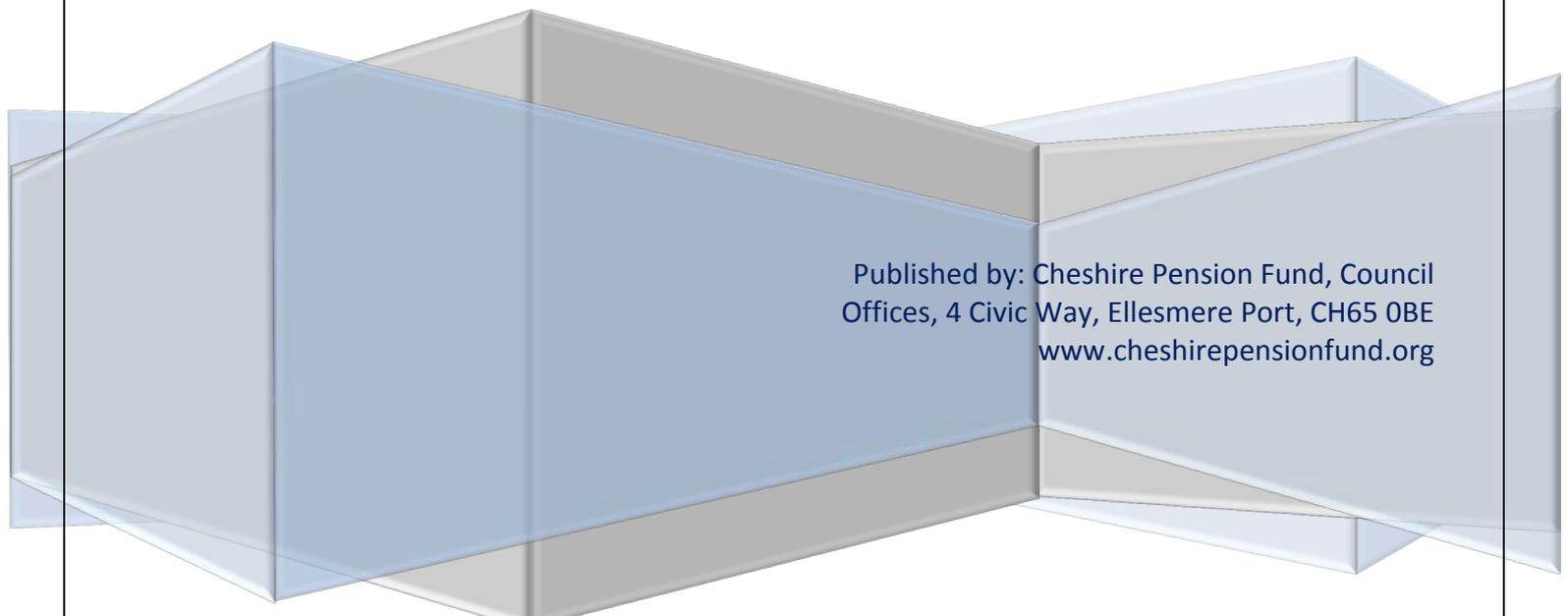


# **Cheshire Pension Fund**

## **Contributions Policy – September 2016**



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## **1. Introduction**

1.1 This document is the Policy in respect of Maintaining Contributions income due to the Cheshire Pension Fund. The Policy should be read in conjunction with the Administration Strategy, which is available on the Fund's website.

## **2. Purpose of the Policy**

2.1 The purpose of this policy is to:

- have a clear process in place for managing contributions paid into the scheme and ensuring that both contributions and monthly schedules are received on time and within the timescales laid down in scheme regulations.
- ensure that employers within the scheme are given appropriate information with regard to the consequences of making late payments and providing schedules after the statutory deadline.

2.2 This policy sets out what is expected of the Scheme Employer with regards to the monthly payment of Employer and Employee contributions into the scheme and submission of monthly contribution schedules.

2.3 It also includes details of the monthly monitoring process which is undertaken by the Fund.

## **3. Scheme Employer Responsibilities**

3.1 The receipt of both the contributions income and the contribution schedule on a monthly basis is a requirement of scheme regulations. Employers are required to pay contributions income into the Fund's bank account by the 22nd of the month following deduction from pay (if paid electronically, or by the 19th if not paid electronically).

3.2 The contribution schedule, which should agree to the total amount of money received by the Fund, should also be received each month at the same time as the payment of contributions.

