

ESCC PENSION FUND

Guaranteed Minimum Pension (GMP) Reconciliation Project Update

Excellent progress has been made on your GMP reconciliation in the last 10 months since inception – we have delivered reports every 2 weeks to illustrate this progress, and want to take this opportunity to provide narrative around the reports as the progress has perhaps not been illustrated in full.

We have 15 team members working on your project full time, including substantial management oversight and strategic review to ensure you are in the best position possible. The targeted resource on your project means that you are now in as good a position as other LGPS schemes that started the project a year before you did.

There is daily liaison with the Orbis team to resolve queries and discuss strategic ways of moving forward quicker.

Mercer (JLT) actions completed:

- **92% of your membership is now matched. We resolved some 62,441 queries to achieve this**
- **96% of your GMP values are now matched. We resolved some 57,815 queries to achieve this**
- 8,753 queries are remaining for us to review (not including any outstanding HMRC responses)
- The majority of your queries have been resolved with manual review of files, which means our team of 15 are constantly reviewing the data from HMRC against the Altair record to ascertain the correct membership and GMP
- Referred queries to you where we have been unable to resolve and taken action on your responses
- Submitted HMRC queries – 71,160 queries were submitted on your fund (considerable effort is required to submit queries to HMRC which involves sorting the queries into certain types and then raising 'query logs' with HMRC in a specified format)
- Reviewed responses that have been returned by HMRC (including 1000's of manual responses) – note HMRC are running approximately 6 weeks behind with remaining queries
- Reviewed responses from you
- Applied bulk rules to our data from experience to resolve 'types of cases' (and applying experience from your fund data)
- Management continually review the outstanding cases and identify efficiencies that can be made to avoid referring cases to you

Mercer (JLT) actions left to take:

- Continue to review the outstanding cases that require manual review (8,753 cases)
- Refer cases to you for Trustee Decisions (see further information below)
- Completion of data gathering
- Review final HMRC responses
- Collate information for the Scheme Financial Reconciliation – CEPSs (see information below)
- Finalise data gathering phase
- Rectification commences

Actions required by the fund

We have tried to refer as few cases as possible to you but there are 2 actions we now require you to take:

- 1. Scheme Financial Reconciliation** – we have worked with HMRC to re-open the window that schemes have to apply for the Scheme Financial Reconciliation statement. This statement and breakdown is of the CEPs that HMRC believe they either owe to the fund or the fund owes HMRC. Our review of these have shown that they were often incorrect and therefore HMRC have allowed funds to re-apply for the certificates and breakdowns and for administrators to submit a further query log of cases that we believe CEP payments have been paid.

Actions

- Funds must apply for their statement **very urgently** as follows:
- The first step in the process for schemes in scope will be to request their surplus/deficit position, apply by email to schemereconciliationtelephoneenquiry.inbox@hmrc.gsi.gov.uk.
- The format of the email and the information required is set out below.

The financial position is requested for:

Scheme Name
 Scheme Address
 Scheme Contracting-out Number

Funds must forward any existing statement they have received to JLT

- 2. Workshop attendance** a workshop has been set up to discuss and make decisions on the following types of cases (more in depth information will be provided at the workshop)

- Not on Admin records – records where HMRC have a record of a GMP liability with the fund but the fund has no record for a number of reasons (could be transferred out, refund etc)
 - Not on NISPI records – records where the fund have a record of a GMP liability but NISPI do not have a record
- We would like funds to attend the workshops and be prepared to make pragmatic decisions that will allow us to resolve cases in the reconciliation and move us towards completion and rectification.

Summary of detailed current position

MEMBERSHIP DISCREPANCIES BASED ON TOTAL POPULATION REVIEWED			
	As at August 2018	As 17 May 2019	Movement
Members held on NISPI records but not Admin (a NISPI 'liability')	3,056	2,308	748
Members held on Admin records but not NISPI (a Trustee 'liability')	6,782	1,189	5,593
Service Discrepancies	9,463	309	9,154
Possible Duplicates	4,101	2,177	1,924
NISPI Errored Input	873	25	848
No Issues (Matching member records)	43,734	62,441	18,707

GMP DISCREPANCIES (Per Week) BASED ON TOTAL POPULATION REVIEWED

	As at December 2018	As at 17 May 2019	Movement
Matching Member GMP	45,588	57,815	
Greater than £2 difference	3,596	2,019	
Unknown due to membership discrepancies**	9,580	4,396	
Total remaining to be resolved	13,176	6,415	

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