



Regulatory and Other Committee

Open Report on behalf of Andrew Crookham, Executive Director – Resources

Report to:	Pensions Committee
Date:	09 January 2020
Subject:	Employer Monthly Submissions Update

Summary:

This paper provides the Committee with up to date information on Employer Monthly Submissions for the second quarter of the financial year 2019/20 (July to September).

Recommendation(s):

The Committee note the report and consider if there are any further actions they wish to take against employers submitting late or inaccurate payments or data.

Background

1. There are just under 270 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 this date.
2. Concern was raised by both the Pension Committee and the Pensions Board at their meetings in October 2019 about the continuing number of employers submitting late or incorrect data and contributions. Officers agreed to review the Fund's arrangements for monitoring contributions and report back to the Committee and Board. In reviewing arrangements the following actions have been taken:
 - The Fund has enquired with other funds as to the processes they have in place to monitor contributions – the Fund remains content that our processes are robust and at least as comprehensive as other funds.
 - The Chair of the Pensions Board has written to all employers and payroll providers, in November, reminding them of their statutory responsibilities for providing information to the Pension Fund.

- The Fund has revisited internal processes to ensure that these remain focussed and robust. From this review we have: revisited and clarified responsibilities between the Fund and West Yorkshire, as the Funds administrator, to ensure that tasks are being completed in the right place and on a timely basis. Standard communications issued to employers have also been reviewed, to ensure they are clear, and that they understand exactly what error has occurred and the action required to correct it.
 - The Fund has revisited its escalation processes to ensure that any issues are addressed at the earliest opportunity. Employers submitting late information are reviewed monthly within the Pensions Team. Repeat offenders are referred to the West Yorkshire Pension Fund Representatives who contact them to offer advice and see if any further training is required. The Head of Pensions will also consider the need to contact the employer's strategic contact to further escalate the matter.
- 3 The Fund continues to monitor the receipt of payments and data from employers each month. Within the Pensions Team, the Finance Technician post is responsible for monitoring employer contributions, checking the timeliness of submissions and accuracy at a high level. Additional checks are also undertaken by the West Yorkshire Finance Team on the detail within the data submissions (such as employer contribution rates), and the pensions system itself identifies errors, queries, or where further information is required from the employer (e.g. additional leavers' information).
 - 4 After any late payment (including data submission) an email is sent to the employer reminding them of their responsibilities. In addition to emailing employers, the Fund and West Yorkshire Finance Team are in regular contact with employers and their payroll providers to prompt payments/data submissions and clarify any queries. Much work has been put into building a good relationship with the employers and payroll providers, to assist in understanding the process and the data required.
 - 5 A summary of all late contributions or data submissions since April 2019 is set out in table one below.

Table One: Late contributions and data submissions to September 2019

Month	Payment of Contributions		Submission of Data	
	Count	Percentage	Count	Percentage
<i>April</i>	6	2.3%	14	5.3%
<i>May</i>	3	1.1%	10	3.8%
<i>June</i>	3	1.1%	23	8.7%
July	9	3.4%	15	5.7%
August	6	2.3%	12	4.5%
September	3	1.1%	11	4.2%
Total for 2019/20	30		85	

- 6 The analysis shows the number of employers making late contributions is a relatively small percentage of the overall number of employers. A higher number of employers submit their data returns late, or have made an incorrect submission by the deadline date (i.e. their data contains errors, or does not agree to the contributions paid across). The main reasons for late payments in the quarter relates to changes in payroll staff at employers and employers changing payroll provider.
- 7 None of these breaches individually have been material and therefore have not been reported to the Pensions Regulator; however, they have been included en masse in the breaches register.
- 8 If any employer makes contribution payments or submits data late in three out of six months on a rolling basis, they will receive a fine, unless they are able to offer extenuating circumstances. Fines are currently set at a minimum of £136. Table two below sets out the number of fines issued since April 2019. Details of the individual employers fined in quarter one can be found at **Appendix A**.

Table Two: Late contributions fines to September 2019

April	May	June	July	August	September
2	2	5	4	3	3

Conclusion

- 9 This report provides quarterly monitoring information on the timeliness and accuracy of employer submissions to help the Pensions Committee understand if there are any issues arising from late payments or data and any further actions which are required to address employers not meeting their statutory responsibilities.
- 10 Employer submissions have increased in prominence as the number of employers within the scheme has increased. The Fund has responded to this by having a dedicated resource to monitor employer submissions and working closely with West Yorkshire and employers to reduce the numbers of late payers.
- 11 The Fund has reviewed its processes for contribution monitoring to ensure that they remain robust and appropriate.

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	Late Contribution Fines July to September 2019

Background Papers

No Background Papers within the meaning of section 100D of the Local Government Act 1972 have been used in the preparation of this Report.

This report was written by Claire Machej, who can be contacted on 01522 553641 or claire.machej@lincolnshire.gov.uk.