3.3 The applicable regulations are:

- Regulation 67 and 69 of the Local Government Pension Scheme Regulations 2013
- Regulation 49(8) of the Pensions Act 1995
- Regulation 16 of the Occupational Pension (Scheme Administration) Regulations 1996

3.4 Late or non-payment of contributions, as well as non-receipt of the accompanying contributions schedule is considered a breach under the Pensions Regulators Code of Practice Number 14 Governance and Administration of Public Service Pension Schemes (Regulation 49(8) of the Pensions Act 1995).

3.5 Where the employer has failed to pay contribution income, or submit the schedule on time they will be contacted by the Fund in order to provide information so that the Fund can determine whether the breach is material and therefore, should be reported to the Regulator.

3.6 All such breaches will be captured within a Breaches Log, which is published on the Fund's website.

3.7 Employers are required to respond to all requests for information in a timely manner.

#### **4. Pension Fund Responsibilities**

4.1 In accordance with Regulation 5 of the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014, the Fund is required to keep accurate and up to date records of transactions, which underlines the importance of employers in submitting accurate and timely schedules alongside the monthly contributions.

4.2 The Fund will monitor contributions received by the fund on a monthly basis and chase any late payments / submission of schedules in a timely manner.

4.3 The Fund will also update the Breaches Log, on a monthly basis, and will contact employers to obtain further information in order to determine whether the breach requires reporting to the Regulator.

4.4 The Fund will also issue administration charges for repeat breaches (see section 6) and reserve the right to charge interest on late payments.

#### **5. Monitoring Late Payments**

5.1 The Fund undertakes a monthly monitoring process in order to capture any late (or none) payment of contributions income or late (or none) receipt of schedules. This includes a process to check that the total of the form agrees to the income received by the Fund.

5.2 The Fund is required to add each breach onto its monthly Breaches Log and to undertake an investigation in order to determine if it requires reporting to the Regulator.

5.3 In the event of a breach the Fund will contact the employer to request confirmation of the reasons for non-compliance and the measures that are being introduced to prevent further breaches.

5.4 This process places an administrative burden upon the Fund as it is necessary to log and investigate each and every breach. As part of the investigation the Fund must contact each employer to ascertain the reason for the breach and update this information on the breaches log in order to reach a determination of whether the breach requires reporting to the Regulator.

5.5 Employers can assist the Fund in preventing breaches by ensuring contributions income and schedules are received on time and that they are accurate.

## **6. Administration charges payable as a result late payments and late submission of schedules**

6.1 Where an employer submits a late payment and/or schedule for 3 consecutive months, or any 3 months in a rolling 6 month period, the Fund reserves the right to charge an Administration charge.

6.2 The charges recognise the administrative burden that breaches place upon the Fund and the additional work required in order to administer them.

6.3 The table below sets out the Administration Charges applicable.

<b>Description</b>	<b>Administration Charge (excl VAT)</b>
Late/inaccurate submission of payment schedule	£100
Late/inaccurate payment of contributions	£150

## **7. Interest payable in respect of late payments**

7.1 The Fund reserve the right to charge interest in accordance with Regulation 44 of the Local Government Scheme Regulations 2013, which states interest must be calculated at the Bank of England Base Rate plus one percent. Interest will be charged at the funds discretion.

## **8. Potential consequences for repeat non-compliance**

8.1 Where an Employer demonstrates repeated non-compliance the consequences are as follows:

- The Fund may report the Employer to the Pensions Regulator, where the non-compliance is deemed material.
- If the employer is an Admission Body the Fund has the ability to terminate the Admission Agreement under the terms of the agreement itself.
- The Fund may take any other course of action, in line with regulations, as deemed appropriate by the Pension Fund Committee.

## **9. Effective Date / Reviews**

9.1 This Policy was approved by the Pension Fund Committee in September 2016 and is effective from 01 December 2016. The policy will be reviewed annually.

## **10. Links to Useful Websites and Regulations**

Please find below links to other websites which you may find useful:

### **Cheshire Pension Fund**

[www.cheshirepensionfund.org](http://www.cheshirepensionfund.org)

### **Breaches Policy**

<http://www.cheshirepensionfund.org/wp-content/uploads/2016/01/Breaches-policy-Sept15.pdf>

### **The Pensions Regulator – Code of Practice No. 14**

<http://www.cheshirepensionfund.org/wp-content/uploads/2015/07/Governance-and-administration-of-public-service-pension-schemes.pdf>

### **LGPS Regulations**

<http://lgpsregs.org>