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To: Salaries and Wages
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Circular 12/2021

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At: All Employing Authorities

Dear Colleagues,

Monthly returns to NILGOSC - information, training and roll-out schedule

This circular sets out the new requirements, that will be introduced on a phased basis, for sending members' pension information monthly via a new online system to NILGOSC. At present this information is submitted annually, usually by spreadsheet or text file, and is supplemented with various forms and spreadsheets throughout the year.

We have previously advised employers of our intention to move to regular online returns (at least monthly). This will remove the current requirement for full annual returns and eliminate some of the forms and spreadsheets that are used at certain events. This project was delayed pending completion of a pensions software procurement exercise. We are now pleased that we can proceed with the implementation and this will take place over the next two years.

The details of the implementation are set out in this circular together with a number of actions that you will need to take now.

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1. Background

The Local Government Pension Scheme Regulations (Northern Ireland) 2014 require employing authorities to send NILGOSC information in respect of all active members at regular intervals. This is currently done at the end of each Scheme year and is known as the annual return. The current process is time intensive for both employers and NILGOSC with most of the reconciliation work taking place from April to July each year.

To improve the quality of the data, the accuracy of member records and the timeliness of submissions, employers will be required to change and send this information on a monthly basis (at least) following a payroll run. This changeover, known as onboarding, will be implemented on a phased basis from January 2022 to March 2024.

NILGOSC will use a system called ‘i-Connect’ to allow this regular electronic flow of employee data from your payroll system to NILGOSC’s pension administration system. i-Connect has two methods of data submission:

- ‘Online Returns’ and

- 'Extract Returns'.

Both are submitted using a web browser-based portal.

Employers will be familiar with the Pensions Administration Strategy (PAS) that first became effective from 1 October 2017. The Strategy highlights the responsibilities of NILGOSC and the Scheme's employing authorities when carrying out their Scheme functions under the relevant regulations. The Strategy replaced NILGOSC's Service Level Agreement and applies to all employing authorities in the Scheme. NILGOSC intends to revise the PAS to incorporate i-Connect and will issue a consultation to employers in Spring 2022.

2. i-Connect and how it works

i-Connect uses a web-based portal to accept extract data from an employer's payroll system and upload it directly into NILGOSC's pension administration software.

NILGOSC will provide one member of staff at each employer with a user account ("Manager" role) for i-Connect. This Manager will be able to create new user accounts for that employer and set user permissions for each new user.

Data is uploaded to i-Connect using one of two methods, which are explained in Section 4 and Section 5 below. This data is then validated and any warnings, errors, suppressions or tolerance failures are communicated to the uploader. There will be tolerance checks for some data, for example employee contributions, new starters and pensionable pay. The uploader will be asked to check information that appears to be failing the tolerances e.g. employee contributions exceed the expected level. In some cases NILGOSC may need to authorise the upload into our system. Once these validation problems are resolved the uploader is asked if they wish to proceed. The data is then directly uploaded into NILGOSC's pension administration system. **It is essential that all the data is correct before proceeding.**

3. Project Timescales

The i-Connect project is already underway within NILGOSC. We are currently testing both types of returns and working with our software provider to ensure that the onboarding process is as smooth as possible.

Each employer is allocated to an onboarding phase. Employer onboarding will take place in

six phases plus one initial test phase:

- The Initial Phase will start in early January 2022 and will contain only employers using the online returns. This group consists of employers with fewer than 50 employers.
- Phase 1 is scheduled to run from late February 2022 until early May 2022 and will contain only employers using the online returns. This group will not have to submit a full annual return for 2021/22.
- Phase 2 is scheduled to run from early May 2022 until mid-August 2022. This will be the first phase to include employers who wish to use the extract returns.
- Phase 3 is scheduled to run from mid-August 2022 until late January 2023.
- Phase 4 is scheduled to run from late January 2023 until June 2023. Provided we remain on schedule at this point, we hope that those in Phase 4 will not need to submit a regular annual return for 2022/23.
- Phase 5 is scheduled to run from early June 2023 until late September 2023.
- Phase 6 is scheduled to run from late September 2023 until March 2024. This phase is reserved exclusively for the Education Authority and associated bodies such as schools whose payroll is handled by Education Authority staff.

