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# *Project Update for the South Yorkshire Pensions Authority GMP Reconciliation – Active Members*

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5 December 2018



# South Yorkshire Pensions Authority / GMP Stage 2 Reconciliation

Project Manager (ITM & Client):	Sarah Millson and Jason Bailey
Project Sponsor (ITM & Client):	Maurice Titley and Jason Bailey
Today's date:	5 December 2018
Overall RAG status:	Green
Project start date:	1 October 2018
Planned completion date:	31 March 2019
Estimated completion date:	31 March 2019
Predicted variance:	None currently foreseen

## Project commentary

RAG description	<p>All the standard project actions have been run and queries raised with HMRC. These are detailed in this report along with the chart to show the changes in the reconciliation status since the baseline.</p> <p>The proposal and advice files produced as a result of the standard actions have been sent to the SYPA team together with the results of the GMP Value Reconciliation.</p> <p>Two of the HMRC query files submitted on 1 November have been rejected by HMRC. ITM has appealed against the decision and requested that both files are reinstated and dealt with by the clerical team as being small files received between 1 and 4 November. HMRC issued a communication regarding the acceptance of small files on 30 November.</p> <p>The project will now pause until HMRC replies are received in 2019.</p>
Concerns to be resolved by the project	None at this time.

## Project dashboard – 5 December 2018

Status	Reconciled					Proposal		Unreconciled			Out Of Scope
	No GMP liability	Exact match	Within tolerance	Accept HMRC	Accept admin	Proposal made to client	Proposal made to HMRC	Awaiting data from client	Awaiting data from HMRC	Further review	N/A record
Active	26,359	412	339	4,095		524		11	7,500		14,740
Deferred Post GMP Age	183	4	5	19	4	4	2		92		2,192
Deferred Pre GMP Age	8,003	39	259	522	94	86	439	2	3,872		45,440
Pensioner Post GMP Age	938	39	137	470		24		27	1,288		35,905
Pensioner Pre GMP Age	722	5	77	660		23		26	546		3,873
Widow(er)									6		4,284
Unlinked dependant											1,919
<b>Total on admin</b>	<b>36,205</b>	<b>499</b>	<b>817</b>	<b>5,766</b>	<b>98</b>	<b>661</b>	<b>441</b>	<b>66</b>	<b>13,304</b>		<b>108,353</b>
Other admin (members with no liability)					508		645		310		72,074
HMRC only									406		7,619
<b>Total reported cases</b>	<b>36,205</b>	<b>499</b>	<b>817</b>	<b>5,766</b>	<b>606</b>	<b>661</b>	<b>1,086</b>	<b>66</b>	<b>14,020</b>		<b>188,046</b>
<b>Baseline position</b>	<b>24,195</b>	<b>55</b>	<b>273</b>						<b>305</b>	<b>51,155</b>	<b>171,785</b>

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.
- Accept admin – a decision has been made by the client to accept the admin position, or a response from HMRC confirms that they agree with the admin position (usually for a case where there is no GMP liability)
- Accept HMRC – the HMRC position is accepted where a specific decision is taken by the client or where the only option is to accept the HMRC GMP value. For example, an active member of the scheme with no or a limited contracted-out earnings history where it would not be possible to calculate a GMP to compare with the HMRC figure. In this scenario the HMRC GMP would be accepted.

### Proposals

- Proposal made to client – members where bulk analysis suggests that either the admin or HMRC data should be accepted and a decision from the client is required.
- Proposal made to HMRC – queries raised with HMRC where we have provided information to show that the member has no further liability in the scheme and HMRC should accept the admin data.

### 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 only or post 5 April 2016 service only
  - 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.

