

Seeking changes to data used to calculate the levy: practice and principles

1. Purpose of this document

1.1. This document sets out the key principles that the PPF will apply when considering:

- types of correction that we will consider;
- factors when considering a correction request; and
- factors when considering late levy review applications.

1.2. Information on the process to follow to seek a change to data, an appeal of a D&B score, or a review of an invoice is set out in the 'Paying Your Levy' pages of our website (and the booklet accompanying the levy invoice).

2. The Board's position on correcting information

2.1. While our fundamental aim is that levies are based on accurate information, this does not mean that all data corrections will routinely be allowed. Schemes and their advisers are ultimately best placed to ensure that their data is correct, and they bear primary responsibility for ensuring that the scheme's levy is based on correct data. Routinely allowing data corrections is likely to involve significant PPF time and resource, to the detriment of all levy payers, and may disincentivise the maintenance of high standards of data quality.

2.2. Our policy, therefore, is to strike an appropriate balance between the general desirability of invoices being based on correct information; the efficient achieving of this aim and of operational effectiveness generally, and the need to ensure that the responsibility for providing correct information remains with schemes. We seek to achieve this through a broad set of measures including:

2.2.1. Setting firm deadlines for data submission;

2.2.2. Only correcting data after the Measurement Time where we feel the particular circumstances merit it, rather than routinely;

2.2.3. Seeking to address corrections in a way that minimises undue administrative impact on the PPF.

2.3. If a correction request is raised earlier in our processes, and in particular before invoicing, the administrative impact is reduced.

3. Our powers to correct data after applicable deadlines

3.1. We do recognise that sometimes incorrect data is submitted, and that there will be circumstances where the fairest and most appropriate outcome will be for us to correct data after the Measurement Time, accept late data, or allow an application to proceed after an applicable deadline.

3.2. The levy rules (Part B) provide us with a discretion to correct information in some circumstances.

4. What types of correction we will consider

4.1. Correction or update?

We will only consider correction requests, not updates. A correction is where, at the relevant deadline the information was available to the scheme and the levy requirements could, in principle, have been met. We regard an update as where some or all of the information or requirements were obtained/met after the deadline.

4.2. Example

For example, if the trustees of a scheme with a Type A guarantee did not take any steps to consider the strength of the guarantor until after the Measurement Time (and therefore after the point of certification), the Realisable Recovery certification could not have been properly given at the Measurement Time. We would not expect to permit the trustees to seek to regularise the contingent asset submission by providing confirmation that they have considered guarantor strength after the Measurement Time. Accepting updates would undermine the integrity of the Measurement Time.

Please note that the PPF cannot change the levy rules for a particular year once published, including the levy formula, or any of the policies or rules contained in it. The levy rules were subject to consultation before being finalised. If you apply to us

to ask us to take into account information that the levy rules do not enable us to recognise, your application will not be successful.

5. Factors when considering a correction request

5.1. All relevant circumstances of a particular case will be considered. Where we agree to correct, it is likely to be on the basis that the scheme is acting in line with the Board's desired behaviours, and a correction of the data in such circumstances would be unlikely to undermine the incentive for schemes to maintain good data quality. Factors we would consider might include the following:

- (a) The timing of a correction request, in particular the speed with which the error was identified by the scheme. The prompt identification of an error may be indicative of a well-run scheme where data quality could be expected to be high. In addition, issues raised prior to invoicing are easier and less resource intensive for the PPF to correct.
- (b) Where the responsibility for the error sits, and the culpability or otherwise of the scheme (including its professional advisers). If a scheme has made demonstrable efforts to ensure that its data is correct, an individual error is less likely to be indicative of poor administrative standards. Particular situations might include:
 - (i) whether the incorrect data relates to a complex or new area of our rules (where the scheme may reasonably have been uncertain about what data to submit), or whether obtaining/calculating the data was straightforward, such that the scheme could reasonably have been expected to have submitted correctly.
 - (ii) the size of the scheme, and the resources available to it. For example, a smaller scheme may have more limited access to administrative and advisory resources than a larger scheme, and it may not be reasonable for them to engage with the detail of the levy to the same extent as a larger scheme. A larger scheme may also be better placed to engage professional advisers or may have its own specialists. If professional advisers are responsible for an error, the scheme may be able to make a claim for any loss suffered as a result of the error (even if the value is such that they do not pursue it).
 - (iii) whether there were any external factors which prevented the scheme from

submitting correct data on time. For example, technical issues where a scheme was unable to meet a deadline through technical issues, but notified the PPF of this as soon as reasonably practicable following the deadline.

- (c) The likely impact on the levy when compared with the nature and culpability of the error. For example, this factor may be particularly relevant where the impact on a scheme's levy is very large, in proportion to size of the scheme and/or to its levy and the error a relatively minor one. The extent to which the scheme has taken or planned steps to ensure that the same or a similar mistake will not happen again, including the extent to which the scheme has been frank and open with the PPF about the circumstances in which the error occurred.

The above list of factors is non-exhaustive, and not all of them will apply in every case. It is a guide to the factors that we consider are likely to be relevant, but the relevant factors may vary depending on the case.

6. Late levy review applications

6.1. Levy review applications should be made within 28 days after the date of the levy invoice. Applications made outside this deadline will only be accepted in certain circumstances, at the PPF's discretion. The circumstances in which an application might be accepted late are specified in legislation, and are where:

- (1) the circumstances of a case are such that, in the opinion of the Board, it is reasonable for an application to be made after the end of the 28-day period;
and
- (2) if so, whether the application itself was then made within a further reasonable period of time.

6.2. The relevant factors that the Board may consider will depend on the circumstances of each case, by particular reference to the cause of the late application. Schemes should be aware that we may allow a late application to proceed but then reject the grounds of the application as we do not think exercising our discretion is justified in the facts of the case. Circumstances that we consider when deciding whether to accept a late application may include some or all of the following (some of which are similar to the factors considered for correction requests):

- (a) Any steps taken within the initial 28-day period to check data and identify any errors (and if steps were not taken within that period, how soon thereafter they were taken).
- (b) Whether the incorrect data had a significant impact on the amount of the levy meaning the Board could reasonably expect this to be identified promptly (for example within the 28-day period).
- (c) Whether the incorrect data relates to an area of our rules or of the data submission process that was complex, where the scheme may not have been able readily to verify their information.
- (d) The resources available to a scheme. What might be reasonable for a scheme with more limited access to administrative and advisory resources to review inputted information, might not be reasonable behaviour from a scheme with greater resource available.
- (e) The extent to which the scheme could reasonably have been expected to identify the incorrect information sooner. For example, could the issue have been identified through monitoring insolvency risk scores via the D&B Pension Protection Score Portal, and were there any technical issues or other extenuating circumstances.

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