



Staffordshire
Pension Fund
Local Government Pension Scheme

Pension Services

Pension Contributions

Procedural Policy

Issue Date - November 2021

Version 2.0



Completion of CTR1

Employers are required to complete a monthly return (CTR1) detailing the breakdown of the contribution payment made.

The completed CTR1 should contain the following information:

- A breakdown of contributions for the main section of the scheme.
- A breakdown of contributions for the 50/50 section of the scheme
- Details of any payments made in respect of an APC
- Details of any refunds issued through the employers payroll
- Details of any underpayment of pension contributions

Monitoring Contribution Payments

The information from the monthly CTR1 form received from each employer is entered into the “Contributions Control Spreadsheet”.

The Contribution Control Spreadsheet includes 12 monthly tabs where each individual employer’s payments will be recorded during the financial year.

The data from the CTR1 form will be analysed to determine that the correct contribution rates have been applied, a 0.5% tolerance level has been built in to the control system and any contributions that deviate from the allocated rates by the stated tolerance level will be highlighted and is queried with the employer.

Every month the payments detailed on the contribution control spreadsheet are reconciled to the actual payment that have been received and recorded on the Integra accounting system, any instance where the payment received does not agree with the CTR1 form is investigated with the employer.

A quarterly reconciliation is carried out between the contribution control and Integra data, for the Treasury and Pensions department, any discrepancies between the two systems are investigated.

Late Payment of Contributions

Employee and employer contributions must be paid to the scheme within 19 days beginning on the day after the deduction is made or within 22 days if paid electronically.

A late payment control sheet is kept detailing all late contribution payments from each employer and the action taken in each instance.

All late payments will be recorded on the breaches log and reported to the Pension Committee and Local Pensions Board at the next scheduled meeting.

If a contribution payment is received after the 22nd day of the month it will be considered late,

- the first late payment received from an employer will be followed by an email to remind them of the contribution payment due date;
- the second late payment received from an employer will be followed by a formal letter informing them of the regulatory due date and the consequences that can arise from repeated late payment of contributions;
- further late payments will result in a final warning letter;
- should the employer continue to make late contribution payments the case will be referred to the pensions manager.

Charging Interest on Late Contribution Payments

Under regulation 71 of the LGPS 2013 regulations the administering fund has the right to charge interest at a rate of 1% above base rate on late contribution payments.

The Interest charge will only be issued to the employer if the total cost exceeds £10.

If a contribution payment is not received by the last day of the month in which it is due it will be considered as a potential case for charging interest.

An employer will be allowed 1 late payment per annum before charging interest, in the event that an employer does make a second late payment and we decide to make an interest charge the first late payment will also be subject to a charge.

Any payments received in respect of an interest charge will be accounted for separately to the normal pension contributions.

Additional Voluntary Contributions

When Pension Services are notified of a problem where there has been a late payment of AVC contributions payable to either of the Staffordshire Pension Fund's AVC providers, they will assess why the payment failure has occurred before taking steps to resolve the matter. The following steps will be taken.

1. Investigate any apparent employer failure to pay contributions in accordance with the legal requirements.
2. Contact the employer promptly to alert them to the payment failure and to seek to resolve the overdue payment.
3. Discuss it further with the employer as soon as practicable to find out the cause and circumstances of the payment failure.
4. Ask the employer to resolve the payment failure and take steps to avoid a recurrence in the future.

Pension Service will undertake to communicate with both the Fund member and the appropriate AVC provider to adjust the member's AVC Fund value so there is no loss of investment income because of the payment failure.

The employer may be asked to make a payment to the AVC provider to cover the cost for loss of investment income depending upon the reason for the payment failure.

Pension Services

Pension

Contributions

Late Payment Formal Letter 1 – Appendix A

Late Payment Formal Letter 2 – Appendix B

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Appendix A

PRIVATE AND CONFIDENTIAL

The person dealing with this is
Lee Mountford on (01785) 276464
Fax No: (01785) 276489
E mail:
lee.mountford@staffordshire.gov.uk
Reference: PEN/ LM
Your Reference:
Date:

Dear

**Local Government Pension Scheme Regulations
Payment of Pension Contributions**

I am writing in respect of the payment of monthly contributions for your organisation to the Staffordshire Pension Fund.

Under requirements outlined in the Pensions Act 2004 you are required to send payment of pension contributions within 19 days of the day pay is credited to your employees through your payroll system.

Payment for the month of was received on . Following this late payment you were contacted by e-mail / telephone on and were asked to bring this payment date forward for future payroll runs.

Unfortunately payment for the month of was received on also outside of the statutory due date. Late payment of pension scheme contributions is a reportable event to the Pensions Regulator; in addition an interest charge can also be levied on such payments.

To avoid the need for this action can you please ensure that all future contributions are with the Staffordshire Pension Fund within the 19 day deadline.

Thank you for your cooperation in this matter.

Yours sincerely



John Wiggins
Assistant Pensions Manager

Appendix B

PRIVATE AND CONFIDENTIAL

The person dealing with this is
John Wiggins on (01785) 276446
Fax No: (01785) 276489
E mail:
john.wiggins@staffordshire.gov.uk
Reference: PEN/ JW
Your Reference:
Date :

Dear

**Local Government Pension Scheme Regulations
Payment of Pension Contributions**

Further to my letter of _____, it has come to my attention that pension contributions for _____ have continued to be paid after the due date.

In my previous letter I outlined the requirements of the Pensions Act 2004 which requires pension contributions to be paid to a pension fund within 19 days of the day pay is credited to your employees through your payroll system.

If an employer consistently fails to comply with this legal requirement I am required to report the case to the "The Pensions Regulator" who has power to take further legal sanctions. In addition an interest charge for late payment can be levied by the pension fund.

In view of the above can you please arrange for all outstanding payments to be remitted to the Staffordshire Pension Fund at the earliest opportunity, and to ensure that future payments are made within the 19 day deadline.

I intend to review payments for _____ in _____, and if no corrective action has been taken, an invoice for interest on your outstanding and late contributions will be issued. I shall also consider whether this case should also be referred to the Pensions Regulator.

If you wish to discuss this matter further, please do not hesitate to contact me.

Yours sincerely



John Wiggins
Assistant Pensions Manager