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# *Project Update for the East Sussex County Council Pension Fund GMP Reconciliation*

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# East Sussex County Council Pension Fund/ GMP Stage 2 Reconciliation

1775

Project Manager (ITM & Client):	Sarah Millson/Victoria Franklin and Jason Bailey
Project Sponsor (ITM & Client):	Maurice Titley and Jason Bailey
Today's date:	31 October 2017
Overall RAG status:	Green
Project start date:	1 September 2017
Planned completion date:	31 October 2017
Estimated completion date:	31 October 2017
Predicted variance:	None currently foreseen

## Project commentary

RAG description	<p>The Dependant Linking analysis and Deceased Members analysis have been completed, bringing the modular project to an end.</p> <p>ITM will liaise with the Orbis team to discuss and agree the next steps in the GMP reconciliation process.</p>
Concerns to be resolved by the project	None at this time.

## Project dashboard

The chart below documents changes within the reconciliation categories since the production of the baseline. The baseline totals will continue to be displayed at the bottom of the chart so that there is visibility of progress being made.

Status	Reconciled			Proposal		Unreconciled			Out Of Scope
	No GMP liability	Exact match	Within tolerance	Proposal made to client	Proposal made to HMRC	Awaiting data from client	Awaiting data from HMRC	Further review	N/A record
Active	14,479	406	313			161	1,527	2,478	5,077
Deferred Post GMP Age	582	81	46			6	139	696	36
Deferred Pre GMP Age	18,698	2,421	625	8		50	2,295	5,751	989
Pensioner Post GMP Age	2,714	3,810	4,001	2		63	1,483	1,875	171
Pensioner Pre GMP Age	562	529	144			6	73	554	10
Widow(er)	126	115	419			27	996	178	179
Unlinked dependant						180			71
<b>Total on admin</b>	<b>37,161</b>	<b>7,362</b>	<b>5,548</b>	<b>10</b>		<b>493</b>	<b>6,513</b>	<b>11,532</b>	<b>6,533</b>
Other admin (members with no liability)					2	14	85	3,436	39,190
HMRC only						13	2,988	36	13,268
<b>Total reported cases</b>	<b>37,161</b>	<b>7,362</b>	<b>5,548</b>	<b>10</b>	<b>2</b>	<b>520</b>	<b>9,586</b>	<b>15,004</b>	<b>58,991</b>
<b>Baseline position</b>	<b>25,729</b>	<b>7,089</b>	<b>5,113</b>				<b>898</b>	<b>57,981</b>	<b>37,372</b>

Notes to accompany the reconciliation status table:

### Reconciled

- No GMP liability – GMP is zero on both the administration and HMRC records.
- Exact match – GMP on the administration and HMRC records reconciles exactly.
- Within tolerance – the difference between the administration and HMRC GMP is less than the tolerance level set. Provisional tolerance is £2p.w.

### Proposals

- Proposal made to client – members where bulk analysis suggests that either the admin or HMRC data should be accepted and a decision from the client is required.
- Proposal made to HMRC – queries raised with HMRC where we have provided information to show that the member has no further liability in the scheme and HMRC should accept the admin data.

### Unreconciled

- Awaiting data from client – results of bulk analysis e.g. On Admin, not on HMRC where a review of member files is required to resolve a query that cannot be dealt with by the extraction of data from the administration extract.
- Await data from HMRC – this encompasses all queries raised with HMRC and the 'Error Code 5' members where full data still needs to be provided. ITM will automatically raise an HMRC query spreadsheet for the members identified as part of the baseline production as the project initiated by HMRC to supply corrected data is behind schedule.
- Further review – all members who will be dealt with as part of the population reconciliation e.g. improving the linking between the HMRC and admin membership. Once the population reconciliation concludes the remaining members in the category will form part of the GMP Value Reconciliation, where mismatches between the GMP amounts held by HMRC and Admin are investigated in more detail.

