

Payment of Employee and Employer Pension Contributions Policy

2017

Cambridgeshire Pension Fund

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1. Introduction

- 1.1 This is the Payment of Employee and Employer Contributions Policy for Cambridgeshire Pension Fund which is administered by LGSS Pensions on behalf of Cambridgeshire County Council (the Administering Authority).
- 1.2 This policy sets out the expectations of the Scheme Employer with regards to the payment of employee and employer pension contributions and the associated reconciliation processes performed by LGSS Pensions Officers of the Fund.
- 1.3 The ultimate aim of the policy is to ensure that employee and employer pension contributions and associated schedules to inform the breakdown of the payments are received on time (on or before the 19th of the month following the month of deduction) in accordance with prevailing legislation and are reconciled by the Fund in an appropriate timescale to aid swift resolution of any unpaid monies.
- 1.4 It is essential that contribution income is received on time to ensure that the Fund has sufficient cash available to meet its benefit payment obligations.

2. Policy objectives

- 2.1 The Fund's objectives relating to this Policy are:
- Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount.
 - Maintain accurate records and ensure data is protected and has authorised use only.
 - Administer the Fund in a cost effective and efficient manner utilising technology.
 - Ensure the Fund and its stakeholders are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration function of the Fund.
 - Put in place standards for the Fund and its employers and ensure these standards are monitored and developed as necessary.
 - To ensure that sufficient resources are available to meet all liabilities as they fall due.

3. Purpose of the policy

3.1 The purpose of the policy is to –

- have a robust process in place for managing payments and schedules received both on time and after the statutory deadline;
- ensure employers are given appropriate information in regards to the consequences of making payments and providing schedules after the statutory deadline; and
- meet the required needs in relation to the Fund's objectives.

4. Effective date and reviews

4.1 This policy was first approved by the Pension Committee and was effective from 1 April 2016. .

4.2 The policy was subject to its first review in October 2017 and became effective from 1 November 2017.

4.3 This policy will continue to be reviewed annually, and if necessary, more frequently to ensure it remains accurate and relevant.

5. Scope

5.1 This policy applies to the following –

- officers of the Fund;
- members of the Pension Committee;
- members of the Local Pension Board; and
- employers of the Fund.

6. Legal requirements

6.1 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 19th day of the month following deduction as per overriding legislation, Regulation 49 of the Pensions Act 1995.

6.2 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.

6.3 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.

7. Monitoring late payments

7.1 A late payment (including contributions expressed as a monetary amount, i.e. 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 are due to the Fund by the 19th day of

the month following 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.

- 7.2 All contribution payments must be cleared in the Cambridgeshire Pension Fund bank account by the 19th day of the month following deduction.

8. Reporting late payments of contributions to the Pensions Regulator

- 8.1 If a scheme employer makes three consecutive late payments or three late payments in a rolling six month period they will be reported to the Pensions Regulator in line with the Code of Practice.

9. Administration fees and interest payable in respect of late and inaccurate payments and schedules

- 9.1 In line with the Cambridgeshire Pension Fund Administration Strategy if a scheme employer submits a schedule and/or payment late the Fund has the discretion to charge the following:

Description	Administration Fee (per occurrence)
Late/inaccurate submission of payment schedule	£80
Late/inaccurate payment of contributions	£80 if no interest charge Additional £100 if interest charges need to be calculated (Interest payable at prevailing rate if payment more than 30 days late)

- 9.2 Cambridgeshire Pension Fund will also reserve the right to charge interest in accordance with Regulation 44 of The Local Government Pension Scheme Regulations 2013, which states interest should be charged at the Bank of England Base Rate plus one percent compounded in 3 month rests.

10. Internal escalation process for dealing with late submission of payments and/or schedules

- 10.1 In circumstances where a scheme employer fails to meet the statutory requirements the protocol as detailed in appendix 1 will be applied.

11. Potential additional consequences for the scheme employer of repeated non-compliance

- 11.1 All late payments will be reported to the Pension Fund Committee and the Local Pension Board on a quarterly basis. For any scheme employers where a resolution has not been reached, the Employer Services and Systems Manager, with the Head of Pensions, will submit a proposal to the Chairman of the Pension Fund Committee for potential courses of further action. Further courses of action could take the form of the following:

- If the scheme employer is an admission body the Fund has the ability to terminate the Admission Agreement under the terms of that Agreement.
- Any other course of action in line with the regulations as deemed appropriate by the Pension Fund Committee.

Appendix 1 - Internal escalation process for dealing with late submission of payments and/or schedules

Stage	Owner	Action	Timescale to respond	Detail
1.	Investment and Fund Accounting Manager	Contact the scheme employer/payroll provider by the end of the calendar month that the payment/schedule falls due i.e. if payment was due 19 th May the scheme employer/payroll provider must be contacted by the 31 st May ^{*/**}	Scheme Employer/Payroll provider is given a further 5 working days to submit schedule/payment	The scheme employer/payroll provider is informed of non-compliance. LGSS Pensions to record incidence of non-compliance for future reference. The point of contact for stage 1 should be the individual that usually submits the payment/schedule.
2.	Investment and Fund Accounting Manager	If not received within 5 working days, the Funding Team issue second reminder within 3 working days ^{*/**}	The scheme employer/payroll provider is given a further 5 working days to submit schedule/payment	The scheme employer/payroll provider is informed of non-compliance and informed that the next step is escalation to the Employers Team. Where applicable, payroll providers are advised that the Employers Team will raise the issue with the scheme employer. LGSS Pensions to record incidence of non-compliance for future reference. The point of contact for stage 2 should be the Line manager of contact in stage 1.
3.	Investment and Fund Accounting Manager	If not received within 5 working days, the Funding Team escalate to the Employers Team within 2 working days ^{**}		
4.	Employer Services and Systems Manager	The Employers Team to contact the scheme employer within 3 working days after escalation ^{**}	5 working days to submit schedule/payment	The scheme employer is informed of possible ramifications if payment is not received within 5 days. If payment is not received the Employer Services and Systems Manager will make a decision on what action to take and inform the Chairman of the Pension Fund Committee. This communication should be to the highest appropriate level of authority due to the severity. If the payroll provider has failed to submit schedule/payment the scheme employer is advised and reminded that overall responsibility rests with them and they have a further 5 working days to have the matter resolved.

* If the Employer advises they are unable to pay, escalate straight to the Employers Team

** All contact with a Scheme Employer/Payroll provider must be followed up by e-mail

The Fund has the right to extend deadlines where exceptional circumstances arise and where it is not feasible for an action to be carried out within the above timescales. Any extension must be agreed by the Head of Pensions (or delegated authority).

If it is the second consecutive month or second month in a rolling six month period, the start point should be stage 2 above.

If it is the third consecutive month or third month in a rolling six month period, the start point should be stage 4 above.