

# ***Payment of Employee and Employer Pension Contributions Policy***

***2015***

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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).

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.

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 19<sup>th</sup> 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.

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

- 4.1 This Policy was approved by the Pension Committee on XX and is effective from XX.

#### 5. Review

- 5.1 This Policy will be reviewed annually, and if necessary, more frequently to ensure it remains accurate and relevant.

#### 6. Scope

- 6.1 This Policy applies to the following -

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

#### 7. Legal Requirements

- 7.1 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.
- 7.2 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.
- 7.3 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.

## 8. Monitoring late payments

- 8.1 A late payment (including contributions expressed as a monetary amount, usually 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.

## 9. Process for dealing with late payments and/or schedules

- 9.1 In circumstances where a Scheme Employer fails to meet the statutory requirements the following protocol will be applied –

Stage	Owner	Action	Timescale to respond	Detail
1.	Funding Team	Contact the Scheme Employer by the end of the calendar month that payment/schedule fall due i.e. if payment was due 19 <sup>th</sup> May the Scheme Employer must be contacted by the 31 <sup>st</sup> May */**	Scheme Employer is given a further 5 working days to submit schedule/payment	The Scheme Employer 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.	Funding Team	If not received within 5 working days, the Funding Team issue second reminder within 3 working days */**	The Scheme Employer is given a further 5 working days to submit schedule/payment	The Scheme Employer is informed of non compliance and informed that the next step is escalation to the Employers Team. 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.	Funding Team	If not received within 5 working days, the Funding		



		Team escalate to the Employers Team within 2 working days **		
4.	Employers Team	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 that last opportunity to pay, informed of possible ramifications and informed that if not received with 5 days the Employer Services Manager will make a decision on what action to take against the Scheme Employer. This communication should be to the highest appropriate level of authority due to the severity.
5.	Employer Services Manager & Head of Pensions	Make a proposal to the Chairman and Vice-Chairman of the Pension Committee regarding action against the Scheme Employer within 5 working days **		
6.	Chairman and Vice-Chairman of the Pension Committee	Chairman and Vice-Chairman to review the proposal and agree appropriate action within 7 working days Details of the breach to be reported at the next meeting of the Pension Committee.		Head of Pensions to inform the Scheme Employer of the action within 3 working days following action agreed by Committee**

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

\*\* All contact with a Scheme Employer 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.

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

10.1 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 follows –

Description	Administration Fee (exc.VAT)
Late/incorrect submission of payment schedule	£100
Late/incorrect payment of contributions	£150

10.2 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 92 day rests.

#### 11. Potential consequences for the Scheme Employer of repeated non-compliance

11.1 In circumstances where a Scheme Employer is not complying on a repeated basis the possible outcomes for the Scheme Employer are as follows –

- The Fund reports the Scheme Employer to the Pensions Regulator for non compliance; and
- 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 Pensions Committee.

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