

To: Pension Fund Committee

Meeting date: 2 October 2024

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Subject: Cambridgeshire Pension Fund Overpayment of Entitlement and Debt Recovery Policy

Purpose of the report: To present the Committee with the proposed Cambridgeshire Pension Fund Overpayment of Entitlement and Debt Recovery Policy.

Recommendations: The Pension Fund Committee is asked to approve the Overpayment of Entitlement and Debt Recovery Policy.

Reasons for recommendation To ensure the Cambridgeshire Pension Fund Overpayment of Entitlement and Debt Recovery Policy provides a consistent approach to the treatment of all overpayments and debts, ensuring that all identified affected members and employers are treated in a fair and equitable manner.

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1. Background

- 1.1 It is important for the Fund to have a policy on how overpayment of pension entitlements and non-pension entitlement debt are managed once identified.
- 1.2 The policy provides assurance to the Fund's stakeholders that all overpayments are treated in a fair and equitable manner and that the Fund seeks to recover overpayments and has in place steps to prevent and also investigate potentially fraudulent activity.
- 1.3 An Overpayment of Pension Policy also strengthens the Fund's position should a complaint be made using the Internal Dispute Resolution Procedure (IDRP) which if exhausted without resolution, can be referred by the scheme member, their representative or the employer to the Pensions Ombudsman.
- 1.4 An Overpayment of Pension Entitlement Policy was initially agreed by the Pension Fund Committee in October 2015, with subsequent reviews in June 2018, March 2019 and March 2023.
- 1.5 It is deemed appropriate for the Overpayment of Pension Entitlement & Debt Recovery Policy to be reviewed by the Board prior to approval of the Committee following an Officer review due to including debt recovery.

2. Executive summary

- 2.1 Overpayments of pension entitlements can occur for a variety of reasons. It is important that the Fund has a clear policy on how overpayments of pension entitlements are managed once they are identified.
- 2.2 This review has particularly taken into account non pension benefit related debt and the importance of the Fund having a consistent approach to the treatment of all overpayments and debt, ensuring that all identified affected members and employers are treated in a fair and equitable manner.
- 2.3 The policy covers types of overpayments and debts and the approach the Fund will take in each scenario.
- 2.4 The Cambridgeshire Pension Fund recognises the need to take a pro-active approach to identifying potentially fraudulent activity and to manage overpayments effectively.

3. Issues and choices

Policy updates

- 3.1 As a result of the review, the following changes are being proposed –

Section	Proposed change
Title of Policy	- Overpayment of Pension Entitlement & Debt Recovery Policy 2024, to encompass non-pension benefit related debt.
1 – Introduction	- Updated to reflect the managing of recovery of money owed to the Fund. This applies to all parties in scope of the policy, as set out in section 5.1 of the policy.
3 – Purpose of the Policy	- Updated to include debt and consistent approach for identified members and employers. This applies to all parties in scope of the policy, as set out in section 5.1 of the policy.
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Section	Proposed change
5 - Scope	- Updated to include Scheme Employer, Admission bodies (and former) and Local Pension Board.
Structure of the Policy	- The policy has been split into Member Overpayment Management and Employer and Miscellaneous Debt Management to make it easier to refer to the applicable section.
6.1 - Managing overpayments of pension on the death of a scheme member	- 6.1.5 has been added to include a reference to a death grant overpayment.
6.7 - Recovery of member overpayments	- 6.7.4 includes a reference to the internal dispute resolution procedure should a mutual agreement not be arrived at.
6.9 – Overpayments due to Fraud or Corruption	- A separate section has been added on fraud and corruption which confirms that we will liaise with the WNC internal fraud team if fraud or corruption is suspected.
7.1 - Monthly Contributions, Deficit Contributions, Strain Costs and Unfunded Pensions	- New section added to confirm the approach to contribution, strain costs and unfunded pension debt.
7.2 - Recharges and Miscellaneous Debt	- Section added to confirm the approach to recharges and any miscellaneous debt.
7.3 – Recovery of debts	- Section added to include the considerations when seeking to recover debt.
8 - Claims of inability to repay overpayments and debts	- Section updated to reflect the inability to repay a debt.
9 - Authority to write off overpayments & debts	- Updated to include debts in the authority to write off table.

Oversight of the policy

- 3.2 An equality and anti-poverty screening assessment has been undertaken and no negative adverse effects have been identified.
- 3.3 The policy was presented to the Board in June 2024 for pre scrutiny, and as a result the following changes have also been incorporated:
- 1) An explanation of the Cambridgeshire Pension Fund automatically writing off amounts up to £250 and overpayments being treated as an employer liability has been incorporated before going into the types of overpayments. The references have been removed from individual scenarios to reduce repetitiveness (section 6 member overpayment management).
 - 2) A sentence has been added to confirm that the Head of Pensions will raise with the s151 Officer and Pension Committee if aggregated overpayment/debt amounts become material to the Fund (8.5).
- 3.4 For the next review of the Policy, Officers will seek to update the examples in Appendix 1 of the Policy.
4. **Relevant Pension Fund objectives**
- The following objectives have been considered in this report:
- 4.1 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.

- 4.2 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.
- 4.3 Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.
- 4.4 Continually monitor and measure clearly articulated objectives through business planning.
- 4.5 Deliver consistent accessible communications to stakeholders.
- 4.6 Seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.
- 4.7 Ensure cash flows in to and out of the Fund are timely and of the correct amount.
- 5. Implications (including financial implications)
 - 5.1 Resources and financial
 - 5.1.1 There are no resource implications arising from the recommendations. An equality assessment has been undertaken with no negative adverse effects being identified.
 - 5.2 Legal
 - 5.2.1 There could be legal implications if overpayments are not recovered in accordance with the law.
 - 5.3 Communication Implications
 - 5.3.1 The Cambridgeshire Pension Fund Overpayment of Entitlement and Debt Recovery Policy will be published on the website once approved by the Pension Fund Committee.
 - 5.4 Risk management
 - 5.4.1 The mitigated risks associated with this report has been captured in the Fund's risk register as detailed below -

Risk	Residual risk rating
Those charged with governance are unable to fulfil their responsibilities effectively.	Green
Risk of fraud and error	Green
Incorrect/poor quality data held on the Pension Administration and Payroll platforms or delays with receiving information leading to incorrect information/delayed provision of information to members and stakeholders	Green
Incorrect production of accounts, notices, publications and management reports leading to possible financial and reputational damage	Green
Failure to understand and monitor risk compliance.	Green
Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed	Green

- 5.4.2 The executive summary of the Cambridgeshire Pension Fund risk register can be found [here](#).
- 5.5 Consultation
 - 5.5.1 No consultation has been required arising from the proposals within this report.

6. Background papers

6.1 None.

7. Appendices

7.1 Appendix 1 - Current Cambridgeshire Pension Fund Overpayment of Entitlement Policy

7.2 Appendix 2 - Proposed Cambridgeshire Pension Fund Overpayment of Entitlement and Debt Recovery Policy