## HMRC queries (SRS)

### HMRC queries

HMRC Batch Ref	Topic	Number of queries	Queries Logged with HMRC	Expected reply date
1292	Type 5 - Was in Scheme	175	25 October 2018	18 March 2019
1290	Type 5 - Not in Scheme	129	25 October 2018	18 March 2019
1291	Baseline - Not in Scheme	2	25 October 2018	1 March 2019
1288	On HMRC Not Admin - Pass 1 - NIS Automation	327	25 October 2018	Automated - 4 January 2019 Clerical - 25 March 2019
1289	On HMRC Not Admin - Pass 1 - Not in Scheme	2	25 October 2018	18 March 2019
1304	On Admin Not HMRC - Pass 1 - WIS Automation	7342	29 October 2018	Automated - 31 January 2019 Clerical - 5 April 2019
1305	On Admin Not HMRC - Pass 1 - Was in Scheme	11	29 October 2018	1 April 2019
1303	On Admin Not HMRC - Pass 1 - Multiples	1324	29 October 2018	Automated - 31 January 2019 Clerical - 5 April 2019
1356	Multiple Admin Record Matching - WIS Automation	157	31 October 2018	Automated - 31 January 2019 Clerical - 5 April 2019
1364	Preserved Refunds - Not in Scheme	453	31 October 2018	1 April 2019
1376	Transfers Out - Not in Scheme	267	31 October 2018	1 April 2019
1379	Refunds - Not in Scheme	551	31 October 2018	1 April 2019
1397	On Admin Not HMRC - Pass 2 - Multiples	604	1 November 2018	Automated - 31 January 2019 Clerical - 5 April 2019
1405	GMP Value Reconciliation - End Date	16	1 November 2018	Automated - 4 January 2019 Clerical - 5 April 2019
1406	GMP Value Reconciliation - Multiples	89	1 November 2018	Rejected Appeal raised with HMRC
1407	GMP Value Reconciliation - 2R Liability Part Period Automation	454	1 November 2018	Automated - 20 December 2018 Clerical - 11 March 2019
1408	GMP Value Reconciliation - Start Date	319	1 November 2018	Automated - 3 January 2019 Clerical - 5 April 2019
1409	GMP Value Reconciliation - 2R Liability Part Period Automation	3	1 November 2018	Automated - 2 December 2018 Clerical - 11 March 2019
1410	GMP Value Reconciliation - Total GMP	77	1 November 2018	Rejected Appeal raised with HMRC
1437	GMP Value Reconciliation - Start Date, End Date	33	5 December 2018	TBC
1438	On Admin Not HMRC - Pass 2 - Was in Scheme 2677	2,677	5 December 2018	TBC

## HMRC query responses

HMRC Batch Ref	Topic	Number of queries raised	Number of queries replied to	Response received from HMRC

## File reviews/proposals

Batch	Topic	Date issued	Number of queries	Comments
1	On Admin not HMRC – Pass 1	5 December 2018	92	Unable to query with HMRC. Proposal to reconcile based on issue type
2	Value Reconciliation File Reviews and Proposals	5 December 2018	634	Refer to report and member level spreadsheet

## Client Advice

Batch	Topic	Date issued	Number of members	Comments
1	On Admin not HMRC – Pass 1	5 December 2018	48	Corrected NI Nos
2	Preserved Refunds	5 December 2018	165	Aggregation/CEP under payment threshold
3	Refunds	5 December 2018	69	CEP under payment threshold
4	Deceased Members	5 December 2018	109	Deceased after contracting out ceased
5	Bulk Transfer Out	5 December 2018	1	Possible transfer
7	Value Reconciliation – Client Advice	5 December 2018	5,699	Refer to report and member level spreadsheet

## 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.</p> <p>817 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>ITM will progress the GMP reconciliation on the basis that the £2pw tolerance has been agreed, however this can be altered if confirmed otherwise.</p>	817	30 November 2018



## Progress reporting

Project progress	
Planned last period and achieved	<ul style="list-style-type: none"> <li>▶ Creation of baseline statistics to confirm the initial number of discrepancies to be investigated</li> <li>▶ Requested data from HMRC for Error Code 5 members</li> <li>▶ On HMRC Not Admin – Pass 1</li> <li>▶ On Admin Not HMRC – Pass 1</li> <li>▶ Internal Transfer</li> <li>▶ Multiple HMRC Record Matching</li> <li>▶ Multiple Admin Record Matching</li> <li>▶ Deceased Members</li> <li>▶ HMRC Queries – Preserved Refunds</li> <li>▶ HMRC Queries – Bulk Transfer Outs</li> <li>▶ HMRC Queries – Transfers Out</li> <li>▶ HMRC Queries – Full Commutations</li> <li>▶ HMRC Queries – Refunds</li> <li>▶ HMRC Queries – Other No Liability</li> <li>▶ On HMRC Not Admin – Pass 2</li> <li>▶ On Admin Not HMRC – Pass 2</li> <li>▶ GMP Value Reconciliation Analysis</li> </ul>
Not planned last period but achieved	▶ None for this period
Planned last period but not achieved	▶ None for this period
Reasons for exceptions	▶ None for this period
Planning	
Task and milestones planned next period	▶ Project pause until 2019
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 three to four months.		ITM will monitor HMRC's performance and inform the Council if there is any change that could impact delivery.	Open