

Staff and Pensions Committee

12 June 2023

Pensions Overpayment Policy

Recommendations

That the Committee:

1. Approves Warwickshire Pension Fund's policy on Pension Overpayments (the Pension Overpayments Policy)
2. Delegates to the Strategic Director for Resources the authority to update the Pension Overpayments Policy as required from time to time to reflect changes in working practice and/or the law.

1. Executive Summary

- 1.1 The proposed Pensions Overpayments Policy attached at Appendix 1 sets out the steps that the Warwickshire Pension Fund (WPF) will take on discovery of an overpayment of pension made to a retired member of the LGPS or a beneficiary. The policy consolidates into a single document the legal requirements, guidance and practice currently adopted by the WPF to pensions overpayments.
- 1.2 The aim of the proposed Policy is to reduce the scope for overpayments being made and to set out a consistent and fair approach for the recovery of overpayments where these occur, thereby reducing the prospect of Internal Dispute Resolution Procedure proceedings or Pension Ombudsman challenges.
- 1.3 The Policy sets out:
 - Steps that will be taken by WPF to minimise the risk of overpayments occurring.
 - The responsibilities of scheme members where they identify or suspect an overpayment.
 - The procedure to be followed by WPF where overpayments of pension have been made, both in cases where the member has died or where the member is living.
 - Cases where WPF may not seek recovery of an overpayment.
 - The discretion for WPF to pay any tax charge arising where an overpayment is deemed by HMRC to be an 'unauthorised payment.'

- 1.4 The principles within the Policy are intended to apply equally to members of the Warwickshire Local Government Pensions Scheme which is administered by WPF on behalf of Warwickshire County Council and to members of the Warwickshire Firefighters Pension Scheme which is administered by West Yorkshire Pension Fund.

2. Financial Implications

There are no direct financial implications arising from this report, although it is anticipated that implementation of the Policy will reduce the chance of overpayments being made and improve prospects of recovery where overpayments are made both of which will improve financial performance for WPF and the respective Pension Schemes.

3. Environmental Implications

None arising directly from this report.

4. Supporting Information

- 4.1 The pension benefits payable to LGPS (and Firefighter) scheme members are governed by regulations and the law does not allow for members to be paid more than they are entitled to. Therefore, where overpayments are identified, administering authorities are generally under a legal duty to recover those overpayments.
- 4.2 The starting point is that WPF will generally endeavour to collect money owing to it promptly, efficiently, and economically. In all cases, formal legal action through the courts to recover debts will be a last resort and generally commenced where other avenues of recovery have failed to resolve an issue or where it is necessary to commence proceedings to protect the position of the Fund.
- 4.3 The Policy sets out the limited circumstances where WPF may not seek to recover overpayments. In most cases this is where an individual has died part way through a calendar month or where the overpayment is less than £250. In those cases, WPF's view is that it would be uneconomical to pursue recovery, and this is reflected in WPF's discretions.
- 4.4 There may be other cases where an overpayment is greater than £250 but is deemed to be irrecoverable. The Policy does not interfere with the Council's current framework and thresholds for 'writing off' debts although it does recognise that there are specific considerations relating to pension overpayments (as opposed to other forms of debt). The Policy is intended to assist decision makers in applying the relevant factors when considering

whether to waive overpayments. The individuals with authority to approve the waiver are identified in Warwickshire County Council's debt recovery policy, as may be amended from time to time.

- 4.5 The final circumstance where WPF may not seek to recover overpayments is where there has been a 'bulk' reconciliation exercise affecting public sector pension schemes, which has brought overpayments to light. Decisions in relation to these overpayments are managed on a case-by-case basis outside of the Policy in line with national guidance.
- 4.6 The Policy will be published on WPF's website.

5. Timescales associated with the decision and next steps

If approved, the Policy can be implemented immediately.

Appendices

Appendix 1 – Pensions Overpayment Policy

Background Papers

None

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The report was circulated to the following members prior to publication:

Local Member(s): N/a - county wide matter

Other members: Councillor Dahmash and Councillor Gifford