



# **LONDON BOROUGH OF LEWISHAM PENSION FUND**

## **Reporting and Monitoring Policy for Payment of Contributions**

# Reporting and Monitoring Policy for Payment of Contributions

## 1. Overview of Code 6 - The Code of Practice

- 1.1. This code and supporting guidance sets out how managers of personal pension schemes should meet their obligations and duties to:
  - monitor the payment of contributions to be paid under direct payment arrangements
  - provide the necessary information to enable members to check contributions, and
  - report material payment failures to the regulator and to members within a reasonable period.
- 1.2. The code and supporting guidance are not intended to prescribe the process for every scenario, they do however provide principles, examples and benchmarks against which managers can consider whether or not they are reasonably complying with and have understood their duties and obligations.
- 1.3. To support increased engagement with members, managers should provide payment information that will enable the member to understand what has been paid to the scheme and by whom, and to identify whether contributions that fall to be paid to the scheme under the direct payment arrangement have been received by the scheme. This will enable members to take steps to resolve any payment problems with the employer at the earliest opportunity.
- 1.4. Managers running personal pension schemes should ensure they have in place commercially viable, proportionate and risk-based processes which enable identification of material payment failures, through effective monitoring of contributions that fall to be paid under direct payment arrangements. Where payment failures have been identified they should also take steps to resolve the failure and any disputes that arise about contributions.
- 1.5. The term 'payment failure' refers to a contribution payable under the direct payment arrangements which has not been paid in full on or before its due date. The term 'material payment failure' refers to a payment failure which is likely to be of material significance to the regulator in the exercise of its functions.

## 2. Monitoring contributions

- 2.1. Lewisham Council and some Non-SLA Schools – Pensions use an interface called I Connect. This transfers data extracted from payroll and writes it back to the pensions database, Altair, on individual member records. I Connect provides various reports containing information relating to monthly and cumulative pensionable pay, employee contributions and employer contributions. The file which holds the extracted data from payroll is held on SharePoint which all Pensions staff have access to.
- 2.2. Admitted and Scheduled Bodies and Non-SLA Schools – Employers who run their own payroll provide monthly returns in the form of a spreadsheet providing:
  - monthly and cumulative pensionable pay for the main section

- monthly and cumulative pensionable pay for the 50:50 section
- employee contributions
- employer contributions
- Details of any payments made in respect of an APC
- Details of any refunds issued through payroll

2.3. The returns are held on SharePoint which all Pensions staff have access to.

2.4. Lewisham Pension Fund requires all contributions are received by the 19th day of the month following the payroll period.

### **3. Scheme set up**

3.1. All member contributions are deducted directly from their salary. Employer contributions are a percentage of a members pensionable pay and are calculated during the payroll process. Managers have read only access to payroll and can look up contribution data on individual payroll records.

3.2. Lewisham Council – The pension team use I Connect interface which transfers payroll data between payroll and pensions.

3.3. Admitted and Scheduled Bodies and Non-SLA Schools – The pensions team provides the return template to all employers. This contains the employer contribution rate due and the bandings for employee contributions. Notes accompany the spreadsheet to enable employers to understand what information they should provide. The completed spreadsheet is sent to pensions each month by email.

### **4. Monitoring the payment of contributions**

4.1. The pension investment team reconcile the pension bank account monthly. The payments into the bank account are reconciled with the pension returns submitted by the Admitted and Scheduled Bodies and Non-SLA Schools to the pension administration team. The pension investment team update a payment monitoring spreadsheet.

4.2. A finance spreadsheet has been created to monitor the payment of all pension contributions into the scheme from the Admitted and Scheduled Bodies and Non-SLA Schools. The first section details the date the monthly spreadsheet was received by the pensions team and the amount of employee and employer contributions due. The second section details when payment was received in the pension fund bank account and the amount paid. On completion of the first and section sections, the third section automatically populates information detailing if the monthly return and payment was received on time or, if late, how many days it was late.

4.3. The payments monitoring spreadsheet provides the amount of any variances between the amount due as per the monthly returns and the amount paid.

## **5. Taking action to resolve overdue contributions**

- 5.1. The pension Investment team reconcile the payment of pension contributions monthly. Any variances or late payments to be queried with the employer by the pension Investment team by email, copying in the pension administration team and making comments on the monitoring spreadsheet.
- 5.2. Pensions Administration Team to action any responses from the Employer where this requires member records to be updated. In cases of no response a chase email to be sent by the Investment Team after one month and then a second chaser the following month.
- 5.3. If still no response by month three the case is referred to the Pensions Administration Manager who will contact the Employer by telephone and email and work with the Pension Investment Manger to resolve the issue.
- 5.4. If no response by six months overdue the Pension Investment Manager will report it to the Head of Financial Strategy, Planning and Commercial or the Director of Finance.

## **6. Providing information to members**

- 6.1. Each member is sent a Statutory Notification on joining the LGPS. This includes details of the date of joining the scheme, job title, hours worked and contribution rate. It provides an explanation of pensionable pay and links to forms they need to complete such as a New Starter form and A Death Grant Expression of Wish form. It also provides our website address and a link to our secure online portal MSS. Right of appeal information is also provided as well as our privacy notice.
- 6.2. Contribution rates are also detailed on the members payslip (Lewisham) which informs them of any changes to their contribution rate.
- 6.3. Annual benefit statements (ABS) are sent to all active members and deferred members. This provides an estimate of pension benefits as at the 31st March and also a projection to NPA. Notes accompany the ABS explaining how pension benefits are calculated and details of any regulation changes.
- 6.4. Newsletters are sent to members to inform them of regulation changes as and when required.

## **7. Reporting material payment failures**

- 7.1. A material payment is a payment that is more than one month's normal pension contributions for an organisation.
- 7.2. If no payments have been received from an Admitted or Scheduled Bodies or Non-SLA Schools for six months the case will be referred to the Director of Finance.
- 7.3. Once a material late payment is overdue by more than seven months it will be reported to the Pension Regulator, the employer and the member within four weeks of the end of the seven month period.

7.4. The Pension Regulator will be advised by email, see note 8.

## **8. Method of reporting to the regulator**

8.1. Any breaches will be reported to the Pension Regulator by email.

8.2. Contact details are listed below:

The Pensions Regulator  
PO Box 342  
Runcorn  
Phone: 0345 600 2475 Monday to Friday – 8am to 6pm  
Email: [cande@autoenrol.tpr.gov.uk](mailto:cande@autoenrol.tpr.gov.uk)  
Website: [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)