

Open Report on behalf of Pete Moore - Executive Director of Finance and Public Protection

Report to:	LGPS Local Pension Board
Date:	25 July 2018
Subject:	Annual Review of Employer Submissions

Summary:

The Pension Board receives quarterly information on any late receipt of employer data or payments as part of the Fund Update report. This paper provides an annual review of the employer monthly submissions and explains the work undertaken to encourage timely and accurate submission of data and payments by the Fund's employers.

Recommendation(s):

That the Board note the report.

Background

- 1 There are around 220 employers within the Lincolnshire Pension Fund. All employers have a statutory responsibility, as set out within the Pensions Act 1995, to ensure that they pay over any contributions due to the Fund by the 19th of the month following their payroll. The Fund considers an employer a "late payer" if either the cash and/or the data is received after the 19th.
- 2 The Fund has a robust process for monitoring the receipt of payments and data from employers. Within the LCC Pensions team, the Finance Officer post is responsible for employer contribution monitoring. The daily process is to check Pension Fund bank receipts and allocate the payment to the employer's account, once it has been matched to the data submission sent by the employer through the WYPF portal. The summary report of the data is verified to ensure that the employer/employee contributions look appropriate and agree with the certified contribution rate of that employer. It is, however, the employer's responsibility to ensure that correct amounts are paid over. Secondary (deficit) payments are also monitored to ensure that each employer has paid in line with the Rates and Adjustment Certificate certified by the Actuary at the last Triennial Valuation.
- 3 Additional checks are undertaken by the WYPF Finance team on the detail within the submissions, and the system itself identifies errors, queries or

where more information is required (e.g. additional leavers information) which are sent back to the employer through the portal.

- 4 After any late payment (including data submission), an email is sent to the employer reminding them of their responsibilities, and that they could be fined. If any employer has three late payments in a rolling six month period, they are fined unless they are able to offer any extenuating circumstances. If data and/or payment is submitted within the required timeframe, but is incorrect and not resent by the 19th, then it is considered a late payment.
- 5 In addition to emailing employers, the LCC Finance Officer is in regular contact with them and their payroll providers to prompt payments/submissions and clarify any queries. Much work has been put into building a good relationship with the employers and payroll providers, to assist them in understanding the process and the data required.
- 6 Common causes for late payments are:
 - Poor service of payroll providers – particularly a problem for academies
 - Incorrect data being sent and not re-submitted once errors identified
 - Changes in payroll providers
 - Lack of cover at the employer/payroll provider
 - Issues with portal uploads
- 7 Common issues within the data are:
 - Total pay does not include overtime
 - Data is submitted in incorrect columns
 - AVC payments are made to the Pension Fund
 - Sick leave or maternity leave are documented incorrectly
- 8 The table at Appendix A identifies the late payers over the financial year. It can be seen from this table that most of the repeat offenders are academies/schools which have an external payroll provider. It is expected that this list will reduce, as one of the key culprits was a payroll provider that has since lost most of their academy clients, as a result of their poor service.
- 9 It should be noted that this is not a Lincolnshire specific problem, and one which all LGPS Funds struggle with, particularly those with a high number of academies. Lincolnshire is ahead of most LGPS Funds in the monitoring that it does, particularly as a result of the introduction of monthly data submissions in 2015, when the Fund moved its administration service to WYPF. It is also very transparent in its reporting, something that most Funds do not currently do in respect of employer submissions.
- 10 Late submissions are reported in the breaches report and taken to the Board quarterly. During this financial year, no employers have been referred to the Pensions Regulator for late payment, however officers are vigilant to ensure any material breach would be reported.

- 11 The Fund and WYPF work closely to educate and inform employers of their responsibilities. Below is a list highlighting some of the support processes in place and activities undertaken.

Support

- Each employer has a dedicated Pension Fund Representative (PFR)
- Each employer has a dedicated Finance Business Partner
- Regular training events for payroll providers and employers
- User guides available on the website
- Updates and reminders through the Pension Matters blog
- Advice provided on monitoring external payroll providers

Activities

- Visits to payroll providers and employers for 1:1 training
- Information sessions at annual employer and Lincolnshire Employer Administration Forum (LEAF) meetings

Conclusion

- 12 The increase in employers over the last few years has meant that the monitoring of employer submissions has become a considerable growth area for the Fund. The Fund and WYPF work very closely with employers and their payroll providers to ensure that they understand their responsibilities and to improve their performance in this area.
- 13 The Fund has a dedicated resource to monitor employer submissions and work will continue to reduce the numbers of late payers.

Consultation

a) Have Risks and Impact Analysis been carried out?

Yes

b) Risks and Impact Analysis

The Pension Fund has a risk register which can be obtained by contacting the author of this report.

Appendices

These are listed below and attached at the back of the report	
Appendix A	List of Late Payers 17/18

Background Papers

Not applicable.

This report was written by Jo Ray, who can be contacted on 01522 553656 or jo.ray@lincolnshire.gov.uk .

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