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

**March 2025**

**Cambridgeshire Pension Fund**

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# **1. Introduction**

* 1. This is the Payment of Employee and Employer Contributions Policy for Cambridgeshire Pension Fund which is administered by Cambridgeshire County Council (the Administering Authority).

1.2 Cambridgeshire County Council and West Northamptonshire Council work in partnership to administer the Cambridgeshire Pension Fund. Under this arrangement West Northamptonshire Council is the lead authority shared service partner.

1.3 This policy sets out the expectations of each Scheme Employer with regards to the payment of employee and employer pension contributions and the associated reconciliation processes performed by the Administering Authority.

1.4 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.

1.5 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 The policy was first approved by the Pension Fund Committee in April 2016 and has been subject to the following reviews:

|  |  |  |
| --- | --- | --- |
| **Date of review** | **Effective Date** | **Type of review** |
| March 2018 | March 2018 | Committee Review |
| March 2022 | March 2022 | Committee Review |
| April 2024 | April 2024 | Full Officer Review |
| April 2025 | April 2025 | Committee Review |

4.2 This policy will 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 69 of The Local Government Pension Scheme Regulations 2013 states that a scheme employer must pay contributions to the Fund within the prescribed period referred to in Section 49(8) of the Pensions Act 1995. Regulation 69 allows the administering authority to determine an appropriate schedule of required payments by a scheme employer. The Fund's Administration Strategy sets out that payments and associated schedules must be received by the Fund no later than the 19th of the month following the month of collection.

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 General Code of Practice issued by the Pensions Regulator provides that governing bodies of pension schemes are responsible for preparing and understanding the payment schedule, schedule of contributions, or direct payment arrangement, which details the contributions due to be paid. They must also put in place processes to monitor contributions and the transmission of payment information between the employer, member, and scheme administrator, so that any employer payment failures can be investigated and resolved promptly. The Code of Practice also requires governing bodies and managers of pension schemes to report any material payment failure to the Pensions Regulator.

# **7. Monitoring late payments**

7.1 A late payment (including contributions expressed as a monetary amount, e.g. a cash deficit payment) is constituted by either late submission of a payment schedule and/or late payment of contributions to the Fund.

7.2 All contribution payments must be cleared in the Cambridgeshire Pension Fund bank account by the 19th day of the month following deduction. The accompanying payment schedules must also be received by the Fund by the 19th of the month following deduction.

7.3 As a default, monetary deficit payments should be paid on a monthly basis. Any arrangement to pay at other frequencies must be approved by the Head of Pensions.

# **8. Reporting late payments to the Pensions Regulator**

8.1 The following incidents are likely to be recognised as a material payment failure to be reported to the Pension Regulator in line with the Code of Practice;

* Three consecutive late payments or three late payments in a rolling six month period.

* Any events where contributions have been outstanding for 90 days from the due date.
* Where a matter could not be resolved within the fund’s internal escalation process listed in Appendix 1 and Fund has reasonable cause to believe that a material payment failure exist in accordance with Code of Practice.
* The Head of Pensions has the ability to exercise their discretion on the reporting of late or non-payment to the Pension Regulator where they are deemed to be immaterial.

# **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 | £100 |
| Late/inaccurate payment of contributions | £100 if no interest charge Additional £120 if interest charges need to be calculated *(Interest payable at prevailing rate if payment more than 30 days late)*  |

9.2 In addition, the Cambridgeshire Pension Fund will also charge for any additional costs that are incurred by the Fund in relation to late payments. This includes the cost of contacting members if a breach is deemed of material significance under the Pensions Regulator Code of Practice and in line with the Cambridgeshire Pension Fund Reporting Breaches of the Law to the Pensions Regulator Policy.

9.3 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/non-payments will be reported to the Pension Fund Committee and the Local Pension Board at the next available meeting. All payment failures will also be entered onto the Pension Service internal breaches log for monitoring and oversight.

11.2 For any scheme employers where a resolution has not been reached, the Employer Services and Communications Manager, with the Head of Pensions, will submit a proposal to the Chair 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.
* Impose a statutory debt.
* Involvement from the Administering Authority’s Section 151 Officer as agreed by the Head of Pensions and Chairman of the Pensions Committee. Appropriate action will be on a case by case basis.
* Involvement from the Schools Commissioners Group.
* 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. | Investments and 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 19th May the scheme employer/payroll provider must be contacted by the 31st 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. 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. | Investments and 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.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. | Investments and Accounting Manager | If not received within 5 working days, the Funding Team escalate to the Employers Team within 2 working days \*\* |  | The event of continuous non-compliance is logged to the Pensions’ escalation log with the details of the payment failure and communication histories between the scheme employer/payroll provider and Pensions for the further escalation and monitoring by Employer team.  |
| 4. | Employer and Communications 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 Communication 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.