**City and County of Swansea Pension Fund**



**Cronfa Bensiwn Dinas a Sir Abertawe**

 Administered by:

 The City and County of Swansea



**Overpayment of Pension**

**Policy**

November 2019

**Contents**

|  |  |
| --- | --- |
| Policy Statement  | 2  |
| Policy Objectives | 2 |
| Scope of Policy  | 3  |
| Accountability & Responsibility | 3  |
| Rate and Time Scales for recovering overpayments | 4 |
| What deductions may take place? | 4  |
| When an overpayment is identified – Responsibilities of the Pension Payroll Section | 6 |
| Underpayments | 6 |
| Prevention  | 6  |
| Policy Monitoring | 7 |

# 1. Policy Statement

1.1 This policy provides guidance on the course of action the City & County of Swansea Pension Fund will normally consider when an overpayment or underpayment occurs. The Fund is required to recover money which has been paid out incorrectly, regardless of the reason.

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

1.3 The City and County of Swansea Pension Fund recognises the need to take a pro-active approach to identifying potential fraudulent activity and overpayments.

# 2. Policy objectives

2.1 The policy objectives aim to ensure the Fund:

* Have 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 overpayments with the cooperation of the individual;

* Encourages individuals to take an active role in checking payslips/payments for obvious errors; and

* Avoids the Internal Dispute Resolution Procedure (IDRP), where possible, by managing the process effectively

2.2 Where errors are discovered by departments other than Pension Payroll it is essential to contact the Pension Payroll section immediately.

2.3 If an overpayment is considered fraudulent then it will be investigated in accordance with the Anti-Fraud & Corruption procedures.

# 3. Scope of Policy

3.1 The policy applies to:

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

# 4. Accountability & Responsibilities

4.1 It is the responsibility of members to check their pay slip on receipt for accuracy where possible. The Fund will ensure as much clarity in the data as possible in order to aid pensioners.

4.2 Members are expected to behave with honesty and integrity and with specific regards to overpayments of pensions or lump sums with a view to prevent occurrences of overpayment.

4.3 It is expected that the member will report promptly to Pension Payroll any unexpected payment knowingly received, or any payment received to which the individual is not entitled.

4.4 Pensions Payroll will endeavour to recover any overpayments promptly and in full once identified in accordance with a repayment plan.

4.5 The Pensions Section must fulfil their responsibilities with regard to completion and submission of pension cards and pension termination cards as soon as possible or any other forms which could result in an error in regards to payments.

4.6 In the event that the Fund agrees to write-off an overpayment this must be done only in accordance with the Councils Financial Regulations and delegation scheme.

# 5. Rate and Time Scales for recovering overpayments

5.1 It is the right of the Fund to reclaim any overpayment of pension, or any other form of payment, via a deduction from pension at a reasonable rate.

5.2 Any overpayment of pension is recoverable over a reasonable period agreed with the Fund and yourself and would ordinarily be recovered in no less than the period in which the overpayment occurred. Subject to this general principle, any overpayment will **ordinarily** be recovered over the number of months to which the overpayment relates.

5.3 No deductions should usually be made which would reduce the pensioner’s pay to less than 75% of what it would otherwise have been.

5.4 In cases of hardship or difficulty, individual circumstances will be taken into the account and it will be the responsibility of the pensioner and a member of Pension Payroll team to assist in arriving at a compromise arrangement.

5.5 The contact number for Pensions Payroll is through the Employee Helpdesk on 01792 636098.

# 6. What deductions may take place?

6.1 Overpayments of pension on the death of a scheme member

* Understandably, notification of a death of a pensioner member of the scheme does not always happen immediately and as such it is not always possible to stop payment of the pension after a point in the payroll month and so an overpayment can occur.
* Should an overpayment of pension occur as a result of the death of a scheme member, the Fund will generally seek to recover overpayments that are equal to or greater than £50.00 (gross) in value unless there are legal reasons and/or other circumstances which mean that the overpayment may not, in practice, be able to be recovered (in whole or in part). A value of less than £50.00 in the instance of the death of a scheme member has been deemed by the Fund as uneconomical to pursue. In such circumstances, the Fund’s approachwill be that the sum is written off and is treated as a liability against the scheme member’s former employer.
* All correspondence regarding an overpayment will be handled sensitively in the initial stages due to the circumstances surrounding how the overpayment has occurred.
* An invoice will be raised by the Fund to recover an overpayment which is equal to or greater than £50.00 upon the death of a scheme member.
* The Fund will generally seek to recover overpayments that have been discovered within the last six years.

