



Leicestershire Local Government Pension Scheme Overpayment of Pensions Policy

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Leicestershire County Council as the Administering Authority of the Leicestershire Pension Fund is responsible for setting policies, strategies and statements to ensure the Fund's obligations to its members, employees and stakeholders are met. These are available on [the Leicestershire Pension Fund member website](#).

1 Introduction

This is the Overpayment of Pensions Policy for Leicestershire Pension Fund (“The Fund”), which is managed by Leicestershire County Council.

Overpayments of pensions can occur for a variety of reasons. It is important that the Fund has a clear policy on how incorrect payments of pension are managed once they are identified.

The Fund recognises the need to take a pro-active approach to identifying potentially fraudulent activity and incorrect payments.

2 Policy Objectives

The policy objectives aim to ensure the Fund:

- Has robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies, and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance
- Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund’s stakeholders, particularly the scheme members and employers
- Ensures benefits are paid to, and income collected from, the right people at the right time in the right amount
- Identifies errors as soon as possible
- Rectifies incorrect payments with the cooperation of the individual
- Avoids the Internal Dispute Resolution Procedure (IDRP), where possible, by managing the process effectively

3 Purpose of the policy

The policy is designed to provide assurance to the Fund’s stakeholders that:

- All incorrect payments are treated in a fair and equitable manner.
- The Fund seeks to recover overpayments that have occurred but acknowledges that there may be legal reasons and/or other circumstances which mean that an overpayment may not, in practice, be able to be recovered (in whole or in part).
- There are steps in place to prevent and investigate potentially fraudulent activity.

4 Effective date and reviews

This policy was first presented to the Local Pensions Board on 8 November 2021 and approved by the Pensions Committee on 21 January 2022. The policy will be reviewed by officers every two years and will be presented to the Board and Committee if changes are required.

The policy was reviewed in June 2023 and changes to the wording in Sections 6 and 7 were made. The changes were approved by the Local Pensions Committee on 8 March 2024.

5 Scope

The policy applies to;

- All members and former members, which in this policy includes survivor and pension credit members of the Fund who have received one or more payments from that Fund
- Executors of the Estates of deceased Leicestershire Pension Fund members
- Beneficiaries of Leicestershire Pension Fund members where those beneficiaries have received one or more payments from that Fund; and
- Administrators of the scheme

6 Managing overpayments of pension

Overpayments due to administrative issues

If there is an ongoing pension, the Fund will issue a letter to the member notifying of the overpayment and the proposed period over which recovery must be made. This would not normally exceed twelve months, though discretion may be applied dependent on individual circumstances.

If the overpayment is a significant amount, Officers will initially seek to speak to the member first and agree a repayment plan before the letter is issued.

Overpayments following the late notification of the death of a pensioner

If there is a survivor's pension due, the Fund will seek to recover any overpayment by delaying the start of that pension.

If there is no survivor's pension to be paid:

If a solicitor has been employed to deal with the estate of the deceased, an invoice will be issued for any overpayment that has been made. Reminders will be issued in the event of non-payment.

If there is no solicitor dealing with the estate:

An invoice will be raised for any overpayment over £200 and reminders will be issued in the event of non-payment. Overpayments up to £200 have been deemed uneconomical to pursue and will be written off.

Non-payment

In the event of non-payment, the individual circumstances of the case will dictate the appropriate method of resolving the issue.

If the third party is experiencing difficulty re-paying the outstanding amount, they are encouraged to contact the officer dealing with the case to discuss possible options such as a repayment plan or an extension of the deadline may be appropriate, for example if the family are in the process of applying for probate. Where agreed repayment terms are breached, interest may be charged at 1% above base rate, depending on the circumstances of the case.

In some circumstances it may be deemed uneconomic to pursue and consideration may be given to writing off the overpayment.

The Fund will generally seek to only recover overpayments that have been discovered within the last six years, in accordance with the Limitation Act 1980.

7 Prevention

The Fund has processes in place to minimise overpayments occurring.

A report identifies mismatches between the level of pension in payment through the payroll system and the pension as calculated by the administration system, outside of a £12 tolerance. Cases are investigated monthly and rectified where necessary.

The Fund issues annual life certificates to 'children' over the age of 18 who are still in receipt of a dependent's pension because they are continuing in full time education and they are required to produce documentary evidence to confirm this.

The Fund also has several processes to identify where pensioners have passed away and to minimise the risk of overpayments occurring.

Tell Us Once

The Fund participates in the government 'Tell Us Once' service, which allows participants to report a death and when the deceased is a scheme member, information is then forwarded to the Leicestershire Fund.

Faraday Tracing Agency

The Fund contracts Faraday tracing agency to conduct a monthly exercise to match reports of our pensioners to their database and identify where they may have died. Cases are split between 'Excellent' and 'Good' based on the probability of a match. Officers then make their own investigations based on this information and either suspend or stop pensions based on their findings.

National Fraud Initiative (NFI) Exercise

The Fund participates in the government's biennial National Fraud Initiative. The Fund's report of pensioners is compared with the Department for Work and Pensions database of

the deceased and highlights matches for investigation. The Fund reports it's findings to NFI to allow them to measure numbers of cases that have been highlighted and savings made from the exercise.

NFI Interim Reports

The Fund also participates in an additional service from NFI, whereby twice-yearly reports are provided in addition to the standard report and is intended as a 'fall back' measure, to pick up any cases that may have been missed by other methods.

Overseas Life Certificates

The Fund issues annual life certificates to pensioners living overseas. These cases are less likely to be picked up through the other processes and pensions are initially suspended if a certificate is not returned. Where a certificate is returned, the signature is compared to previous exercises to ensure they match. Where there is doubt, the pensioner is contacted for further checks.

8 Underpayments of Pension

The Fund will make good any underpayments and pay arrears of pension benefits plus interest where applicable.

9 Officers to Contact

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