

**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Committee

Date: 29 March 2018

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	The Committee are asked to – 1) Approve the amendments made to the policy. 2) Confirm that future immaterial amendments to the policy can be approved through delegated authority to the Head of Pensions. 3) Confirm that material amendments to the policy can be made via the Chairman of the Pension Fund Committee on behalf of the Committee.
Enquiries to:	Michelle Oakensen, LGSS Pensions, Governance Officer moakensen@northamptonshire.gov.uk

1. Background

- 1.1 In October 2017, the revised Payment of Employee and Employer Pension Contributions Policy was presented to the Pension Fund Committee for approval. Due to a small number of employers in the Fund persistently making late payments, the Committee requested that Officers looked into strengthening section 11, 'potential additional consequences for the scheme employer of repeated non-compliance'.
- 1.2 In light of this, Officers took on board suggestions provided at the meeting and also sought advice from Eversheds Sutherland as to further consequences of non-compliance.

2. Further revisions to the policy

- 2.1 In addition to the initial revisions made to the policy and presented to the Pension Fund Committee on 19 October 2017, the following additions have been made under section 11.

- 2.2 **Impose a statutory debt** – Given that there is a statutory requirement to make payment as per Regulations 67-70 of the Local Government Pension Scheme Regulations, failure on behalf of an employer is a breach of this statutory requirement. This can be potentially claimed as a statutory debt from the employer. Before this approach can be adopted it is advised that communications are checked to ensure all obligations have been clearly stated and information provided. Before a statutory demand is issued the Cambridgeshire Pension Fund will seek appropriate legal advice.
- 2.3 **Involvement from the Administering Authority's Section 151 Officer** – As the Section 151 Officer is responsible for exercising the proper administration of the Council's financial affairs under section 151 of the Local Government Act 1972, and all other relevant legislation and regulations. It would be appropriate for the Head of Pensions to inform the Section 151 Officer of any employer who was persistently making late contribution payments with the ability to intervene where deemed appropriate.
- 2.4 **Involvement from the Schools Commissioner Group** – The National Schools Commissioner and Regional Schools Commissioners work with school leaders to take action in underperforming schools. Regional School Commissioners work on behalf of the Secretary of State for Education and are accountable to the National Schools Commissioner.
- 2.4.1 Regional Schools Commissioners are responsible for intervening in academies where governance is inadequate as well as other key responsibilities and therefore for this particular type of employer it may be deemed prudent to involve them as decided by the Head of Pensions in consultation with the Chairman of the Pensions Committee.

3. Next steps

- 3.1 Once the policy has been approved it will be published 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 and other possible intervention 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	Risk rating
The Fund could be open to challenge if aspects of the policy are open to interpretation	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	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 Legal advice obtained from Eversheds Sutherland.

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?	Sarah Heywood – 9 March 2018
Has this report been cleared by Head of Pensions?	Mark Whitby – 26 February 2018
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Rogers – 14 March 2018
Has this report been cleared by Legal Services?	Quentin Baker – 14 March 2018