

**Open Report on behalf of Andrew Crookham, Executive Director -  
Resources**

Report to:	<b>Pensions Committee</b>
Date:	<b>18 March 2021</b>
Subject:	<b>Employer Monthly Submissions Update</b>

**Summary:**

This paper provides the Committee with up-to-date information on Employer Monthly Submissions for the third quarter of the financial year 2020/21 (October to December inclusive).

**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**

- 1.1 There are approximately 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 contributions due to the Fund on a timely basis. The date these are due is set out in the Fund's Administration Strategy, which all employers have signed up to, and has been set as 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.
- 1.2 The Fund has in place robust processes for monitoring the receipt of payments and data from employers. Within the Pensions Team, the Finance Technician is responsible for monitoring employer contributions monthly. Additional checks on the detailed data submissions and employer rates are undertaken by the West Yorkshire Finance Team. The pensions system itself also identifies errors, queries, or where further information is required from the employer (e.g. additional leavers' information).
- 1.3 After any late payment (including data submission) an email is sent to the employer reminding them of their responsibilities. In addition to emailing employers, both the Lincolnshire and West Yorkshire Pension Fund teams 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.

- 1.4 A summary of all late contributions or data submissions since April 2020 is set out in table one below.

**Table One: Late contributions and data submissions to December 2020**

Month	Payment of Contributions		Submission of Data		Payment of Conts & Submission of Data		Data and Payments do not Match / Incorrect Rate	
<i>April</i>	3	1.1%	14	5.1%	4	1.5%	2	0.7%
<i>May</i>	0	0.0%	2	0.7%	1	0.4%	5	1.8%
<i>June</i>	5	1.8%	8	2.9%	3	1.1%	0	0.0%
<i>July</i>	3	1.1%	8	3.0%	1	0.4%	0	0.0%
<i>August</i>	1	0.4%	14	5.2%	0	0.0%	6	2.2%
<i>September</i>	1	0.4%	11	4.1%	1	0.4%	3	1.1%
October	5	1.9%	18	6.7%	1	0.4%	2	0.7%
November	0	0.0%	22	8.2%	1	0.4%	4	1.5%
December	0	0.0%	8	3.0%	1	0.4%	3	1.1%
<b>Total</b>	<b>18</b>		<b>105</b>		<b>13</b>		<b>25</b>	

- 1.5 The analysis shows the number of employers making a late payment of contributions, missing both payment of contributions and data, or submitting data and payments that did not match, is a relatively small percentage of the overall number of employers. A higher number of employers submitted their data returns late.
- 1.6 The quarter saw a deterioration in the performance of one of the larger payroll provider in submitting employer data into the portal. In October they accounted for fourteen of the late data submissions and for November it was twenty-one of the twenty-two. To tackle this, the Fund formally contacted all affected employers, reminding them of the statutory requirements and encouraging them to work with the payroll provider to improve compliance. The payroll provider has been actively engaging with the Fund to ensure they meet the statutory deadline. In December the number of late submissions had reduced to six and to just one for the January submission. The payroll provider has agreed a revised process with the Fund and it is hoped that their improved performance will continue into quarter four.
- 1.7 None of the 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.
- 1.8 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 sets out the number of fines issued since April 2020. There have been four fines issued in the quarter October to December 2020.

**Table Two: Late contributions fines to December 2020**

<i>April</i>	<i>May</i>	<i>June</i>	<i>July</i>	<i>August</i>	<i>September</i>
0	0	0	1	2	1
October	November	December			
0	2	2			

## **Conclusion**

- 2.1 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 submissions and any further actions which are required to address employers not meeting their statutory responsibilities.
- 2.2 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.

## **Consultation**

### **a) Risks and Impact Analysis**

The Pension Fund has a risk register which can be obtained by contacting the Head of Pensions.

## **Appendices**

These are listed below and attached at the back of the report	
Appendix A	Employers late data contributions or data - quarter three 2020/21 (October to December inclusive)

## **Background Papers**

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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