

ESCC PENSION FUND

Guaranteed Minimum Pension (GMP) Reconciliation Project Update

We have now completed your GMP reconciliation and have reached an agreed position on all members. This report details our findings and the next steps that will be taken to start the necessary Rectification of records.

Since the outset of the project in August 2018 we have had 15 team members working on your project full time, including substantial management oversight and strategic review to ensure we have got you the best position possible. This has included regular liaison with the Orbis team to help resolve queries and discuss decisions to be made. The summary position detailed below sets out the final position following these investigation and the Fund Decisions that were made for the members where the position could not be agreed with HMRC following the exhaustive reviews and checks carried out.

Summary of detailed final position

Below are details of the final position following the review and queries raised with HMRC:

Category:	Cleared	Matched	In Tolerance	No Further Action	Fund Accepted No Liability	Total
Total members	9,394	47,471	4,852	169	2,138	64,024
Overall Percentage of cases:	14.7%	74.1%	7.6%	0.3%	3.3%	

Definitions:	
Cleared	Cases where the review has confirmed the member to have no liability
Matched	GMP amounts have been agreed and matched with HMRC value, or the existing value held on the Administration database. Note that these cases could still require rectification
In tolerance	Differences in GMP amounts are within agreed tolerance levels set (£2 tolerance)
No Further Action	Cases where Fund Decisions have been applied – see Appendix A
Fund Accepted No Liability	Cases where Fund Decisions have been applied – See Appendix A

Mercer (JLT) actions completed:

- All membership and GMP value queries have been reviewed, amounting to over 35,000 queries.
- Fund Decisions agreed on any cases where an agreed position with HMRC could not be established – see appendix A.
- 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.

- Applied bulk rules to our data from experience to resolve ‘types of cases’ (and applying experience from your fund data).
- Refer cases to you for Fund Decisions (see Appendix A).
- Settlement of outstanding CEP payments under the Scheme Financial Reconciliation process.
- Finalised the data gathering phase.

Mercer (JLT) next steps:

1. Analysis of HMRC final SRS data cut

The HMRC are producing a final data cut from their records, which we will look to compare to our findings from the GMP Reconciliation work we have undertaken. From this we will look to produce a report detailing any discrepancies in the data held by HMRC, and any decisions on this which need to be made by the Fund.

Timescale: as it stands the HMRC have not yet confirmed when these data cuts will be available but this is currently expected to be by the end of June.

2. Analysis of latest System data against the GMP Reconciliation findings

Once the above is completed, we will look to prepare the data ready for the data rectification process. To do this we will analyse our GMP Reconciliation findings against the very latest Administration data to take account of any data movements since the original extract was taken. For example, this will enable us to identify members who will have retired or left the scheme, and also any other member data updates that have taken place. This will give us the complete details of all data to be rectified.

Timescale: the completion of this work will follow step one above.

3. Fund Calculations Review

We will look to undertake a review with Orbis to understand the specifics of the fund to allow us to complete the rectification calculations in line with how the fund data is administered, and how the calculation routines are undertaken. We will also require details of the historic retirement factors and a full pension increases history for the fund.

4. GMP Rectification Calculations

We will then look to undertake the calculations for those members whose GMP values require amendment, and advise the Fund of the revised pension amounts, together with any under or overpayment values. From this the Fund will need to make a decision on how to deal with these under and over payment cases. For example, whether to recover any overpaid amounts, or just look to correct the level of pension going forward for these members. Guidance from the LGA is available to help with these type of decisions.

5. Amendment to members records and communications

Records will be updated to capture any required changes in benefits and pension amounts and payroll will implement revisions to pensions in payment on the next payment date. Updates will include capturing missing data on the member record which has been captured during the Reconciliation process. Agreed communications will also be issued to members confirming the changes being made.

Appendix A

Fund Decisions:

Not on Admin – Members on HMRC records but not active on Fund records

Background	Recommended Resolution
<p>Refunds – members who according to the administration received a refund of contributions. CEPs may or may not have been received by NISPI and may be paid as part of the Fund Financial Reconciliation</p>	<p>Accept the Fund data as correct and validate through the Financial reconciliation process with HMRC which will confirm whether the CEPs have been allocated.</p> <p>NB, to note that following the reconciliation of CEPs, funds may have received a refund or payment request from HMRC to clear these liabilities.</p>
<p>Transfers out – members who according to the administration record have transferred out of the Fund. NISPI may not have received or not processed the CA form</p>	<p>Accept the Fund data as correct</p> <p>The fund will be passed details of the data gathering providing information where it is held on the Altair record. Where full information is not held on Altair (and is held on back files it would be prudent for the fund to source the information in case of any future claim)</p>
<p>Trivial commutation – members who according to the administration trivially commuted their benefits and extinguished the GMP liability</p>	<p>Accept the Fund data as correct</p> <p>HMRC do not log Trivial Commutations, as the member is still classed as contracted out for the period. As such, the Fund records will always differ from HMRC.</p>
<p>Unable to Trace – NISPI hold a record and in some cases a GMP liability but there is no trace on the Fund</p>	<p>Accept the Fund data as correct i.e. no liability; and hold information on these cases centrally for any future claims that may arise. Consideration should be given to GDPR requirements for holding this data.</p>

Not on NISPI – Members on the administration record but not on NISPI records

Background	Recommended Resolution
<p>Cases where the Fund has a record for a member but NISPI has no record. Which can include:</p> <ul style="list-style-type: none"> - Dependent’s pensions in payment that NISPI have been unable to link with the original member - NISPI believe the liability lies with another Fund but no evidence on the record to suggest this is correct (ie Teachers) - Any member for whom the Fund has a service period but NISPI do not - GMP values differ and there is no evidence to agree the NISPI figure 	<p>Accept the Fund data as correct</p>

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