



## Report to Pension Fund Board

**Date:** 6 October 2021

**Title:** GMP Reconciliation/Rectification

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**Recommendation:** The Board is asked to **NOTE** the content of this report.

### Executive summary

The end of contracting-out of the Additional State Pension from April 2016 triggered a Guaranteed Minimum Pensions (GMP) reconciliation exercise which was initially required to be completed by 31 December 2018. This deadline has not been met due to HMRC amending the date for reporting final queries.

The purpose of the exercise is to ensure that the information held by the Fund in relation to periods of scheme members contracted out employment correctly matches the data held by HMRC. Where information is incorrect and outside agreed tolerances, a rectification exercise will be undertaken.

The Fund engaged ITM to undertake the reconciliation and subsequent rectification exercise was complete by the Buckinghamshire Pension Fund (BPF) between July 2021 & September 2021.

### Content of report

The reconciliation exercise was initially required to be completed by 31 December 2018. This deadline was not met due to HMRC amending the date for reporting final queries. Subsequently HMRC then delayed issuing the final data, this however was issued and received in July 2020.

Since July 2020, ITM have been liaising with our Senior Payroll Officer to complete the comparison between HMRC data and data held on scheme member records.

As at 31 March 2020, 59,025 scheme member records had been reconciled & ITM continued to review and identified 10,415 pensioner and dependant scheme members that needed a further reconciliation. A 'dry run' of the rectification was complete in February 2021 with BPF reviewing 176 further case. Following this review, the final run was complete in June 2021. From the final rectification

- 9,019 members do not require rectification,
- 957 members do require their records to be updated with a correct GMP figure, but this does not affect any payments,
- 439 scheme members require pensions in payment to be recalculated.

During July 2021, all 439 scheme members requiring their pension to be recalculated were contacted to advise of any changes that were being made. This provided two months' notice of the change, which would take effect from September 2021. All payroll action was complete in early September 2021.

The table below provides a breakdown of resulting underpayments & overpayments following the reconciliation. Where an underpayment occurred, this was paid to the scheme members along with interest. The decision as to whether overpayments would be recovered was for each LGPS administering authority and no central guidance on this was issued. In line with the national view, the BPF made the decision not to recover an overpayments & this was approved in line with the Buckinghamshire Council write-off procedure.

	Total number of cases requiring rectification	Number of cases resulting in an underpayment	Number of cases resulting in an overpayment
Pensioner member	381	105	276
Dependant member	58	19	39

	Total underpayments	Total overpayments
Pensioner member	£85,993	£337,693
Dependant member	£31,033	£44,192
Total	<b>£117,026</b>	<b>£381,885</b>

By the end of September 2021, GMP figures will be updated on all active, deferred and pensioner member records where they are under SPA so that records are correct going forward.

The GMP reconciliation/Rectification exercise is now complete.

## Legal and financial implications

There is a national agreement that where a scheme members pension has been overpaid, the administering authorities will not seek to recover any overpayments but will correct the payments going forward.

## Background papers

N/A

