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LAW & REGULATION

Notts to report itself to TPR after employers botch data

By **Alex Janiaud** | November 1, 2018

The Nottinghamshire County Council Pension Fund is set to report itself to the Pensions Regulator after failing to produce some of its annual benefit statements on time.

While 60,000 statements were issued on time, delayed employer data meant that 2,500 were delayed and will be sent out in November.

Member funds in the Local Government Pension Scheme are required to produce annual benefit statements by August 31 every year.

Employers contributing to the LGPS are responsible for submitting their own data to the local authority, which the scheme then feeds into the benefit statements.

It is the schemes who are held responsible by the regulator for administering this data in a timely fashion, however.

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>
> Ian Colvin, Hymans Robertson

Nottinghamshire has now received all outstanding employer year-end returns, and the remaining annual benefit statements will be issued this month, according to a source at the council.

Last month, the London Borough of Barnet Council reported itself to the Pensions Regulator after failing to produce 447 pension benefit statements on time.

The council was fined £1,000 in 2017 for the same offence, becoming the first public service pension scheme in the country to be fined by the regulator.

The valuation will be affected

In 2016, Nottinghamshire implemented a number of changes that were aimed at making it easier for employers to communicate with the fund, including a new website.

At the end of the third quarter of 2018-19, the fund will begin the roll-out of an employer portal that will enable the secure transfer of data, according to Sarah Stevenson, group manager in Nottinghamshire County Council's business support centre.

"This will then enable the fund to develop its plan to move to monthly returns from employers," she said, adding that the fund is also currently reviewing its communication plan to employers for its 2019 valuation.

At its annual general meeting on October 4, pensions manager Jonathan Clewes revealed that of the 314 submissions received from employers by the submission date of May 14 2018, only 183 could be described as 'accurate'.

Nottinghamshire has 337 employers, meaning that 93 per cent of its employers made their submissions on time this year.

This rate has improved every year since May 2015, when just 43 per cent of submissions were received in a timely fashion.

Clewes' presentation described a "high error rate" on the part of employers, with submissions featuring incomplete data in the wrong format.

The fund's 2019 actuarial valuation is set to be affected by this mishap. "Incorrect employer data will cause additional work and increase in costs," the presentation revealed.

Stevenson said the fund works with employers "on an ongoing basis to ensure that they understand their responsibilities as detailed in the fund's administration strategy".

"The fund holds employer liaison meetings, briefings leading up to year-end, and regular communications are also sent throughout the year end reminding employers of the submission date and offering support," she said.

A spokesperson for the regulator said it would not comment on specific cases, but that it is "reviewing these cases and will determine what action may be appropriate for us to take, depending on individual circumstances".

"We also expect all those responsible for the governance and administration of a scheme to ensure that, where statements have not been issued due to errors in the data provided by employers, appropriate internal controls are in place to ensure that non-compliant employers fulfil their responsibilities to that scheme," the spokesperson continued.

Employers are aware of their duties

Notes detailing the fund's 2017 AGM describe its procedures for dealing with employer failings with respect to submitting data.

Where no improvements on the part of the employer are observed, "a formal written notice will be issued setting out areas of poor performance, the steps taken to resolve those areas and giving notice that the additional costs may now be reclaimed".

Reasons for recovering extra costs include repeated failures by an employer to provide information to the fund and to members.

They also include "instances where the performance of the scheme employer results in fines being levied against the administering authority by the Pensions Regulator, Pensions Ombudsman or regulatory body," the notes read.

Ian Colvin, head of public sector benefit consultancy and governance at Hymans Robertson, urged the regulator to recognise the efforts made by schemes that take a proactive approach to remedying their administrative woes.

"If you've taken all the reasonable steps I would hope the regulator would take the view that the fault lies with the employer," he said.

Monthly returns are no panacea

In 2017, the fund also laid plans to improve its data monitoring, pledging mortality screening and the tracing of deferred members and pensioners.

Richard Llambias, head of digital and data at third-party administrator Equiniti's pensions division, observed that the fund's plan to switch its strategy from annual to monthly employer returns would only work with proper scrutiny of its data.

"It will only improve things if you can monitor the data that's coming through," he said, "otherwise instead of having one submission on an annual basis that's a mess, you could have 12 of them."

"If at all possible, you want to automate that file submission," he added.

**This article has been amended to clarify that only a small proportion of annual benefit statements were delayed.*

Barnet in TPR breach as Capita misses payments

The London Borough of Barnet Council has reported itself to the Pensions Regulator after failing to produce 447 pension benefit statements on time.

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