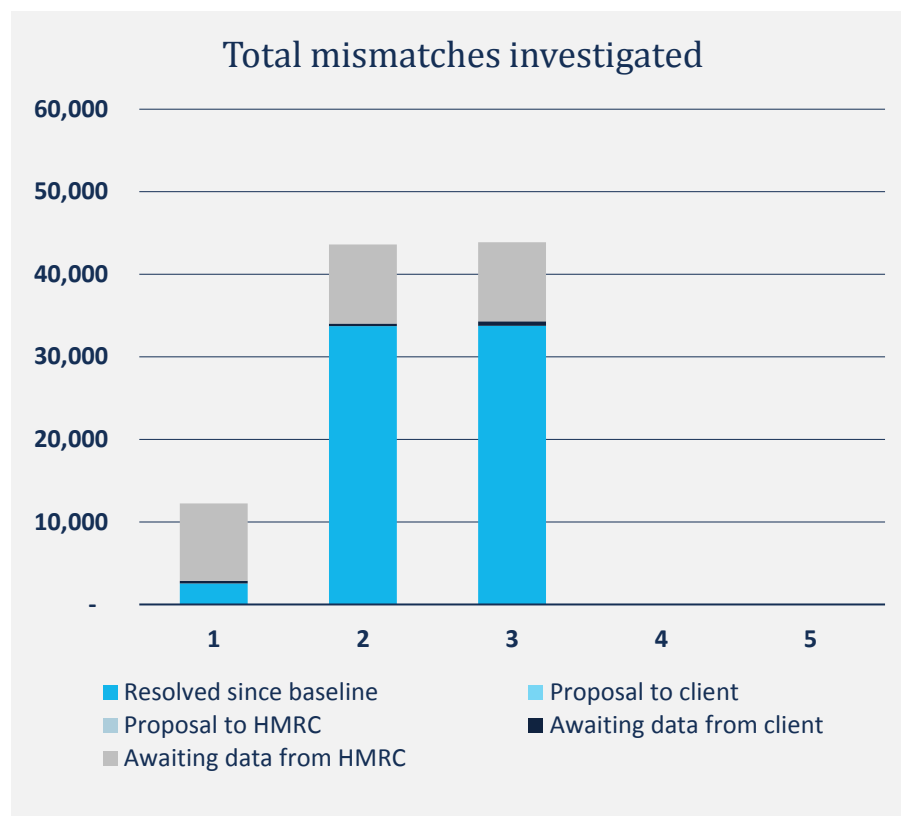
### Out of Scope

- Record Not Applicable – includes the following:
  - Members with no liability under the scheme and no corresponding record on the HMRC data (transfers out, refunds)
  - Members with pre 6 April 1978 service
  - Member with no liability status but another liability record is already linked to an HMRC record
  - Originally unlinked dependant records that are subsequently matched to a corresponding first life record
  - HMRC records initially not matched to admin that subsequently are
  - HMRC records that HMRC come to withdraw, e.g. original Error Code 5 cases that HMRC acknowledge have no surviving spouse

A summary is provided in relation to the following categories in the status column of the reconciliation table:

- Other Admin (members with no liability) – all members recorded on the admin data with a status of 'no liability' and no spouse in payment, e.g. refund, transfer out, full commutation, deceased with no widow(er) together with child pensioners and deceased dependants.
- HMRC only – cases where HMRC have a contracted-out liability recorded, but where no admin record was initially (or still) matched to it. Some of these members will be dealt with as we work through multiple record issues, with any outstanding cases being dealt with under the 'On HMRC, not on Admin' project action where a bulk query will be raised with HMRC asking for further information (e.g. employer details) to enable any further analysis to be carried out.

The 'Dependant Linking' and 'Deceased Members' project actions have been processed and the batch of HMRC queries and file review spreadsheets makes up 17.18% of the total discrepancies being investigated.



## HMRC queries (SRS)

### HMRC queries

Batch	HMRC Batch Ref	Topic	Number of queries	Queries Logged with HMRC	Expected reply date
1	11	Error Code 5 Queries – Not in Scheme	358	12 September 2017	13 October 2017* 13 January 2018**
2	12	Error Code 5 Queries – Was in Scheme	540	12 September 2017	13 October 2017* 13 January 2018**
3	15	COCIS Data Request	59,214	27 September 2017	
4	20	On Admin Not HMRC – Pass 1	5,955	2 October 2017	7 December 2017* 7 March 2018**
5	22	On HMRC Not Admin – Pass 1	44	2 October 2017	21 January 2018**
6	23	On HMRC Not Admin – Pass 1 - Automated	2,701	2 October 2017	29 December 2017* 2 April 2018**
7	25	Multiple HMRC Record Matching	212	20 October 2017	5 February 2018**
8	26	Deceased Members	2	27 October 2017	

\*date confirmed by HMRC for 'Automated responses'

\*\*date confirmed by HMRC for 'Clerical responses'

### HMRC query responses

Batch	HMRC Batch Ref	Topic	Number of queries raised	Number of queries replied to	Response received from HMRC
1 + 2	11 + 12	Error Code 5 Queries – Not in Scheme	898	825	10 October 2017
3	15	COCIS Data Request	59,214	59,213	12 October 2017

### File reviews

Batch	Topic	Number of queries	Status
1	On Admin Not HMRC – Pass 1	303	Issued 2 October 2017
2	On HMRC Not Admin – Pass 1	13	Issued 2 October 2017
3	Multiple Admin Record Matching	10	Issued 26 October 2017
4	Dependant Linking	180	Issued 27 October 2017
5	Deceased Members	24	Issued 27 October 2017

## Decisions required


Decision required	Members affected	Date raised
<p>In order to efficiently reconcile the GMP values it is recommended that a tolerance is set. If the difference between the HMRC GMP value and the administration GMP value is less than this tolerance then the HMRC GMP value should be accepted with no further review being required. A widely accepted industry standard for this tolerance is £2pw. This is assessed with the administration GMP values revalued to the same effective date as for the data provided by HMRC.</p> <p>The grounds to challenge the HMRC GMP record are limited, often requiring the production of payroll records for the period of GMP accrual (78/79 to 96/97) which in most circumstances is not possible. Acceptable challenges to the HMRC GMP values normally relate to differences in the GMP revaluation basis or rate and the omission of transferred-in GMP. In ITM's opinion the analysis and file review cost required to secure one successful challenge to HMRC for cases within the £2pw tolerance would exceed the likely impact on the pension payable arising from accepting the HMRC GMP.</p> <p>5,548 members currently have HMRC GMP values that do not exactly match the administration GMP value but fall within this £0.01pw to £2pw tolerance. This number is likely to change as further cases are reconciled against HMRC data during the course of the project.</p> <p>Whilst a decision is sought from the Trustee Board, ITM will progress the GMP reconciliation on the basis that this decision has been made with immediate effect</p>	5,548	15/09/2017

## Progress reporting

Project progress		
Planned last period and achieved	▶	Dependant Linking
	▶	Deceased Members
Not planned last period but achieved	▶	None for this period
Planned last period but not achieved	▶	None for this period
Reasons for exceptions	▶	No exceptions
Planning		
Task and milestones planned next period	▶	ITM to arrange a follow up meeting or call to agree next steps
Items added to the project plan	▶	None required



## Key risks and issues

Risk	RAG status	Mitigation	Status
HMRC response times are currently stated to be around six months.		ITM will monitor HMRC's performance how this change in service delay impact the GMP reconciliation.	Open

Issue	RAG status	Mitigation	Status
None			