The onboarding timetable is set out at Appendix 1. If you have any concerns about your position in the onboarding timetable, please email me (i-Connect@nilgosc.org.uk) with your preferred phase and the reason why you wish to move phase. We will try to accommodate changes where possible, but a spread is essential as we have 172 employers to onboard.

4. Online Returns

For employers with fewer than 100 employees, the Online Return is the likely to be the most suitable option. However, if employers have the facility to produce a payroll extract in the required format then they can select to use the preferred Extract Return (see Section 5).

The Online Return system, through a simple user interface, allows you to manually submit data for each employee. It requires manually typing into every field and may not be suitable if you have many employees.

5. Extract Returns

Extract Returns are the preferred format and must be used for any employers with more than

100 members. For this method, we use a .csv file formatted in accordance with the “NILGOSC Payroll Extract Specification Guide” document that accompanies this circular. Please read through this guide and ensure that you can provide all the data fields in line with the specification.

You should consult with your payroll provider about producing this extract automatically. Once done, you should be able to take this extract and upload it directly to i-Connect every pay period. Several large payroll providers will already be familiar with the i-Connect extract in England and Wales and may have a pre-prepared extract file available.

6. Training

Training Provided by Heywood Analytics

Colin Lewis and John Dale from Heywood Analytics, one of a group of companies including i-Connect, will provide employer training on both the Online Return and the Extract Return.

The **Online Return training** is scheduled for Thursday 13th January 2022 and;

The **Extract Return training** is scheduled for Thursday 5th May 2022.

Both sessions will be conducted over Microsoft Teams. Please email

i-connect@nilgosc.org.uk to register your interest in attending either or both sessions.

Training Provided by NILGOSC

Further to the training provided by Heywood Analytics, NILGOSC will have a dedicated implementation team to assist you. This will include training directly before your onboarding date. We will contact you closer to your onboarding date, to arrange a suitable date.

NILGOSC would like a few employers to test the system before onboarding. If you wish to take advantage of this to test your extract or even just to see and experience the i-Connect web portal, please email the implementation team (i-connect@nilgosc.org.uk) to arrange this.

7. Onboarding Process

An employer timetable for the onboarding phases is set out in Appendix 1. Approximately three weeks before your onboarding phase begins, NILGOSC will contact you with a member extract from our database and, where applicable, to enquire about your progress

with the extract return and your readiness.

Please check through the NILGOSC database extract and correct any missing or incorrect member data, then return it to NILGOSC before your onboarding phase begins. We may query some of the changes before we update our data. The purpose of this member matching exercise is to ensure that NILGOSC data and your payroll data match, thus allowing the initial member matching to proceed as smoothly as possible. You will need to ensure your “Payroll Reference” and “Dept ID” (see page 8 and 9 of the attached NILGOSC Payroll Extract Specification Guide) when combined are unique to each member’s post/job as this is what i-Connect will use to match members to their pension records. This is particularly important for multi-jobbers as each post/job requires a unique combination.

Depending on your progress, NILGOSC can arrange training and help sessions to assist in getting your data ready. To onboard successfully we need to do a “partial annual return”, so the initial return will be a year-to-date extract rather than just for one month.

Once your data is ready, NILGOSC will test it in our test environment first and then feedback any errors, or validation problems. Once all problems are resolved, NILGOSC will perform the first submission to our live service. You will then be responsible for all future submissions.

After the first submission, the implementation team will then hand over to NILGOSC’s Pensions Administration team and this process will become part of normal business. The implementation team will continue to be available should there be any teething issues with the next submission.

