

DELEGATED RESPONSIBILITIES

Delegation:	Delegated Officer(s):	Communication and monitoring of Use of Delegation
Other urgent matters as they arise.	CPFM and either CFM or CE, subject to agreement with Chairman and Deputy Chairman (or either, if only one is available in timescale)	PFC advised of need for delegation via e-mail as soon as the delegation is necessary. Result of delegation to be reported for noting to following PFC.

Subject matter - GMP reconciliation and the impact on pensions in payment

Action taken

Approved the GMP Principles Document and appendix.

Background (extracted from delegation form)

As a result of a change in the way of working by HMRC, driven by the Government changing how future State pensions would be calculated, it was necessary for all contracted out pension schemes to carry out a data review. This involved comparing Guaranteed Minimum Pension ("GMP") held by Clwyd Pension Fund ("CPF") with that held by HMRC.

This was a major exercise involving comparison of over 40,000 records, and investigations where differences were found. As a result the work was outsourced, in the main, to Equiniti.

The work is now coming to an end and the attached Principles document has been developed to summarise and capture the key elements involved in the work, including how cases are being treated. The Principles document includes:

- The background to the project, explaining why it was necessary
- An overview of the various stages of the project
- A summary of the number of scheme members where records have been investigated, updated and where pension payments have been found to be incorrect
- The key principles around how cases have been dealt with, including tolerances that have been used (included an appendix which outlines the approach to a number of detailed matters)
- How under and overpayments will be dealt with
- What communications will be carried out with scheme members
- How any complaints will be dealt with
- The different categories of costs associated with the project which are being charged to the CPF, and the impact on the CPF assets
- Decision making powers – which will allow the Head of Clwyd Pension Fund to make any further decisions in relation to the final stages of this project

It is appropriate for the Pension Fund Committee to formally approve this Principles document. However due to the lack of meetings in the short term, approval is being

requested under urgency delegations. For information, this project has been discussed at a number of Pension Fund Advisory Panels ("AP") and support has been received by the Panel on how the cases are being dealt with. In particular, the appendix to the Principles document (outlining the approach to a number of detailed matters) was considered in detail and supported by senior officers and advisers at the AP.

It is worth highlighting that one of the outcomes of this project is that it has been found that some pensioners and dependants paid by CPF have been receiving the incorrect amount of pension, often for a number of years. Some have received too little pension and so will receive the backdated payments including interest. Some have unfortunately received too much pension and one of the key decisions for CPF is how to deal with those cases – both in relation to reducing their pension going forward and dealing with the overpayment that has taken place. This involves approximately 200 pensioners/dependants. It is proposed that the accumulated overpayments are written off, but it is considered that the pensions must be reduced going forward as there is a legal obligation to do so.