



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

Report to:	Pensions Committee
Date:	16 March 2023
Subject:	Employer Monthly Submissions Update

Summary:

This paper provides the Committee with up-to-date information on Employer Monthly Submissions for the third quarter of the financial year 2022/23 (October to December 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 276 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 December 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%
October	2	0.7%	3	1.1%	1	0.4%	2	0.7%
November	2	0.7%	3	1.1%	1	0.4%	2	0.7%
December	7	2.5%	0	0.0%	1	0.4%	1	0.4%
Total	22		53		7		26	

- 1.5 Generally quarter three showed good compliance from employers in all areas. The spike in late cash contributions in December is due to one payroll provider who paid contributions across late for all four of the employers they manage. As Appendix A shows, these four employers are among some of the larger in the Fund, and this provider and employers were clearly reminded of their responsibilities.
- 1.6 In the first two quarters of the year two payroll providers responsible for six employers had experienced IT and staffing issues which affected their ability to submit contributions data. This issue had been fully resolved at one payroll provider, and all submissions for their four employers were up to date by the end of quarter two. The second payroll provider submitted late data again for October and November, but fully resolved their issues at the beginning of January 2023 and were able to submit their December returns on time. Officers are still actively monitoring the situation at both providers and will escalate reporting and corrective action if required.
- 1.7 Overall, the occurrences of late data submissions and payments in quarter three seem to be comparable with recent trends, but officers are conscious that performance is not as strong as it could be. Therefore, if occurrences of late contributions worsen, officers will consider whether further action needs to be taken at a Fund level.
- 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 December 2022

<i>April</i>	<i>May</i>	<i>June</i>	<i>July</i>	<i>August</i>	<i>September</i>
0	0	0	0	2	3
September	October	November			
2	3	1			

1.10 Quarter three saw a continued issuance of administrative fines to two specific employers who had been consistent late contributors. These accounted for both September fines, and two out of three of the fines issued in October. The remaining two fines (one in October and one in November) appear to have been isolated cases and no further issues have been identified with these employers.

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 three 2022/23 (October to December inclusive)
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Background Papers

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

This report was written by Claire Machej, who can be contacted on 01522 553641641 or claire.machej@lincolnshire.gov.uk.