

**CAMBRIDGESHIRE PENSION FUND**



**Pension Fund Board**

**Date:** 20 January 2016

**Report by:** Head of Pensions

<b>Subject:</b>	<b>Payment of Employee and Employer Pension Contributions Policy</b>
<b>Purpose of the Report</b>	<a href="#">To present the Payment of Employee and Employer Pension Contributions Policy to the Pension Fund Board</a>
<b>Recommendations</b>	<b>The Pension Fund Board are asked to review the Policy and make recommendations to the Pension Committee where appropriate.</b>
<b>Enquiries to:</b>	Joanne Walton – LGSS Pensions Governance and Regulations Manager Tel – 01604 367030 E-mail – <a href="mailto:jwalton@northamptonshire.gov.uk">jwalton@northamptonshire.gov.uk</a>

**1. Background**

- 1.1 In order to ensure that Scheme Employers are fully aware of their legal responsibilities with regards to the payment of employee and employer contributions, as detailed in legislation and the Pensions Regulator's Code of Practice number 14 (Governance and administration of public service pension schemes) a "Payment of Employee and Employer Pension Contributions Policy" was drafted and approved by the Pension Committee on 17 December 2015.
- 1.2 The policy ensures that both Scheme Employers and Officers of the Fund have a clear process for dealing with non compliance and provide further strength and evidence to the Pensions Regulator that as a Fund, all the relevant controls are in place.
- 1.3 The Payment of Employee and Employer Pension Contributions Policy is attached in Appendix 1 which the Pension Fund Board is asked to review and provide any comments for the Pension Committee to consider.

**2. Legal Requirements**

- 2.1 Regulation 67 and 69 of The Local Government Pension Scheme Regulations 2013 states that payment of both employee and employer contributions along with a schedule as specified by the Administering Authority must be submitted by the 19<sup>th</sup> day of the month following deduction as per overriding legislation, Regulation 49 of the Pensions Act 1995

- 2.2 Regulation 5 of The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 provides that the Administering Authority keep accurate records of transactions which emphasises the requirement for employers to submit accurate and timely schedules along with their payments.
- 2.3 The Pensions Regulator also enforces the legal obligation of employers to pay over pension contributions and provide a schedule as detailed in the Pensions Regulator's Code of Practice (14): Governance and Administration of public service pension schemes.

### **3. Monitoring and Process**

- 3.1 A late payment (including contributions expressed as a monetary amount, referred to usually as a cash deficit payment) is constituted by either late submission of payment schedule and/or late payment of contributions to the Fund. Both schedule and payment is due to the Fund by the 19<sup>th</sup> of the month following the month of deduction. As default, monetary deficit payments should be paid on a monthly basis. Any arrangement to pay in other frequencies must be approved by the Head of Pensions.
- 3.2 The Policy sets out the process that should be enforced by Officers in order to seek resolution and ensure that future payments are made on time through the consequences of persistent late payments.
- 3.3 If a Scheme Employer submits a schedule and/or payment late for 3 consecutive months or 3 months in a rolling 6 month period, the Fund will reserve the right to charge an Administration Fee as well as charge interest. The Policy is designed to make Scheme Employers aware of this.
- 3.4 The Policy also outlines to Scheme Employers that appropriate action will be taken against them in the event of persistent reoccurrence.

### **4. Relevant Pension Fund Objectives**

<b>Perspective</b>	<b>Outcome</b>
<b>Funding and Investment</b>	<ul style="list-style-type: none"><li>• To ensure that the Fund is able to meet its liabilities for pensions and other benefits with the minimum, stable level of employer contributions.</li><li>• To ensure that sufficient resources are available to meet all liabilities as they fall due.</li><li>• To maximise the returns from its investments within reasonable risk parameters.</li></ul>
<b>Governance</b>	<ul style="list-style-type: none"><li>• To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies.</li><li>• Ensure the Fund and its stakeholders have the appropriate skills and receive training to ensure those skills are maintained in a changing environment.</li></ul>

Perspective	Outcome
<b>Communications</b>	<ul style="list-style-type: none"> <li>Promote the Scheme as a valuable benefit.</li> <li>Deliver a clear and consistent message; that is simple, relevant and impactful, uses plain English throughout and engages all levels of stakeholders' understanding.</li> <li>Provide clear information about the Scheme, including changes to the Scheme, and educate and engage with members so that they can make informed decisions about their benefits.</li> <li>Seek and review regular feedback from all stakeholders about communication and shape future communications appropriately.</li> <li>Look for efficiencies in delivering communications including through greater use of technology and partnership working.</li> </ul>
<b>Administration</b>	<ul style="list-style-type: none"> <li>Provide a high quality, friendly and informative administration service to the Funds' stakeholders.</li> <li>Administer the Funds in a cost effective and efficient manner utilising technology.</li> <li>Ensure the Funds and its stakeholders are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Funds.</li> <li>Put in place standards for the Fund and its employers and ensure these standards are monitored and developed as necessary.</li> <li>Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount.</li> <li>Maintain accurate records and ensure data is protected and has authorised use only.</li> <li>Understand the issues affecting scheme employers and the LGPS in the local and national context and adapt strategy and practice in response to this.</li> </ul>

## 5. Finance & Resources Implications

5.1 Not applicable.

## 6. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There are no risks associated with this report.		

b) Risk(s) associated with not undertaking the proposal

<b>Risk</b>	<b>Risk Rating</b>
There are no risks associated with this report.	

## **7. Communication Implications**

7.1 Not applicable.

## **8. Legal Implications**

8.1 Not applicable.

## **9. Consultation with Key Advisers**

9.1 Not applicable.

## **10. Alternative Options Considered**

10.1 Not applicable

## **11. Background Papers**

11.1 Not applicable

## **12. Appendices**

12.1 Payment of Employee and Employer Pension Contributions Policy 2015

<b>Checklist of Key Approvals</b>	
Is this decision included in the Business Plan?	Not applicable
Will further decisions be required? If so, please outline the timetable here	Not applicable
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Chief Finance Officer/Section 151 Officer?	Not applicable
Has this report been cleared by Head of Pensions?	Mark Whitby – 04/01/2016
Has this report been cleared by Legal Services?	Not applicable