

## First Briefing, March 2020 D&B and PPF levy 2021/22 Consultation



The Pension Protection Fund (PPF) are changing their provider of insolvency risk information, from Experian to dun & bradstreet (“D&B”).

This briefing provides background and the impact of the change and sets out actions that employers and schemes will need to take in preparation for the changeover.

### D&B

Last year the PPF announced a new partnership with D&B, to model insolvency risks for the 2021/22 levy year. With effect from April 2020 D&B will take over from Experian and start producing monthly insolvency scores for the PPF.

In December 2019, the PPF launched the beta version of the new D&B portal. At launch an email was sent to all existing Experian users with a link to register for the new portal. If you did not act on this email you will need to register yourself as a user on the new portal.

### Why ‘beta version’?

The portal is currently still in the testing phase, hence “beta”. The PPF and D&B are regularly improving the portal and features have been added since the initial launch. There are several features in development, such as bulk downloads, alerts, and a scorecard analyser. There are also plans to develop electronic invoices and levy estimate tools.

### What actions should I take?

- Register on the new portal (<https://levy.ppf.co.uk/>) to ensure access to your scores.
- If you need to self-submit accounts, contact D&B before 30 April 2020.
- Check the information held on the D&B portal is correct, and check if there are any discrepancies with the data held on Experian’s portal.
- Contact your First Actuarial consultant if you need further help.

### Self-submitted accounts

If you previously self-submitted company accounts to Experian you must resubmit them directly to D&B, before 30 April 2020, to allow the relevant data to use for April 2020 monthly scoring. These accounts can be emailed to [PPF@dnb.com](mailto:PPF@dnb.com).

D&B has a standard self-submission process and a document release form must be signed by the employer or a suitable representative. D&B prefers that the Employer call them before submitting any information, to ensure they fully understand the document release form.

### The D&B portal vs the Experian portal

The D&B portal displays similar information to the Experian portal e.g. monthly scores and levy band, a summary of Employer information and information about the ultimate parent company (if applicable).

However, in the new D&B portal you will see,

- A slimmed down set of data (only showing information relevant to the assigned scorecard).
- A new approach to customer support including more online features e.g. webchat, on screen forms.
- An easier to use “What-If” function which allows you to make changes directly into the portal and see the effects on the score. This includes the ability to use “What-If” on both the ultimate parent and sponsoring employers.

The D&B portal currently shows two scores, the “Latest score”, aiming to replicate Experian’s score, and the “Consultation score”, showing the change in rules for the 2021/22 levy year. Both are based on the same data set collected by D&B.

Although the “Latest score” seeks to replicate Experian’s score it could be different. This is due to recalibration of the model, different data capture methods between Experian and D&B; and a lack of information, particularly where you need to self-submit accounts.

### PPF Levy Year 2021/22 Consultation

The initial consultation for the new triennium year has just been completed and the PPF is currently reviewing all the responses. It is important to note that *'this is the first part of a wider consultation'*.

PPF will launch a wider consultation in July 2020 with draft rules and final rules for the 2021/22 levy year expected to be published in Autumn 2020 and December 2020.

#### What do we know so far?

The PPF has not currently changed the existing PPF-specific model but they have refined the current methodology, in particular to improve the predictability of the model. They have also reconsidered issues raised by stakeholders in the past.

The table below shows what we know so far.

Factors	What has changed?
<b>New D&amp;B Portal and Customer Service</b>	Improved customer service with additional features e.g. webchat, online forms, short videos to explain different features of the PPF levy.
<b>Recalibration of model</b>	Refitting the existing model to allow for actual experience.
<b>Data capture</b>	Experian collects data as they are presented in the audited accounts.  D&B collects differently and allows for narrative information within the accounts; and allows for changes in the parent group based on Companies House filings.
<b>Scorecard changes</b>	Technical changes to scorecards 1, 6 and 7.
<b>'Mortgage age' variable</b>	Replacing the variable with one comparing levels of cash and current liabilities.
<b>'Creditor Days' variable</b>	<i>"Capped the variable at 60 days (removing the risk of outlier or extreme values)"</i>
<b>S&amp;P Credit model</b>	Withdrawn from 2021/22 levy year onwards.

### What might this mean for levies

Based on the PPF's impact of assessment:

- 38% of employers remain on the same levy band across all scorecards, with slightly more employers experiencing a reduction (improvement) in levy band than those with an increase (worsening) in levy band.
- the change from the Experian model to the D&B model (after recalibration) has been the main cause of change in levy band. The move to the D&B consultation model has reduced the level of levy band movement slightly.
- historically Scorecard 1 has undervalued risk; this has been corrected. The result is that 60% of scorecard 1 employers are expected to suffer a deterioration in their levy band.
- scores are expected to improve for smaller employers and Not-For-Profits firms.

However, this is at a very early stage of the assessment with large gaps of missing data, particularly self-submitted accounts. Therefore, the most important things for stakeholders to do now is to take the actions under *"What actions should I take?"* in the earlier section.

#### Key dates

Ongoing	
D&B Score Measurement Date	Monthly between 30 April 2020 – 31 March 2021  Data normally has to be submitted to D&B one month before the measurement date to ensure it impacts on the measurement score.  The PPF have allowed some flexibility to aid the transition to D&B, and data submitted before 30 April 2020 will be backdated to 1 April 2020 for scoring purposes.
By 5pm, 30 April 2020	
Last date to self-submit data to D&B	
Summer 2020	
Wider consultation commences	
Autumn 2020	
PPF to publish draft levy rules for 2021/2022	
December 2020	
PPF to publish final levy rules for 2021/2022	

#### Further information

For further information, please contact your usual First Actuarial consultant.