



**Haringey Council**

<b>Report for:</b>	<b>Pension Committee 10<sup>th</sup> September 2015</b>	<b>Item Number:</b>	
<b>Title:</b>	Local Government Pension Scheme - Guaranteed Minimum Pension Reconciliation initial findings		
<b>Report Authorised by:</b>	<b>Jacque McGeachie – Assistant Director Human Resources</b>		
<b>Lead Officer:</b>	<b>Janet Richards Pensions Manager</b>		
<b>Ward(s) affected: None</b>	<b>Report for Key/Non Key Decisions: Non Key Decision</b>		

### **1. Describe the issue under consideration**

This report is an update to the March 2015 report to the Pension Committee regarding the Guaranteed Minimum Pension (GMP) reconciliation exercise.

The Pension Committee agreed in March that the fund could commence the GMP reconciliation exercise by obtaining the contracted out GMP data from HMRC and comparing that information with the data held on the pension administration system, Altair. The initial exercise has commenced. This exercise identifies where the GMP held by the HMRC does not agree with the GMP held by the fund.

### **2. Cabinet Member introduction**

Not applicable

### **3. Recommendations**

#### **Members note and agree:**

- 3.1 The first stage of the exercise for the reconciliation of GMP has been completed and it identifies where there are differences between the Funds' scheme records and HMRC records.
- 3.2 That following the first stage, the Pension Administration Team has assessed the potential resources required to reconcile the identified differences and complete the GMP reconciliation exercise. This will include the need for additional resources, to hire an additional temporary member of staff with pension administration experience on a fixed



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term contract for at least 1 year. The cost of this person on a S01 grade £38083.21 (including oncost) will be met from the pension fund.

3.3 Agree a tolerance level for reconciliation it is recommended that the fund adopts the Pensions Regulators £2 per week tolerance.

3.4 Agree a policy regarding recovery of any current overpayments of £250 (reclaim over £250 and write off any overpayment under £250) and pay any underpayments

### 4. Alternative options considered

Not applicable

### 5. Background information

5.1 . The fund has registered with the HMRC's Scheme reconciliation service and received a data file with contracted out periods and GMP data for members who have left contracted out employment. The key objective of this stage is to determine the scale of the work that needs to be done, agree the tolerances that we will be working to and understand the resourcing requirements

5.2 This file contained 32,255 entries which were read.

Heywood's Altair system produced a report identifying areas of data mismatch between scheme records and data held on behalf of the scheme by HMRC.

Initial analysis of this data shows 23,257 records were matched. Some initial discrepancies between the data which have been identified include 8,998 rejected records and 16,234 queried records some of the reasons for rejection or query are included below and each record will have to be looked at individually: We will for the next pension committee produce a report to compare our results with a number of other local authorities.

Mismatches on contracted out dates

Mismatches on the value of the GMP

Name mismatches

HMRC data entries where there is no match to a record on Altair

Data entries from HMRC match to a record on Altair where the member has transferred out

<b>GMP HMRC / ALTAIR</b>	<b>Number</b>
Entries Read	32,255
Matched records	23,257
Rejected records	8,998
Queried records	16,234

5.3 To manage the first stage of this project additional resources will be required. One additional temporary role for approximately 1 year has been identified to complete the initial data investigative work and commence the liaison with the HMRC. The cost of



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this person on a S01 grade is £38083.21. Once the initial work has been done there will be additional work to be done.

5.4 Tolerance level for reconciliations, it is recommended that the fund adopts the Pensions Regulators £2 per week tolerance.

5.5 The fund adopts a policy regarding recovery of any current overpayments in excess of £250.00 and write off less than £250.00) and pay any underpayments

5.6 This exercise will ensure that no pensioner is underpaid because of the GMP. If a tolerance level lower than £2 per week is applied there is a risk that the exercise will take longer than a year to complete and there is also a risk that we will not be able to complete our obligation to complete this exercise. We will calculate for the next pension committee an estimate of the annual cost to the pension fund if a tolerance level of £2 per week is applied.

## **6. Comments of the Chief Finance Officer and financial implications**

It is critical that GMP record differences are to ensure that the Fund pays the correct level of benefits. This will be a time consuming exercise and the additional requested resources are reasonable. A tolerance of up to £2 week will reduce the cost of the review without incurring substantial costs. [need more information on the number of cases below £2 and estimated cost of this tolerance. Also the overall cost of the exercise]

## **7 Assistant Director of Corporate Governance and legal implications**

7.1 The Assistant Director of Corporate Governance has been consulted on the content of this report. The reconciliation exercise is necessary if the Council, in its capacity as administering authority for the Haringey Pension Fund, is to meet its obligations.

7.2 In agreeing the tolerance and recovery policy must take into account the Administering Authorities fiduciary responsibility, the professional advice given to it and the likely costs that is likely to be incurred.

## **8 Equalities and Community Cohesion Comments**

Not applicable

## **9 Head of Procurement Comments**

Not applicable

## **10. Policy Implication**

Not applicable

## **11 Reasons for Decision**

The Council is obliged under the Local Government Pension Scheme Regulations 2013 to have best governance practice and meet record keeping requirements.



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**12 Use of Appendices**

**13 Local Government (Access to Information) Act 1985**