8. Data Protection

NILGOSC and i-Connect Software Limited signed a data sharing agreement on 10 July 2019. This agreement covers the processing of personal data, where NILGOSC is the data controller and i-Connect Software Limited the data processor. i-Connect Software Limited will also process Scheme members’ and employers’ data of which the employer is data controller in order to allow employers to submit their employees’ information securely to NILGOSC via i-Connect. i-Connect Software Limited will require each employer to agree to an End User Licence Agreement (EULA) in order to access the i-Connect service. This EULA comprises the data processing agreement between that employer as data controller and i-Connect Software Limited as data processor. As data controller, each employer must

ensure that they are happy that the EULA adequately fulfils its legal obligations under the UKGDPR and associated legislation. Employers should also check that their privacy notice covers this sharing.

The i-Connect database **does not** hold personal member data of any kind in an unencrypted format.

i-Connect provides mapping, processing and change detection, via reliable “direct line” secure communication over site-to-site VPN. All processing takes place in memory, and rarely is data held in the database. All data is encrypted and is converted into a stream of thousands of individual change commands.

NILGOSC will issue all employers with a minor amendment to the Memoranda of Understanding between employers and NILGOSC to cover the change in reporting frequency from annually to monthly.

For more information, see Appendix 2.

9. Councils and Councillors

I have already been in touch with all councils to discuss how the data relating to councillors must be submitted.

As councillors have different rules within the Scheme, and therefore a different calculation suite within our pension software, they must be held separate to the main scheme membership. We do this by specifying a different scheme for councillors (Scheme 101 for councillors and Scheme 001 for all other members). Currently each council has one employer code (e.g. 00375) both for members in Scheme 001 and councillors in Scheme 101. With i-Connect, we cannot have a single payroll provider extract upload to two different schemes. Thus, we need to move all councillors to a separate employer code per council in our database and two uploads/extract files will be required.

We will change the leading zero of your council’s employer code to a ‘C’ to signify the extract that is only for councillors. For example, if your employer number previously was ‘00375’ then after the change, your councillors would be moved to ‘C0375’. Other members remaining under your existing employer code would be unaffected.

NILGOSC will implement this change to councils’ employer codes after the annual return for 2021/22 has been uploaded to our pensions software system. This is likely to be August

2022. However, **from 1 April 2022**, you should use your new employer code for your councillors. If you have any difficulty implementing this by 1 April 2022, please contact NILGOSC (i-connect@nilgosc.org.uk). You will need to submit a separate annual return for councillors until such time as you are onboarded.

10. What You Need to Do

Consider what type of return you wish to use

Over 100 members – these employers must use the extract return. The online return is considered too time intensive for any employer with over 100 employees.

50 – 100 members – the default for these employers is the online return however, if you can produce the extract in the required format then this is the preferred option. You will need to tell us if you wish to use the extract return.

Fewer than 50 employees - the default for these employers is the online return. If you can produce an extract in the required format, then please contact NILGOSC to discuss this option.

Complete the attached form

Please complete the attached fillable PDF form with the following information:

- your main contact for queries relating to your onboarding
- your nominated i-Connect Manager. The “manager” will have the ability to create additional users for their i-Connect site.
- the frequency of your payroll run. If you have more than one payroll please provide information on additional payrolls in the ‘Further Comments’ section.
- how you intend to submit data - online return or extract return.
- your payroll provider’s details, so we can better assist with issues you might encounter by referring to solutions found by other employing authorities using the same provider.

Please complete this form and return it to i-connect@nilgosc.org.uk before Monday 17 January 2022.

Register for training

Details for training sessions on extracts and/or online returns and how to register are included at Section 6 above. Please register for either or both sessions.

Data Protection

Read Section 8 above and Appendix 2 and check that you are satisfied from a data protection perspective. Please let us know if you need more information.

Work with NILGOSC and your payroll software provider to develop reports

Regardless of the method you use to submit your data you will need to be able to collate the required data and extract it if needed. If you submit data using the extract return, you should forward the attached payroll extract file specification to your payroll provider as soon as possible. Your payroll software provider should be able to assist you with preparing the extract. The implementation team at NILGOSC is happy to be involved in any meetings with your payroll software provide if you should require our assistance.

11. Other queries

If you have any queries or wish to speak to us, please email in the first instance to i-connect@nilgosc.org.uk and we will either call you to help with any issues you might have or reply to your query.

