

**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Committee

Date: 19 October 2017

Report by: Head of Pensions

Subject:	Payment of Employee and Employer Pension Contribution Policy Review
Purpose of the Report	To present the reviewed Payment of Employee and Employer Pension Contribution Policy
Recommendations	<p>The Committee are asked to –</p> <p>1) Approve the amendments made to the policy.</p> <p>2) Confirm that future immaterial amendments to the policy can be approved through delegated authority to the Head of Pensions.</p> <p>3) Confirm that material amendments to the policy can be made via the Chairman of the Pensions Committee on behalf of the Committee.</p>
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1. Background

- 1.1 In December 2015 the Payment of Employee and Employer Pension Contribution Policy was presented to the Pension Fund Committee for approval. The aim of the policy is to ensure that employers are aware of their statutory obligations in regards to the payment of both employee and employer pension contributions to the Fund.

2. Review

- 2.1 As the policy has been in force for over 12 months it was felt appropriate to review the effectiveness of the policy.
- 2.2 The following revisions have been made to the policy –
- The wording has been strengthened to clearly state that payments must be **cleared** in the Cambridgeshire Pension Fund bank account by the 19th of the month following deduction (section 7.2);

- Reporting scheme employers that pay their contributions late to the Pensions Regulator has been removed from the potential consequences of repeated non-compliance and has been incorporated under section 8 of the policy 'Reporting late payments to the Pensions Regulator'. The policy now states that if a scheme employer makes 3 consecutive late payments or 3 late payments in a rolling 6 month period they will be reported to the Pensions Regulator in line with the code of practice;
- The escalation process and the reporting to the Pensions Regulator have been clearly defined as 2 separate processes (section 8 and section 10);
- Following the approval of the Administration Strategy in June 2017, the policy now reflects the same fee structure and interest payable for consistency (section 9);
- The policy now states that the Pension Fund Committee will receive details of all late/non-payments and for any employers where a resolution has not been reached the Employer Services and Systems Manager, in conjunction with the Head of Pensions, will look at further courses of action and will inform the Chairman of the Pension Fund Committee (section 11).

3. Next steps

- 3.1 Once the policy has been approved it will replace the original version on the LGSS Pensions website. The revised policy will also be sent to all scheme employers as a reminder of their statutory obligations and as standard practice the policy will be sent to all new employers of the scheme.
- 3.2 In addition, all e-mails sent to employers from within the service will be reviewed to ensure a clear consistent message is being delivered and that prior warning is given regarding reporting late payments to the Pensions Regulator in all correspondence.

4. Relevant Pension Fund Objectives –

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. <i>Objective 1</i>
Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers. <i>Objective 2</i>
Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration. <i>Objective 10</i>
Deliver consistent plain English communications to Stakeholders. <i>Objective 13</i>
Ensure cash flows in to and out of the Fund are timely and of the correct amount. <i>Objective 16</i>
Ensure the long-term solvency of the Fund, taking a prudent long term view, so that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment. <i>Objective 17</i>

5. Finance and resource implications

- 5.1 Not applicable.

6. Risk implications

a) Risks associated with this proposal

Risk	Mitigation	Residual risk
No risks associated with this proposal		

b) Risks associated with not undertaking this proposal

Risk	Fund objective at risk (refer to section 4)	Risk rating
The Fund could be open to challenge if aspects of the policy are open to interpretation	1, 13	Green
Failing to closely monitor receipt of accurate and timely employee and employer contributions would not be acting in the best interests of the scheme members	2, 10, 16, 17	Green

7. Communication implications

Direct Communications	Emails to be sent to scheme employers after late/missing payments
Website	To be updated with current policy

8. Legal implications

8.1 Not applicable

9. Consultation with key advisers

9.1 Consultation with the Fund's advisers was not required for this report.

10. Alternative options considered

10.1 Not applicable

11. Background Papers

11.1 Not applicable

12. Appendices

12.1 Draft revised Payment of Employee and Employer Contributions Policy

Checklist of Key Approvals	
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?	Sent to Sarah Heywood – 29 September 2017
Has this report been cleared by Head of Pensions?	Mark Whitby – 15 September 2017
Has the Chairman of the Pension Fund Committee been consulted?	Sent to Councillor Hickford – 29 September 2017
Has this report been cleared by Legal Services?	Sent to Quentin Baker – 29 September 2017