

**London Borough of Enfield**

**ENFIELD PENSION BOARD**

**Meeting Date: 10 June 2021**

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**Subject:** Employers Contribution Report

**Cabinet Member:** Cllr Maguire

**Executive Director:** Fay Hammond

**Key Decision:** [ ]

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**Purpose of Report**

1. This report updates the Board on the collection of Employer contributions up to March 2021 which were due on 19 April 2021.
2. The key decision making for, and management of, the Fund has been delegated by the London Borough of Enfield the Council to a formal Pension Fund Committee (PPIC), supported by officers of the Council and advisers to the Pension Fund.
3. The Executive Director of Resources is the Section 151 Officer and therefore has a statutory responsibility for the proper financial affairs of the Council including Fund matters.
4. A local pension board has been in place since April 2015 to assist in:
  - a) securing compliance of Fund matters; and
  - b) ensuring the efficient and effective governance and administration of the Fund.

**Proposal(s)**

5. The Pension Board is recommended to note the contents of this report and the activity of the team in bringing this area back to an acceptable standard.

**Reason for Proposal(s)**

6. The Pension Board is recommended to note this report and the activity of the team in bringing this area back to an acceptable standard.
7. The Pensions Board's role is to assist the Administering Authority in ensuring compliance with the regulations.

**Relevance to the Council's Corporate Plan**

8. Good homes in well-connected neighbourhoods.
9. Build our Economy to create a thriving place.
10. Sustain Strong and healthy Communities.

### **Background**

11. Under the Local Government Pension Scheme (LGPS) Regulations, Enfield Council is required to maintain a pension fund for its employees and other 'scheduled bodies' as defined in the Regulations known as the Enfield Pension Fund (EPF or the Fund). The Regulations also empower the Fund to admit employees of other 'defined' (e.g. other public bodies) bodies into the Fund.
12. The Employers (scheduled and admitted bodies) are required to pay both employee and employer contributions to the Fund monthly. The contributions rates for members is set out in the LGPS Regulations. The Employer contribution rate is set at the triennial valuation and recorded in the rates and adjustment certificate issued by the Funds actuary.
13. The Employers are required by regulations to make the payment of contributions to the Fund be made no later than 19 days of the following month in which the contributions were deducted from payroll (22 days by means of an electronic communication).

### **2020/21 Contributions**

14. The EPF has set the 19 days following the month in which the contributions were deducted from payroll to determine if a payment has been received on time. The below table sets out the number of payments received after the 19 days have elapsed.
15. Table of Contributions received after the 19th day of each month following contributions deducted up to the 19 April 2021 is shown as Appendix 1 to this report.
16. In total there has been 9 late payments of contributions out of 468 expected payments. This is attributed to 6 different employers in the Fund. 5 of which have been single instances of late payment in April 2020 to 19 May 2020. One employer has paid late on more than one occasion, paying late in consecutive months; April 2020 to June 2020. Another employer was over 30 days late with their contribution payment twice.

### **Improvements to the contributions monitoring**

17. The Fund is currently undertaken a thorough reconciliation of the last tax year position of contributions owed and paid across by employers in the Fund. Due to resourcing issues and COVID-19 implications, the team has striving to keep on top of monitoring the accuracy of contributions and to follow up with employers when payments have been received late. After significant work and reconciliation in the first quarter of 2021, the Fund now has detailed

information in relation to employer contributions to have a clear understanding of any late or missing payments. The Team will be approaching each employer where it finds there to be missing or inaccurate contributions paid and asking for this to be rectified as soon as possible.

18. The Fund will be engaging with employers to understand the issues behind late payments and providing support in order to reconcile. It is essential the Fund reinforces the statutory obligation of employers to pay contributions on time or they suffer the risk of fines or penalties and any breaches are reported accordingly to the Regulator. The Fund is also assessing the 'new employer admissions' to the Fund and making sure any backdated contributions have been paid and reconciled, whilst also establishing the expectations of all employer in the Fund.
19. Improvements for future reconciliations include the Fund setting up a more robust process for keeping track of employer contributions and identifying quickly where contributions are missing or inaccurate. The Team will be reconciling contribution payments as soon as they are received, and any missing data or amounts will be chased up immediately to avoid any backlogs occurring. The Team hopes to build up strong relationships with the employers so that any problems can be resolved quickly.
20. We are also hoping the introduction of i-Connect will also help with the contribution reconciliation going forward by negating the need for manual contribution forms to be sent by employers each month. As more employers are inducted onto i-Connect, the efficiency of contribution reconciliation will also improve. A more formal process is being built by the Pension Administration Team for new employer admissions, so any new admissions to the Fund are setup quickly where possible and contributions paid in a timely manner once the employer has been formally admitted into the Fund.

### **Safeguarding Implications**

21. The report provides clear evidence of sound financial management, efficient use of resources, promotion of income generation and adherence to Best Value and good performance management.

### **Public Health Implications**

22. The Enfield Pension Fund indirectly contributes to the delivery of Public Health priorities in the borough.

### **Equalities Impact of the Proposal**

23. The Council is committed to Fairness for All to apply throughout all work and decisions made. The Council serves the whole borough fairly, tackling inequality through the provision of excellent services for all, targeted to meet the needs of each area. The Council will listen to and understand the needs of all its communities.

### **Environmental and Climate Change Considerations**

24. There are no environmental and climate change considerations arising from this report.

**Risks that may arise if the proposed decision and related work is not taken**

25. The monitoring and timely collection of employer contributions will minimise risks relating to the management of the Fund and should assist in managing down the risk of non-compliance with the Council's obligations under the Regulation as the administering authority of the London Borough of Enfield Pension Fund.

**Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

26. Not adhering to legal requirements could impact on meeting the ongoing objectives of the Enfield Pension Fund.

**Financial Implications**

27. Untimely payment of contributions or non-payment of contributions to the Fund can give rise to deficit whereby the Fund current Funding level of 103% can easily be depleted and the Fund ending up being severely underfunded.

**Legal Implications**

28. Regulation 106(1) of the Local Government Pension Scheme Regulations 2013 provides for each Administering Authority to establish its own Local Pension Board with responsibility for assisting the Administering Authority to secure compliance with the Regulations, other legislation relating to the governance and administration of the LGPS and the requirements imposed by the Pensions Regulator in relation to the LGPS. The Board must also ensure the effective and efficient governance and administration of the LGPS.

**Workforce Implications**

29. The employer's contribution is a significant element of the Council's budget and consequently any improvement will allow the Council to meet this obligation easily and could also make resources available for other corporate priorities.

**Property Implications**

30. None

**Other Implications**

31. None

**Options Considered**

32. No other option.

## **Conclusions**

33. The Pension Board is recommended to note this report and the activity of the team in bringing this area back to an acceptable standard.

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## **Appendices**

Appendix 1 –Enfield PF Employers Contribution Late Payments Schedule 2021-22

**Background Papers** - None