

Appendix 'C'

Your Pension Service - Employer Performance

Purpose and Summary

To inform the Local Pension Board of the current position with regards to information flow from employers and to identify areas of improvement.

Background

In April 2014 a new standardised method of data collection was introduced, requiring all employers to submit a data collection file every pay period, known as Employer Pension Information Collection system (EPIC).

EPIC replaces previous processes for new starters, contractual changes, contribution rate changes, personal detail changes, end of year postings, and ad hoc data cleaning with employers. It allows Your Pension Service (YPS) to ensure that data on the pensions system; Altair, is accurate and current, and to accurately post contributions and career average pay to individual records. It also provides a final pay figure at year end for benefit statement purposes.

To supplement the information provided within EPIC, the following employer forms are required:

- Leaver
- Notification of Intention to Retire
- Return from Absence
- Pension Pot Adjustments

EPIC File submissions – Employer Performance

Employers initially found it difficult and time consuming to produce the files in the required format. For many employers putting together the information is a manual process of pulling together different payroll reports. Some employers with larger payrolls have automated the process, but 'multiple employments' and the new requirement to calculate 'assumed pensionable pay' have caused problems. Support has been offered and provided by the YPS Data Management Team.

The YPS Partnerships Team has also been instrumental in terms of providing support and awareness training in respect of the new CARE Scheme for employer payroll staff.

Year end 2014/15 was very simple for employers who had regularly submitted files, but much more difficult for some employers who had not submitted complete files for the year. For the March 2015 pay period, which marks completion of the

submissions for the 2014/15 year, only 34% of employers submitted files by the due date of 6th April. Because of this there is now a concerted effort to encourage employers to submit files by 6th of the calendar month following pay period end. This is in order to have current and reconciled data uploaded to Altair by the end of each calendar month. In an email sent in September 2015 and followed up in November, all employers were asked to ensure files were up to date by 6 December 2015.

Encouraging and guiding employers to submit data by 6th of the month and be up to date by April 2016 will place the Fund in the best possible position to be able to supply current and high quality data to the Actuary, for valuation purposes, within the timescales set.

Data submissions 2015/16

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Submitted by 6 th (% of employer units)	26%	34%	32%	38%	34%	29%	43%	55%
Now submitted* (number of employer units)	224/ 264	224/ 264	211/ 264	210/ 264	214/ 270	209/ 270	201/ 270	196/ 273
Now submitted *(% of active membership)	99%	99%	97%	97%	97%	97%	97%	95%

**as at 29 December 2015*

Although data submitted by employers as a percentage of active membership is very encouraging, there is a lot of work to do to ensure that some employers catch up and submit files on time. Although they represent a small proportion of active membership, missing data for smaller employers can have an impact on the valuation of the Fund.

EPIC File submissions - Data Quality

Checks are undertaken to ensure that file totals match contributions payable to the Fund. Contributions paid to the Fund are monitored in conjunction with Lancashire County Council's Financial Resources Team. Contributions are collected by direct debit and mismatches between contributions reported and contributions payable are dealt with promptly as are late receipt of contributions. Processes to monitor and deal with late contributions are currently under review in order to be able to properly and promptly report any non-payment (as specified under regulations) as a breach to The Pensions Regulator. In addition, employers are contacted if pensionable pay is not comparable to employee contribution amounts. One issue that has been identified by undertaking this comparison is that some employers need more support

in order to correctly apply the new 'assumed pensionable pay' requirements. As pension administrators, it is not possible to ensure that all employers have applied assumed pensionable pay correctly for each individual absence. This can only be achieved through educating employers and by sending regular reminders. Where it is known that employers have reported assumed pensionable pay incorrectly, adjustments have been requested outside the EPIC system.

Leaver forms – Employer Performance

Scheme members who leave their employment should be notified about their deferred LGPS benefits within two months of leaving their employment. To enable YPS to meet this requirement, employers are asked to supply us with information about the leaver within 5 working days of their leaving date. Although this timescale is not closely monitored, it is clear that where employees are retiring (and therefore require payment of benefits) employers tend to submit information promptly, but this is not the case where information is required in respect of early leavers. Consequently there are ongoing issues with employers not supplying leaver forms in a timely manner even though employer data files indicate missing members (which may be early leavers). Not processing members as leavers can have an impact on valuation data, in particular where members are mistakenly reported as actively contributing when they are not.

Steps taken to improve performance and quality –

- Individual employers are being actively targeted and supported.
- New admitted bodies are sent an email outlining their responsibilities in the strongest possible terms.
- The Funds Pension Administration Strategy Statement (PASS) and comprehensive Employer Guides are available on the YPS website which explain employer responsibilities and the correct processes to follow.
- E-forms are the preferred method of submission for any forms required by YPS.
- Employers with significant volumes of leavers have been given the option to submit data by spreadsheet rather than by individual forms.
- Employer visits are offered annually to those with over 100 active members.
- Employer training and awareness sessions are provided either on request or at the instigation where there are obvious data issues.
- Employer conferences, e-newsletters and regular employer bulletins are provided as a matter of course.

Further steps

- Those employers who repeatedly do not submit data by 6th of the month have been notified that the Fund will consider reporting them to The Pensions Regulator.

- Significant resource has been assigned to chasing employers to supply information promptly.
- The Fund's Actuary will be consulted as to how to best deal with outstanding data issues for valuation purposes.
- An internal review of data quality has been developed by YPS and will be undertaken on a quarterly basis.