

Pension Fund Committee

Meeting to be held on Friday, 8 March 2024

Electoral Division affected:
(All Divisions);

Overpayments

(Appendix 'A' refers)

Contact for further information:

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Brief Summary

Following the internal audit of overpayments in 2021/22, an initial report was presented to the Committee in September 2022 on the handling of overpayments relating to pensions administration. Update reports will now be presented to the Committee each financial year and this report covers the period 1 April 2022 to 31 March 2023.

Recommendation

The Committee is asked to consider and note the report.

Detail

It was reported to the Pension Fund Committee in September 2022 that following the internal audit on overpayments, a Debt Management Policy was introduced detailing appropriate controls and processes to allow for the prompt and effective recovery of Pension Fund debts, and the write off of irrecoverable amounts as appropriate.

Since then, there have been two major system implementations which have affected debt recovery. The implementation of the UPM pension administration system at the Local Pensions Partnership Administration Ltd (LPPA) in October 2022 has changed LPPA processes and accessibility to data. In addition, the implementation of Oracle Fusion finance system at Lancashire County Council in November 2022 changed processes and reporting.

Although the changes have not resulted in a need to change the Fund's Debt Management Policy, there has been some disruption in reporting and access to information which impacted on the timeframe for write off of historic debts.

At the time of writing this report, debt recovery and write off processes are now embedded which is reflected in the analysis at Appendix 'A' which shows that of the



£1.5m invoices manually raised, only £10.7k are still unresolved. This can often be because of time taken to wind up an estate on death of a scheme member, or if the Fund has to agree and implement a debt being paid in instalments.

Historic Write Offs

In addition to the above, significant progress has been made in writing off historic debt.

At the time of the September 2022 report to Committee, it was noted that there was some remedial work required for write offs relating to historic invoices raised prior to January 2022 – estimated at £80k. These cases have been considered on an individual basis and £39.6k of invoices raised prior to January 2022 have been written off to date (these are included within the table in Appendix 'A' above the red line). The remaining historic invoices total £38.5k. One of the remaining invoices has been paid and five are being considered for legal action. The Pension Fund Team will continue to work on these cases and write off will be considered if appropriate.

Amounts too small to recover

In addition to the overpayments for which invoices are raised (which are covered in the analysis at Appendix 'A') there are some overpayments which are deemed uneconomical to recover. The Fund's Debt Management Policy – which is in line with best practice amongst other pension funds - allows for overpayments less than £250 which cannot be recovered from a spouse's pension to not be pursued. This is in line with HMRC's position that genuine errors resulting in overpayments of less than this amount do not need to be reported to them.

In 2022-23 there were 432 overpayments totalling £33,180.08 where the value of the individual overpayments was less than £250 and no recovery was attempted.

Appendices

Appendix 'A' is attached to this report. For clarification they are summarised below and referenced at relevant points within this report.

Appendix	Title
Appendix 'A'	Analysis of invoices raised

Consultations

Local Pensions Partnership Administration Limited

Implications:

This item has the following implications, as indicated:

Risk management

The Debt Management Policy gives a framework for efficient and effective recovery of debt and income to the Lancashire County Pension Fund, and for writing off bad debts appropriately.



Local Government (Access to Information) Act 1985
List of Background Papers

Paper	Date	Contact/Tel
Lancashire County Pension Fund - Debt Management Policy	September 2021	Catherine Hunt/01772 533757

Reason for inclusion in Part II, if appropriate

N/A

