



**Staffordshire  
Pension Fund**  
Local Government Pension Scheme

# **Staffordshire Pension Fund**

# **Pension Contributions Procedural Policy**

**July 2024**



## **Introduction**

This is the Pension Contributions Procedural Policy for the Staffordshire Pension Fund ("the Fund"), part of the Local Government Pension Scheme ("LGPS") managed and administered by Staffordshire County Council ("Administering Authority").

Scheme employers are required to pay over all contributions to the administering authority within overriding time limits set out in legislation<sup>[1]</sup>. However, even before the introduction of the overriding legislative requirements, the LGPS contained – and still contains – its own provisions regarding the payment of contributions<sup>[2]</sup>.

This document sets out the roles and responsibilities of Scheme employers with regards to the payment of employee and employer pension contributions, and any extra charges, including:

- the pay-over statement (CTR1)
- monitoring and recording the pay-over of contributions
- reporting any late pay-over to the Pensions Regulator
- fines for non-compliance
- interest for late payment
- Additional Voluntary Contributions (AVCs)

**Please note:** if you outsource your payroll function to a payroll service provider, it is important that the contract and service level agreement (SLA) between you, the "Scheme employer", and the provider clearly set out the responsibilities in relation to the pay-over of pension contributions

## **Review**

This policy will be reviewed periodically or following any material change in legislation.

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<sup>[1]</sup> See regulation 16 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 as substituted by regulation 48 of the Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010 and amended from 1<sup>st</sup> July 2012 by the Automatic Enrolment (Miscellaneous Amendments) Regulations 2012 and from 1<sup>st</sup> November 2013 by the Automatic Enrolment (Miscellaneous Amendments) Regulations 2013.

<sup>[2]</sup> See regulations 67 and 69 of the Local Government Pension Scheme Regulations 2013.

## **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 Additional Pension Contributions (APCs).
- Details of any refunds issued through the employer's payroll.
- Details of any underpayment of pension contributions.

Please note that if an employer is onboarded to i-Connect and submitting monthly data, the Fund will, where possible, use the i-Connect data to determine the contribution breakdown and there will be no need to submit a CTR1.

## **Monitoring Contribution Payments**

The information from the monthly CTR1 (or i-Connect submission) 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 (or i-Connect submission) will be analysed to determine that the correct contribution rates have been applied. A 0.5% tolerance level has been built into the control system and any contributions that deviate from the certified rates by the stated tolerance level will be highlighted and reviewed by the Employer and Funding Team to determine if this needs to be queried with the employer.

The data from the CTR1 (or i-Connect submission) will be used to allocate the payments received to the employers account on the Integra accounting system. Any instance where the payment received does not agree with the CTR1 (or i-Connect submission) will be queried with the employer before the payment is allocated to an employer account.

A monthly reconciliation is carried out between the contribution control spreadsheet and the data in the Integra system any discrepancies between the two systems are investigated and any adjustments required are actioned.

## **Late Payment of Contributions**

Employee and employer contributions must be paid to the Fund 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.

If a contribution payment is received after the 22<sup>nd</sup> 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; and
- further late payments will result in a final warning letter.

Copies of example letters that will be sent by the Fund are shown in [Appendix A](#) and [Appendix B](#).

Should further late payments continue, the incident will be recorded on the Fund's "Breaches Log" and the circumstances will be reviewed by the Management Team. Materiality factors will be considered and a decision on whether to report the employer to the Pensions Regulator (TPR) will be made.

## **Charging Interest on Late Contribution Payments**

Under regulation 71 of the LGPS 2013 regulations the Fund has the right to charge interest, calculated at one per cent 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 one late payment per annum before being charged interest. In the event that an employer makes a second late payment and the Fund decides 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 the Fund is notified of a problem where there has been a late payment of contributions payable to the Staffordshire Pension Fund's AVC provider, 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 the matter 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.

The Fund will undertake to communicate with both the scheme 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.

## **Further Information**

If you require further information about anything in, or related to, this Pension Contributions Procedural Policy, please contact:

**Lee Mountford** - Pensions Employers and Funding Manager

**Email:** [lee.mountford@staffordshire.gov.uk](mailto:lee.mountford@staffordshire.gov.uk)

**Telephone:** (01785) 276464

## Appendix A



**Staffordshire  
Pension Fund**  
Local Government Pension Scheme

### Pensions Services

Staffordshire Place 1, Tipping Street,  
Stafford, ST16 2DH

Tel: 01785 278222

Email: [pensions.enquiries@staffordshire.gov.uk](mailto:pensions.enquiries@staffordshire.gov.uk)

### 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](mailto:lee.mountford@staffordshire.gov.uk)  
Reference: PEN/ LM  
Your Reference:  
Date:

Dear

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

Under requirements outlined in the Pensions Act 2004 you are required to send payment of monthly pension contributions, for your organisation to the Staffordshire Pension Fund, 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 and 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 paid to the Staffordshire Pension Fund within the 19 day deadline.

Thank you for your cooperation in this matter.

Yours sincerely

Melanie Stokes  
Assistant Director for Treasury & Pensions

## Appendix B



**Staffordshire  
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### Pensions Services

Staffordshire Place 1, Tipping Street,  
Stafford, ST16 2DH

Tel: 01785 278222

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E mail:  
[lee.mountford@staffordshire.gov.uk](mailto:lee.mountford@staffordshire.gov.uk)  
Reference: PEN/ LM  
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 Fund.

In view of the above can you please arrange for all outstanding payments to be paid to  
the Staffordshire Pension Fund immediately, and furthermore to ensure that all future  
contribution 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

Melanie Stokes  
Assistant Director for Treasury & Pensions