower earnings limit of the qualifying earnings band will remain at £6,240
- The upper earnings limit of the qualifying earnings band will remain at £50,270.

Government announces intention to proceed with surplus reforms for DB schemes

On Tuesday 28 January, the Government announced its intention to introduce legislation that will relax the rules around utilising the surpluses of well-funded, occupational defined benefit pension funds, to help their growth agenda. The proposals build on the Chancellor's Mansion House reforms.

The Government estimates that around 75% of schemes are currently in surplus, worth £160 billion, but restrictions have meant that businesses have struggled to invest them.

With its latest proposed reforms, the Government says that pension trustees and the sponsoring employers could use this money to increase the productivity of their businesses – to boost wages and drive growth or unlock more money for pension scheme members.

The announcement also reminds trustees that they have an overarching fiduciary duty to act in the best [financial] interests of their members. When considering surplus extraction, trustees must fund the scheme and invest its assets in a way that leads to members receiving their full benefits.

Details of the Government's surplus policy will be set out in its response to the Options for Defined Benefits consultation, which is due later this year.

And finally, Geography is Important!

The Health Foundation has published a map of life expectancy at birth by UK electoral constituency, based on its own analysis of Office for National Statistics data.

Leeds (Leeds Central and Headingley);	79.21yrs
Manchester (Stretford and Urmston);	80.40yrs
Peterborough (North West Cambridgeshire)	80.61yrs
Basingstoke	81.79yrs
Tonbridge	82.78yrs
London (Cities of London and Westminster)	84.61yrs

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