

PENSIONS COMMITTEE**Monday, 29 March 2021**

REPORT TITLE:	OVERPAYMENT OF PENSIONS POLICY
REPORT OF:	DIRECTOR OF PENSIONS

REPORT SUMMARY

The purpose of this report is to inform Members of the introduction of an 'Overpayment of Pensions Policy' formalising the operational and decision-making processes in dealing with the overpayment of pensions.

The policy outlines the circumstances where the recovery of monies is pursued, along with the considerations as to the commercial viability of recovery, the reasons for write-off and actions undertaken to mitigate the loss to the taxpayer.

The policy confirms that the Fund adopts the HM Revenue & Customs (HMRC) statutory "de minimus limit" of £250, which allows for the non-recovery of a payment up to £250 gross made in error "because of circumstances that were beyond the control of the pension scheme making the payment".

The Pension Board has considered the draft policy and, after making a number of revisions to the document, has deemed the attached policy (Appendix One) as suitable for presentation to Pensions Committee for its approval; on the basis it is equitable to scheme members, the scheme itself and the taxpayer.

RECOMMENDATION

That Pensions Committee approves the draft 'Overpayment of Pensions Policy' which formalises the Fund's current operational practice, including the application of HMRC's statutory £250 "de minimus limit", the reporting and legal process to manage recovery and the write-off of irrecoverable debt.

SUPPORTING INFORMATION

3.0 REASON/S FOR RECOMMENDATION

- 3.1 There is a requirement for Members of the Pension Committee to approve Fund policies to support a cohesive governance and risk management framework.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Not relevant for this report.

3.2 BACKGROUND INFORMATION

- 3.1 It is good practice for the Fund to have a policy on how overpayments of pension are managed because of administrative error or following the death of a pensioner or dependent member.
- 3.2 The policy is designed to provide assurance to the Fund's stakeholders that all overpayments are treated in a fair and equitable manner, to demonstrate that the Fund is proactive in seeking recovery and has steps in place to prevent and investigate potentially fraudulent activity.
- 3.3 An 'Overpayment of Pension Policy' will also strengthen the Fund's position should a complaint be made using the Internal Dispute Resolution Procedure which, if exhausted without resolution, can be referred by the scheme member or their representative to the Pensions Ombudsman.
- 3.4 The key features of the policy can be summarised as follows:
- As pensions are paid 10 days in arrears and 20 days in advance the notification of the death of a pensioner or dependant member is invariably received after the payroll run date and it is not possible for the payroll team to stop or recall the last monthly pension payment to prevent an overpayment of pension benefits.
 - In line with HMRC statutory "de minimus limit" an overpayment of pension less than £250 gross is not recovered where there is no survivor pension or death grant payable
 - For any overpayment of £250 gross or above a claim will be made against the pensioner's estate utilising Wirral Council's debt recovery process. However, where there is a survivor's pension or death grant due the total net overpayments will be deducted from the benefits due.
 - Where a beneficiary or executor has indicated that they are unable to repay the overpaid pension each case will be considered by legal on an individual basis regarding its nature and sensitivity along with the commercial viability of recovery action.
 - The Director of Resources should have delegated authority from the Pension Committee to write off overpayments above £250 and less than

£1,000, with overpayments greater than £1,000 subject to the consideration of Pension Committee.

3.5 The Policy will be subject to annual review and any subsequent material policy changes will be presented to a future Pensions Committee for approval.

4.0 **FINANCIAL IMPLICATIONS**

4.1 The cost of unrecoverable overpayments of pension will be ultimately met by the respective scheme employers as reflected in their individual funding positions.

5.0 **LEGAL IMPLICATIONS**

5.1 Reference must be made to the Limitation Act when making a claim for the repayment of overpaid pensions.

6.0 **RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

6.1 There are none arising from this report.

7.0 **RELEVANT RISKS**

7.1 There are none arising from this report.

8.0 **ENGAGEMENT/CONSULTATION**

8.1 The policy, once approved by the Pension Committee, will be made available on the Fund's website as part of the published Governance Framework of documents and policies.

9.0 **EQUALITY IMPLICATIONS**

9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision, or activity.

9.2 MHCLG and HMT undertake equality impact assessments with regard to the provisions of overriding legislation and LGPS.

10.0 **ENVIRONMENT AND CLIMATE IMPLICATIONS**

10.1 There are none arising from this report.

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**APPENDIX ONE – Overpayment of Pensions Policy
SUBJECT HISTORY (last 3 year)**

Council Meeting	Date