
Project Update for the Surrey County Council Firefighters Pension Schemes GMP Reconciliation

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Surrey County Council Firefighters Pension Schemes/ 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 | | | Unreconciled | | | Out Of Scope |
|---|------------------|-------------|------------------|---------------------------|--------------------------|----------------|--------------|
| | No GMP liability | Exact match | Within tolerance | Awaiting data from client | Awaiting data from HMRC* | Further review | N/A record** |
| Active | 681 | 45 | 27 | | 9 | 202 | 34 |
| Deferred Post GMP Age | | | | | | | |
| Deferred Pre GMP Age | 60 | 8 | 1 | | 49 | 24 | 17 |
| Pensioner Post GMP Age | 1 | 148 | 31 | | 100 | 70 | 36 |
| Pensioner Pre GMP Age | 6 | 119 | 8 | | 90 | 134 | |
| Widow(er) | 1 | 12 | 13 | | 53 | 13 | 33 |
| Unlinked dependant | | | | 26 | | | 3 |
| Total on admin | 749 | 332 | 80 | 26 | 301 | 443 | 123 |
| Other admin (members with no liability) | | | | 1 | | 30 | 823 |
| HMRC only | | | | | 45 | | 242 |
| Total reported cases | 749 | 332 | 80 | 27 | 346 | 473 | 1,188 |
| | | | | | | | |
| Baseline position | 239 | 330 | 80 | | 31 | 1,737 | 778 |

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.

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.

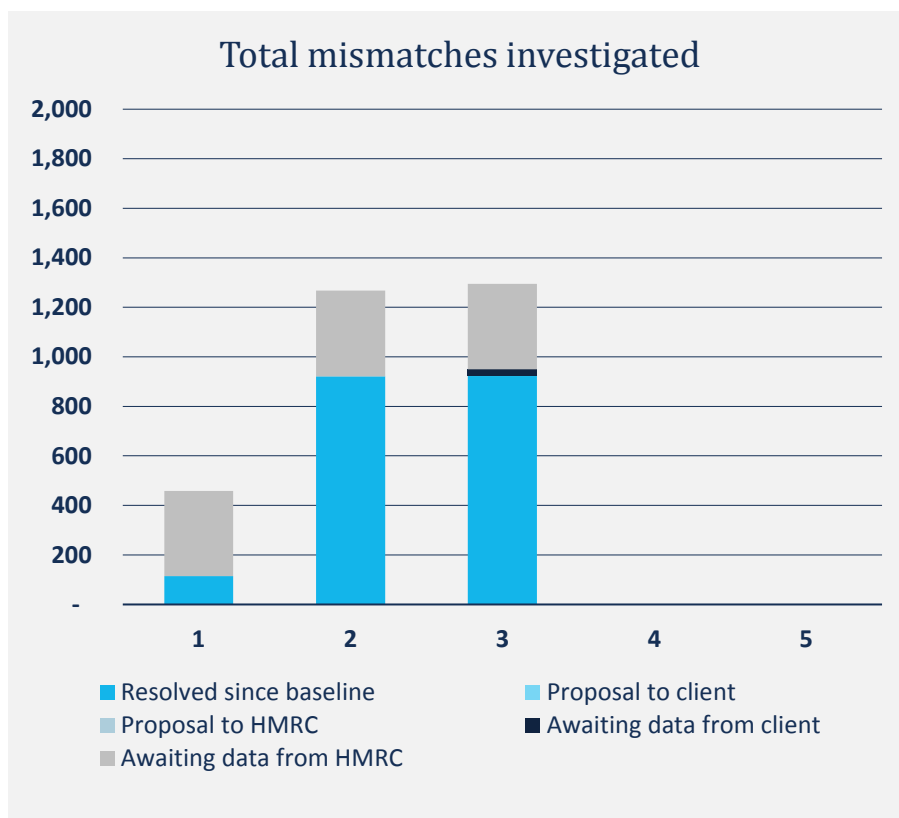
Out of Scope

- 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 makes up 21.10% of the total discrepancies being investigated.



HMRC queries (SRS)

HMRC queries

| Batch | HMR C Batch Ref | Topic | Number of queries | Queries Logged with HMRC | Expected reply date |
|-------|--------------------------|--------------------------------------|-------------------|-----------------------------|------------------------------------|
| 1 | 19 | Error Code 5 Queries – Not in Scheme | S2700044D - 7 | 12 September 2017 | 7 January 2018** |
| 2 | 20 | Error Code 5 Queries – Was in Scheme | S2700044D - 24 | 12 September 2017 | 7 January 2018** |
| 3 | 22 | COCIS Data Request | S2700044D - 1,298 | 27 September 2017 | |
| 4 | 23 | COCIS Data Request | S2734097F - 272 | 27 September 2017 | |
| 5 | 24 | On Admin Not HMRC – Pass 1 | S2700044D - 252 | 2 October 2017 | 7 December 2017* 7 March 2018** |
| 6 | 25 | On Admin Not HMRC – Pass 1 | S2734097F - 25 | 2 October 2017 | 21 January 2018** |
| 7 | 27 | On HMRC Not Admin - Pass 1 | S2700044D - 40 | 2 October 2017 | 21 January 2018** |
| 8 | 31 | Multiple HMRC Record Matching | S2700044D - 4 | 20 October 2017 | 5 February 2018** |

*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 |
|-------|-------------------|--------------------|-----------------------------|------------------------------------|--------------------------------|
| 3 | 22 | COCIS Data Request | S2700044D - 1,298 | 1298 | 12 October 2017 |
| 4 | 23 | COCIS Data Request | S2734097F - 272 | 272 | 12 October 2017 |

File reviews

| Batch | Topic | Number of queries | Status |
|-------|-------------------|-------------------|------------------------|
| 1 | Dependant Linking | 26 | Issued 27 October 2017 |
| 2 | Deceased Members | 1 | 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>80 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> | 80 | 15/09/2017 |

Progress reporting

| Project progress | |
|---|---|
| Planned last period and achieved | <ul style="list-style-type: none"> ▶ 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 | | | |