

Bath & North East Somerset Council

MEETING:	AVON PENSION FUND COMMITTEE		
MEETING DATE:	23 June 2017	AGENDA ITEM NUMBER	14
TITLE:	GMP Reconciliation		
WARD:	ALL		
AN OPEN PUBLIC ITEM			
List of attachments to this report: Appendix 1 – Explanatory note on Cessation of Contracting-out; GMP Reconciliation Appendix 2 - Current breakdown of comparison between HMRC and Avon Pension Fund data			

1 THE ISSUES

- 1.1 The purpose of this report is to update the Committee on the latest position concerning the reconciliation exercise being carried out between Avon Pension Fund and HMRC the effect of the cessation of Contracting out of the State Second pension.
- 1.2 HMRC have submitted files for Active Members as at 05/04/2016 [Closure Scan] and a file for members who no longer active [deferreds / pensioners]
- 1.3 An explanatory note on the cessation of contracting-out is attached as Appendix 1
- 1.4 An initial breakdown of the files checked is attached as Appendix 2

2 RECOMMENDATIONS

That the Committee:

- 2.1 Notes the current position regarding the reconciliation between Avon Pension Fund and HMRC.**

3 FINANCIAL IMPLICATIONS

- 3.1 The administrative and management costs incurred by Avon Pension Fund are recovered from the employing bodies through the employer's contribution rates
- 3.2 The reconciliation could produce not only additional pension payments but also reductions as correct information not included on our records could lead to reduced pensions being paid
- 3.3 Resources have been approved at a previous Committee.

4 Cessation of contracting out

- 4.1 The introduction of a Single State Pension will result in HMRC closing down their department responsible for contracting out around December 2018 and as a result there will be nowhere to check whether information on our records is correct.
- 4.2 All responsibilities for contracting will be crystallised on the HMRC information held at 31/12/2018. Therefore a reconciliation exercise is currently being undertaken to ensure the records held by HMRC are consistent with those held by Avon Pension Fund
- 4.3 Initial checks have been made comparing HMRC records with APF data. The next phase will be to check out the inconsistencies found and where necessary either adjust APF records or refer back to HMRC.
- 4.4 Two files have been sent through from HMRC showing the contracting-out details held on their files.
- 4.5 The first covers all non-active members [42529] such as pensioners and deferred pensioners but also contains records of members who have transferred out or had a refund where HMRC records are not correct. There are also records that HMRC have not linked to membership on the other list.
- 4.6 The other list [known as Closure Scan] [31468] covers the members who HMRC have listed as APF current active members as at 5/04/2016 when contracting out ceased. As GMPs ceased to accrue from April 1997 the number of members with GMPs is low. Once the contracting-out dates are matched then relevant GMP information can be input on APF records.
- 4.7 The HMRC data has been matched against APF records and details of this are included in Appendix 2
- 4.8 Breaking down the HMRC data into sections provides specific actions for each and key sections have been identified as requiring early investigations so that any referrals back to HMRC are made as soon as possible as HMRC will have to incorporate these within enquiries from other contracted-out pension schemes.
- 4.9 Initially the checks will be on specific GMP information held by APF on the administration system and for more historic cases on microfiche. Two temporary staff have been resourced to undertake this work.
- 4.10 When records have been finalised there will be some cases where pensioners will require a payroll adjustment and this will require some additional administration for the pension payroll section.

4.11 A further report will be submitted to Committee to update progress and to confirm any tolerance levels once the suggested national tolerance levels have been released. A decision will also be required on any recovery of overpayments.

5 RISK MANAGEMENT

5.1 No specific issues to consider.

6 EQUALITIES

6.1 None as this report is primarily for information only.

7 CONSULTATION

7.1 This report is primarily for information and therefore consultation is not necessary.

8 ISSUES TO CONSIDER IN REACHING THE DECISION

8.1 The issues to consider are contained in the report.

9 ADVICE SOUGHT

9.1 The Council's Monitoring Officer (Divisional Director – Legal & Democratic Services) and Section 151 Officer (Divisional Director - Business Support) have had the opportunity to input to this report and have cleared it for publication.

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Background papers	<i>HMRC file downloads</i>
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