



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

Report to:	Pensions Committee
Date:	01 December 2022
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 2022/23 (July to September inclusive).

Recommendation(s):

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

Background

- 1.1 There are 274 contributing 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 employers and payroll providers, to assist in understanding the monthly process they need to complete and the data they are required to supply.

- 1.4 A summary of all late contributions or data submissions since April 2022 is set out in table one below. Appendix A sets out the employers who were late, and details when the outstanding payment or information was received.

Table One: Late contributions and data submissions to September 2022

Month	Payment of Contributions		Submission of Data		Payment of Contributions and Submission of Data		Data and Payments do not Match / Incorrect Rate	
<i>April</i>	0	0.0%	6	2.2%	1	0.4%	5	1.8%
<i>May</i>	2	0.7%	9	3.3%	0	0.0%	2	0.7%
<i>June</i>	4	1.5%	10	3.7%	0	0.0%	6	2.2%
<i>July</i>	2	0.7%	9	3.3%	0	0.0%	1	0.4%
<i>August</i>	1	0.4%	8	2.9%	2	0.7%	2	0.7%
<i>September</i>	2	0.7%	5	1.8%	1	0.4%	5	1.8%
Total	11		47		4		21	

- 1.5 The analysis shows the number of employers making a late payment of contributions or missing both payment of contributions and data is a relatively small percentage of the overall number of employers. There are higher numbers of employers submitting their data late, or submitting data that does not agree to the cash payment made to the Fund. Overall, the occurrences of late data submissions and payments in quarter two are roughly comparable to the levels seen across 2021/22, which was generally a strong year for employer contributions.
- 1.6 The July and August late data figures include missed submissions from two payroll providers, responsible for six employers, who were dealing with staffing/IT system issues. This issue has been fully resolved at one payroll provider, and all submissions for their four employers are up to date. The second payroll provider is still working to provide the outstanding data. This is being actively monitored by Fund officers who are in regular contact with the payroll provider/employers.
- 1.7 There are still a number of data submissions each month that do not match the cash payments made to the Fund. Generally, these discrepancies are small in cash terms, however, employers have, and will continue to be contacted asking why these differences have arisen and to review their processes to ensure variances do not occur on future submissions. If there are issues with the data submitted, the Fund will liaise with employers and WYPF to ensure the necessary amendments are made. For example, two of these errors in September were resolved within 24 hours of the respective employers being made aware.

- 1.8 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.
- 1.9 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 2022.

Table Two: Late contributions fines to September 2022

<i>April</i>	<i>May</i>	<i>June</i>	July	August	September
<i>0</i>	<i>0</i>	<i>0</i>	0	2	3

- 1.10 Quarter two saw the first issuance of administrative fines since December 2020. The two fines issued in August were to the two employers discussed at paragraph 1.6 above. The three fines issued in September again included the two employers discussed above, plus one further employer who has missed the deadline for data and/or cash in three of the last six months.
- 1.11 Four employers are at an immediate risk of an administrative fine if they are late with cash and/or data during quarter three. All employers are notified when any part of their contributions is received late, and these employers are aware that they are at risk of a fine.

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 payments and/or data contributions - quarter two 2022/23 (July to September 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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