Yours sincerely

William Girvan

Pensions Dashboard and i-Connect Implementation Manager

Enclosures:

NILGOSC Payroll Extract Specification Guide

Fillable pdf employer data collection form

Appendix 1 – Employers by Onboarding Phase

Initial Phase - January 2022 onwards

- Amey Community Ltd
- Apleona HSG Ltd
- Arc21
- Belfast Charitable Society
- Capita Managed IT Solutions Ltd
- Coleraine Harbour Commissioner
- Comhairle na Gaelscolaiochta
- Cranmore Integrated PS
- General Teaching Council N.I.
- Graham Asset Management Ltd
- Grove Community Housing Association
- Jordanstown Schools
- Livestock & Meat Comm. N.I.
- Local Government Staff
- Commission
- Mourne Heritage Trust
- N.I. Federation of Housing
- N.I. Local Government Association
- NILGOSC
- Oakgrove Integrated Primary School
- OCS Group UK Limited
- Arbour Housing Limited
- St Matthew's Housing Assoc Limited
- Woodvale & Shankill Community Housing Association Limited

Phase 1 - Late February 2022 to May 2022

- Blackwater Integrated College
- Community Relations Council
- CSSC
- Dominican College Portstewart
- Drumlins Integrated P.S.
- Linen Hall Library
- Loreto College
- Maine Integrated P.S.
- Millennium Integrated P.S.
- N.I. Council for Int. Educ.
- N.I. Fishery Harbour Authority
- Newington Housing Association
- Northern Community Leisure Trust
- Northern Comm Leisure Trust 2
- Oakwood Integrated P.S.
- Outdoor Recreation N.I.
- Phoenix IPS
- Roe Valley Integrated P.S.
- Rural Housing Association
- Spires Integrated P.S.
- St Colman's College
- St Joseph's Grammar School
- St Patrick's Grammar School, Armagh
- St Patricks Grammar School, Downpatrick
- Visit Derry

Phase 2 – May 2022 to August 2022

- Bangor Grammar School
- Belfast City Council
- Belfast Metropolitan College
- Braidside Int. Prim. & Nur.Sch
- Campbell College
- City of Derry Airport (Op) Ltd
- Coleraine Grammar School
- Connswater Homes Ltd
- Corran Integrated P.S.
- Enniskillen Royal Grammar School
- Foyle & Londonderry College
- Habinteg H.A. (Ulster) Ltd
- Hazelwood College
- Lagan College
- Loughview Integrated P.S.
- N.I. Co-Ownership H.A.Ltd
- N.I. Housing Executive
- Northern Ireland Hospice
- Rainey Endowed School
- Royal Belfast Acad. Instit.
- Sacred Heart Grammar School
- Sport Northern Ireland
- St Louis Grammar School Ballymena
- St Louis Grammar School Kilkeel
- St Mary's Grammar School
- Ulidia Integrated College
- Wallace High School

Phase 3 – August 2022 to January 2023

- Abbey Christian Brothers G.S.
- Aquinas Diocesan G.S.
- Ards & North Down BC
- Arts Council Of N.I.
- Belfast High School
- Bridge Integrated P.S.
- Council For Catholic Main. Sch
- Drumragh Integrated College
- Fermanagh & Omagh DC
- Friends School
- Lisburn & Castlereagh CC
- Loreto Grammar School
- Mid & East Antrim BC
- Mount Lourdes Grammar School
- N.I. Transport Holding Company
- New-Bridge Integrated College
- Portadown Integrated P.S.
- Shimna Integrated College
- South West College
- Southern Regional College
- St Mary's Christian Brothers
- St Mary's University College
- St Michael's College
- St Patrick's Academy
- Strangford College
- Strathearn School
- Ulsterbus Limited
- Visit Belfast

