

**Bath & North East  
Somerset Council**



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# Employers Guide to the LGPS

## Payment of Pension Contributions

## 16 - PAYMENT OF PENSION CONTRIBUTIONS

### 16.1 Employer's Contribution Rate

The rate of employer's contributions is currently assessed every 3 years as part of the triennial valuation of the Pension Fund and is operative one year after the valuation date. For example, the valuation of the Pension Fund as at 31st March 2004 will result in a revised employer contribution rate with effect from 1st April 2005. The Pensions Section will notify employers of any change to the employer's pension contribution rate as soon as the Actuarial Valuation Report is received.

### 16.2 Payment of employee and employer pension contributions to the Avon Pension Fund

Payment of employee's and employer's pension contributions relating to any month are technically due at the Pension Fund on the first day of the following month. However, the Pensions Committee of Bath and North East Somerset Council requires these payments to be made by the 10<sup>th</sup> of the month following the month in which they were deducted.

Section 49 (8) of the Pensions Act 1995 makes it a legal requirement that contributions deducted in a month must be received by the Pension Fund within 19 days of the end of the month they were deducted. Failure to meet this deadline is a civil offence and the Occupational Pensions Regulations Authority (OPRA) can impose a fine on an employer of up to £50,000.

It is vitally important, therefore, that employers who miss the Pensions Committee deadline of the 10<sup>th</sup> of the month make these payments no later than the 19<sup>th</sup> of the month. Employers who persistently do not meet the Pensions Act deadline of the 19<sup>th</sup> of each month will be reported to OPRA.

The rules of the Local Government Pension Scheme still require that if these contributions are not paid over within 30 days of the 1<sup>st</sup> of the month interest will be payable at the rate of 1% above base rate.

The Avon Pension Fund will write to each employer in February of each year with details of the employer's contribution rate for the forthcoming financial year together with twelve remittance advices (**Form LGPS 50**). This may be done by email or other electronic means.

Each time a payment of employee and employer contributions is made the employer **must** complete the relevant advice (**Form LGPS 50**). The remittance advice contains the income codes for the contributions paid in by each employer and ensures that the payments are credited to the Avon Pension Fund.

The remittance advice requires both employee and employer contributions to be shown separately for the contribution rates of 5% and 6% with added years contributions shown as a separate amount. There are also separate boxes for the total pensionable pay of 5% and 6% employees to be shown. This information is important as it enables

the Avon Pension Fund to check that both the employees and the employer have paid the correct contributions.

If payment is made by cheque, the cheque must be made payable to Bath and North East Somerset Council and sent with the completed remittance advice (**Form LGPS 50**) to:

**The Chief Cashier  
Bath and North East Somerset Council  
Guildhall  
Bath BA1 5AW**

In order to ensure that contributions are received by the Pension Fund by the 10<sup>th</sup> day of the end of the month in which they were deducted from pay employers may wish to consider making payment via the Bankers Automated Clearing System (BACS). The details for payment in this case are:

Account Title : Bath & North East Somerset Council  
Account : 57134464  
Sort code : 56-00-34

If making payment by BACS please send the completed remittance advice (**Form LGPS 50**) to the same address that cheques are sent, to arrive before the payment is received.

Alternatively, the Pension Fund Accountant can email you a Form LGPS 50 that can be saved as a template. This can then be completed with the relevant dates and amounts each month and emailed to the Chief Cashier ([walter\\_mclintock@bathnes.gov.uk](mailto:walter_mclintock@bathnes.gov.uk)) and to the Pension Fund Accountant ([martin\\_phillips@bathnes.gov.uk](mailto:martin_phillips@bathnes.gov.uk)) to arrive before the payment is received.

These procedures are to apply to all employers unless other specific arrangements have been agreed between the employer and the Pension Fund.

### **16.3 End of Year Report of Payments Made**

At the end of each financial year the Fund requires employers to complete **Form LGPS 51**.