# 6.2 Overpayments of children’s pensions failing to cease at the appropriate time

* An eligible child as defined by the LGPS Regulations 2013, is entitled to receive a pension until such a time as their circumstances change and they are no longer eligible to receive a pension from the Fund.
* In these cases the individual in receipt of the pension is responsible for informing the City and County of Swansea Pension Fund of a change in circumstances to ensure the pension is ceased at the appropriate time, failure to do so would result in an overpayment.
* Should an overpayment of pension occur as a result of late notification of change of circumstances, the Fund will generally seek to recover overpayments unless there are legal reasons and/or other circumstances which mean that the overpayment may not, in practice, be able to be recovered (in whole or in part).
* An invoice will be raised by the Fund to recover the overpayment as a result of the late notification of the change in circumstances. The invoice will be sent to the individual whose bank account the child’s pension was being paid into.
* The Fund will generally seek to recover overpayments that have been discovered within the last six years.

# 6.3 Overpayments of pension following incorrect information supplied by the employer or other administrative errors

* Should an overpayment of pension occur as a result of inaccurate information provided by the scheme member’s employer on retirement, the Fund will generally seek to recover monies unless there are legal reasons and/or other circumstances which mean that the overpayment may not, in practice, be able to be recovered (in whole or in part).
* Overpayments will be recovered through the scheme member’s ongoing pension as this allows for the appropriate adjustment for tax. The pension will be reduced to the correct level for the next available monthly pension payment after a 6 week notice period. The scheme member will be notified in writing of the error and the course of action to be taken.
* Where there is no ongoing pension from which to deduct the overpaid amount, an invoice will be arranged by the Fund to recover the overpayment.
* The Fund will generally seek to recover overpayments that have been discovered within the last six years.

**The above list is not exclusive nor exhaustive**

# 7. When an overpayment is identified – Responsibilities of the Pension Payroll Section

# 7.1. Where an overpayment has been made to a member, the Pension Payroll Section will send a letter to the member setting out the overpayment and proposed term of recovery.

# 7.2. Where an overpayment has been made to a former member such has a child no longer eligible for a pension the Pension Payroll Section will send a letter to the individual setting out the details of the overpayment. This letter will explain that an invoice will be sent to the individual in four weeks unless the individual contacts Pension Payroll regarding the overpayment within two weeks.

# 8. Underpayments

# 8.1 If you feel that you have been underpaid please telephone Pension Payroll direct.

# 8.2 Should an underpayment to pension occur, any underpayment of pension will be rectified in the next available pay period after underpayment has been identified.

# 8.3 Should an underpayment of pension occur as a result of the death of a scheme member, the Fund will generally repay underpayments that are greater than £5.00 (gross) in value. A value of £5.00 or less in the instance of the death of a scheme member has been deemed by the Fund as uneconomical to repay.

# 9. Prevention

9.1 The Fund has in place processes in order to minimise the risk of overpayments occurring.

9.2 The National Fraud Initiative is conducted every two years; it compares files of pensioners with the Department for Work and Pensions database of the deceased and highlights matches for investigation. The City and County of Swansea Pension Fund actively participates in this initiative.

9.3 The City and County of Swansea Pension Fund participates in overseas life existence checks to ensure only legitimate pensions are being paid and to reduce the likelihood of fraudulent activity.

9.4 A report is run periodically on the pension administration system to identify individuals in receipt of a child’s pension, further investigations are then carried out for children that are identified as over the age of 18 to ensure they are still entitled to receive a pension.

9.5 The City and County of Swansea Pension Fund includes reminders in its correspondence that the Fund must be advised of changes in circumstances or the death of a scheme member. The Fund also investigates any returned pensioner payslips and pension payments returned by banks and building societies to ensure the welfare of the scheme member and to protect payment of the Fund’s money.

9.6 Fund officers have a robust system in place for identifying changes to the payroll that need to be processed for a particular payroll month. The process incorporates payroll deadlines and ensures changes are made in a correct and timely manner. This would be in circumstances such as a change from a short term dependent’s pension to a long term pension.

# 10. Policy Monitoring

10.1 The Fund will monitor the application of this policy and has discretion to review it at any time through the appropriate consultation mechanisms

10.2 Responsibility for the implementation, monitoring and development of this policy lies with the Pensions Manager. Day to day operation of the policy is the responsibility of nominated officers who will ensure that this policy is adhered to.

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