

**Dorset County
Pension Fund**



administered by **Dorset Council**



Payment of Employee and Employer Pension Contributions Policy

1 July 2019

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1. Introduction

- 1.1 This is the Payment of Employee and Employer Contributions Policy for Dorset County Pension Fund which is administered by Dorset Council.
- 1.2 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.
- 1.3 The aim of the policy is to ensure that employee and employer pension contributions and associated payment information are received on time in accordance with prevailing legislation and are reconciled by the Fund in an appropriate timescale.
- 1.4 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 to:
 - ensure income is collected from, and benefits are paid to, the right people at the right time.
 - 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.
 - maintain accurate records and ensure data is protected and has authorised use only.
 - administer the Fund in a cost effective and efficient manner.
 - ensure that sufficient resources are available to meet all liabilities as they become 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 regard 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 This policy was first approved by the Local Pension Board in June 2019 and was effective from 1 July 2019.

4.3 This policy will be reviewed every two years, and if necessary, more frequently to ensure it remains accurate and relevant.

5. Scope

5.1 This policy applies to:

- employers of the Fund
- officers of the Fund
- members of the Pension Fund Committee, and
- members of the Local Pension Board

6. Legal requirements

6.1 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 19th day of the month (or the 22nd of the month for bank transfers) following deduction as per overriding legislation, Regulation 49 of the Pensions Act 1995.

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 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.

7. Monitoring late payments

7.1 A late payment (including contributions expressed as a monetary amount, i.e. 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 are due to the Fund by the 19th day of the month (or the 22nd of the month for bank transfers) and payment must be cleared by the 22nd day of the month following 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 Pensions Manager.

7.2 All contribution payments must be cleared in the Dorset County Pension Fund bank account by the 22nd day of the month following deduction.

8. Reporting late payments of contributions to the Pensions Regulator

8.1 If a scheme employer makes three consecutive late payments or three late payments in a rolling six-month period they will be reported to the Pensions Regulator in line with the Code of Practice.

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

9.1 In line with the Dorset County 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)
Failure to pay over the monthly contributions to the Fund by the 19th of the month (or the 22nd of the month for bank transfers) following deduction of the contributions.	Interest calculated on a daily basis equal to the Bank of England Base Rate plus 1%.

9.2 Dorset County 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 noncompliance

11.1 All late payments will be reported to the Local Pension Board and the Local Pension Board on a quarterly basis. For any scheme employers where a resolution has not been reached, the Pensions Manager will submit a proposal to the Chairman of the Local Pension Board 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.
- 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.	Fund Accountant	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 noncompliance. Fund Accountant to record incidence of noncompliance for future reference. The point of contact for stage 1 should be the individual that usually submits the payment/schedule.
2.	Fund Accountant & Employer Relationship Team	If not received within 5 working days, the Fund Accountant to issue second reminder within 5 working days */**	Scheme employer /payroll provider is given a further 5 working days to submit schedule/ payment	The scheme employer/payroll provider is informed of noncompliance and informed that the next step is escalation to the Employer Relationship Team. Where applicable, payroll providers are advised that the Employer Relationship Team will raise the issue with the scheme employer. Fund Accountant 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.	Fund Accountant	If not received within 5 working days, the Fund Accountant to escalate to the Employer Relationship Team within 2 working days **		
4.	Employer Relationship Team and Pensions Manager	The Employer Relationship 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 Pensions Manager will make a decision on what action to take and will 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 Employer Relationship 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 Pensions Manager (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