

MONITORING OF CONTRIBUTIONS AND BREACHES

Report of the Director of Finance and Public Value

Please note that the following recommendations are subject to consideration and determination by the Committee before taking effect.

1) Recommendation

That the Board be asked to:

- (a) Note the actions taken to monitor the contributions
- (b) Note employer performance for end of year process and future developments

2) Introduction

- 2.1 This report is to update the Pension Board on the current procedures for monitoring of timely payment of contributions from employers.
- 2.2 Employers are required to make their contributions to the fund by the 7th of the month in accordance with the Administering Authority discretions. The legal deadline is however later than this on the 19th of the month where payment is made by cheque or 21st of the month where payment is made electronically.
- 2.3 Where contributions are received after the legal deadline and the Authority considers that late payment is of material significance, we have the duty to notify the Pensions Regulator of the employer's failure to meet the legal deadline.

3) Monitoring process

- 3.1 Employers are required to submit a remittance advice with their contributions. The Finance team within Peninsula Pensions record the payments received onto the Fund's finance system. Staff in the investment team update a database which records the contributions and also checks that they are in line with the rate certified by the actuary.
- 3.2 The date that the contribution was received is also recorded in order to monitor compliance with the legal requirements.

- 3.3 The table below shows a summary of the monthly contributions received in Q1 2023/24. For each scheme employer, 3 contributions would be recorded and included in the table below except for those employers who joined or left during the period.
- 3.4 A total of 7 contributions were received late during this quarter. Five of these were from admitted bodies in the fund and two were Parish councils. All were one off incidents.

Employer by monthly contribution size	Paid on or before 7th of the month	Paid after 7th but on or before 21st	Paid after 21st	Not paid
£1 - £1000 (61)	126	27	2	0
£1001 - £10k (144)	373	48	5	0
£10k - £50k (72)	172	15	0	0
£50k+ (23)	61	11	0	0
<u>TOTAL</u>	<u>732</u>	<u>101</u>	<u>7</u>	<u>0</u>

4) Breaches

No other breaches occurred during Q4 of 2022/23.

5) Employer Performance

- 5.1 At the July Pension Board meeting, the board requested that Peninsula Pensions provided further information regarding the timeliness of year end data begin submitted by the scheme employers.
- 5.2 The Pensions Administration Strategy (PAS) states Employers must provide end of year data by 14 April. Any queries rising from the data are to be responded to within 3 weeks. This enables Peninsula Pensions to update records and issue Annual Benefit Statements prior to 31 August 2023 as legislated.

5.3 The table below sets out the number of returns received by specific dates:

Total EOY returns received	Date Received by	% of Fund Employers
196	14 April 2023	67%
212	30 April 2023	73%
256	31 May 2023	87%
292	30 June 2023	100%

The Team had to send 80 chaser emails between 24 April and 2 May, 35 second chaser emails between 11 May and 26 June and, 10 employers receiving a third chaser in June. It should be noted the chasers were a mixture of requests for the EOY data and responses to queries raised, for example, contributions provided but no record, no contributions provided but active record held.

5.4 Peninsula Pensions are working on ways to improve the number of employers providing data within our deadlines and officers are currently reviewing the pension administration strategy (PAS). A consultation with employers is currently planned for early November on the revised administration strategy which will be brought to the board in January meeting and for final approval at the Investment and Pension Fund committee in March 2024.

Peninsula Pensions are also working with Devon Audit Partnership on a tool to provide a report on key employer performance areas. The first report will be brought to the board in January 2024.

6) Conclusion

6.1 The Board is asked to review and note the contribution monitoring record.

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Electoral Divisions: All

Local Government Act 1972: List of background papers

Nil

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