

GMP Update

Force: Cheshire Fire

Date: 15/11/2017

GMP Reconciliation – Stage 2 Update

Stage 2 of the exercise is now underway and Initial Queries have been submitted to HMRC via the Shared Workspace. In the Stage 1 Report, we informed you that there were a total of 906 records to be reconciled for non-active members; however following further investigation, we have been able to reduce the amount of queries further.

The GMP Reconciliation exercise is evolving as we complete each stage of the process and this has meant that our processes and assumptions are also evolving at the same time. In addition we are also receiving guidance from interested parties and public bodies which is influencing our approach to the reconciliation process.

In our Stage 1 Report, we recommended that a 3 pence per week tolerance be applied when identifying and reconciling the members' GMP entitlement. Subsequent guidance issued, particularly from PASA (Pensions Administration Standards Association) and LGA (Local Government Association), has led us to revise our opinion on the level of tolerance to be adopted; we therefore now recommend that a £2 per week tolerance is applied for this exercise.

This will have little impact on the number of GMP discrepancies to investigate since the vast majority of differences are more than £2, therefore there will be little, if any, difference to the cost of the exercise. However this change will mean that we are not spending any time looking into wholly immaterial differences.

All Orphaned Scheme* and Orphaned Scheme (Deceased) queries have been submitted to HMRC. These query types have been highlighted by HMRC who have requested that all queries that fall into this category be submitted by December 2017. HMRC have acknowledged our submission and have advised that they are working on 4 month turnaround time to respond to our initial queries so we should receive their response by February 2018.

As we are carrying out this exercise for all of our Clients we need to co-ordinate the submission of our queries to meet HMRC's deadlines. This means that we are working through the Orphaned Scheme and Orphaned Scheme (Deceased) cases for all of our Clients before proceeding with the other query types.

The information provided on the table below provides an update of the current status of the Stage 2 process. We anticipate that these figures will change as we continue with the more detailed analysis of the remaining query types and we will keep you informed of any changes as we progress through this stage of the exercise.

*Orphaned Scheme - Records in Pensions Administration System that do not appear in HMRC file.

Cheshire Fire Pension Scheme

| Query Type | Initial results | No of Queries identified in Stage 1 analysis | Case Investigated - No Query required | Potential Number of Queries to submit to HMRC |
|-------------------------------------|-----------------|--|---------------------------------------|---|
| Best Match – NINO Start & End Dates | 4 | 2 | 0 | 2 |
| Best Match – NINO & Surname | 243 | 241 | 144 | 97 |
| Both GMP Outside Tolerance | 28 | 28 | 11 | 17 |
| End Date Mismatch | 7 | 7 | 6 | 1 |
| Multiple Mismatches | 41 | 25 | 6 | 19 |
| Orphaned HMRC | 63 | 63 | 0 | 63 |
| Orphaned Scheme | 429 | 413 | 238 | 175 |
| Orphaned Scheme (Deceased) | 73 | 39 | 30 | 9 |
| Orphaned HMRC (Deceased) | 22 | 22 | 0 | 22 |
| Post 88 GMP Outside Tolerance | 1 | 1 | 0 | 1 |
| Revaluation Rate Mismatch | 13 | 0 | 0 | 0 |
| Surname Mismatch | 5 | 0 | 0 | 0 |
| Start Date Mismatch | 164 | 54 | 39 | 15 |
| Total GMP outside Tolerance | 11 | 11 | 4 | 7 |
| Total | 1104 | 906 | 478 | 428 |

Estimated/Revised Costs

£6,300.00

£2,500.00

Actual

£4,300.00

Current Estimate

We will shortly invoice you for the cost of work completed to date - £2,500 plus VAT. We currently estimate the costs to complete Stage 2 for those cases submitted to HMRC at £4,300 which has increased a little compared to our original estimates. However we are very early in the process and anticipate that our assumptions and estimates will change as the work progresses; therefore we are not requesting that the Purchase Order value for Stage 2 of this process is amended at this time.

Timing

Stage 2

We had anticipated that Stage 2 would take approximately 6 to 12 months. At the moment, this is still our expectation. We are working to complete all submissions to HMRC by March 2018 with their responses expected back to us by July 2018. At present HMRC have informed us that they will not be accepting any queries after September 2018; this will give us 2 months to review their responses and follow up with any additional queries.

Stages 3 and 4

Stages 3 and 4 are not dependent on HMRC deadlines; the timing of these stages will be more dependent on the results from stage 2. As a rough estimate, we anticipate completing these stages by June 2019 however, this is highly speculative and obviously subject to change.