Phase 4 – January 2023 to June 2023

- Acorn Integrated P.S.
- Antrim and Newtownabbey BC
- Armagh Observ & Planetarium
- Assumption Grammar School
- Ballymena Academy
- Causeway Coast & Glens BC
- Christian Brothers Gr. School
- Citybus Limited
- Dalriada School
- Dominican College Belfast
- Hazelwood Int PS Ltd
- Larne Grammar School
- Libraries N.I.
- Malone College
- Middletown Centre For Autism
- N.I. Railway Company Limited
- Newry Mourne & Down DC
- North Belfast H.A. Ltd
- North Coast Integrated College
- Northern Ireland Screen
- Our Lady & St Pat's College
- Probation Board for N.I.
- Rathmore Grammar School
- Royal School Armagh
- Saints & Scholars Int. P.S.
- South Eastern Regional College
- Sperrin Integrated College
- St Columb's College
- Sullivan Upper School
- University Of Ulster

Phase 5 – June 2023 to September 2023

- Apex Housing Association
- Ark Housing Association N.I.
- Armagh Banbridge Craigavon BC
- Belfast Royal Academy
- BWUH Ltd
- CCEA
- Cedar Integrated P.S.
- Choice Housing Ireland Limited
- Construction Ind. Training Bd.
- Derry City & Strabane DC
- Greenwich Leisure Limited
- Hunterhouse College
- Integrated College Dungannon
- Lumen Christi College
- Methodist College
- Mid Ulster DC
- Mill Strand Integrated P.S.
- N.I. Fire & Rescue Service
- North West Regional College
- Northern Regional College
- Omagh Integrated P.S.
- Our Lady's Grammar School
- Radius Housing Association Ltd
- Rowandale Integrated Primary
- Royal School Dungannon
- Slemish Integrated College
- St Malachy's College
- St Ronan's College
- Stranmillis University College
- Thornhill College
- Tourism NI
- Victoria College
- Windmill Integrated P.S.

Phase 6 – September 2023 to March 2024

- Education Authority (Belfast)
- Education Authority (N E)
- Education Authority (S E)
- Education Authority (Southern)
- Education Authority (Western)
- Enniskillen Integrated P.S.
- Erne Integrated College
- Oakgrove Integrated College

Appendix 2 – Technical details of data processing

i-Connect is provided by Heywood Analytics. i-Connect Software Limited is registered with the information commissioner and as an organisation they are ISO27001 certified. This covers all the services they provide. i-Connect use Blue Chip as their hosting provider and is hosted on virtual infrastructure. Blue Chip's data centres hold the highest level of security certification and are audited regularly. At the time of auditing, Blue Chip hold the following certifications:

- ISO27001:2013, Information Security Management System, as well as compliance with the individual criteria set by the banking, finance and pharmaceutical sectors.
- ISO9001:2015 (QMS) accredited and have SOC2 for service organisation controls.
- ISO1400:2015, which relates to environmental quality management.
- Payment Card Industry Data Security Standard (PCI DSS) certified. This is a security standard for organisations that handle branded payment cards. This standard is mandated by the payment card brands and administered by the Payment Card Industry Data Security Standards Council

Payroll data is provided by employers using a secure (HTTPS) web-based system and a web-based interface to upload the file. Once the i-Connect web application receives the data it converts it, in memory, into binary form, and then sends a "message" to a message queue in the middle tier. All communication between the web tier and this middle tier is via this messaging system. Payroll extract files are never stored on disk as a file at any point in the process.

In the i-Connect middle-tier, the binary contents are extracted, mapped and processed into a per-member list of in-memory structures - the hash-codes of these structures are compared with those stored on the database for the same member. Any identified differences trigger the creation of an event, which is effectively a ready-to-send binary message, telling the pension administration system that the data has changed, and the nature of that change. Once the user "releases" the event stream to the back end, they are placed on a very specific messaging queue and consumed, over the VPN, by the Target System Bridge (TSB). The ready-to-send objects (which do contain sensitive information) are stored in the database using Blowfish encryption. These objects are only retained in the database until they are released to the pension administration system.

Each bridge in the pension administration system instance has a globally unique identifier, comprising of a large number of characters, and all data objects contain the client reference as a primary key field. In the unlikely case of misconfiguration of i-Connect, if the messages intended for another client were sent to a client's queue, then all message processing would fail as the primary key information will not match. Further information on the i-Connect architecture, data flow and the data protection impact assessment can be requested from NILGOSC.