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**Lancashire County Council(LCC)
Pension Maladministration-Paying the dead?**

This is a story of pension maladministration in Lancashire based on factual documents and reports obtained from the LCC and the Audit Commission. I imagine it is not uncommon.

Audit Commission:

1.The Audit Commission have a sub department called the National Fraud Initiative. The function of the NFI is to monitor the performance of local authority statutory pension schemes and its managers to prevent waste and the occasional fraud.

2. It does this by obtaining the data records of pension payments made to pensioner payees by(in this case), the LCC who are the statutory pension supplier under the Local Government Pension Scheme and its Regulations.

3. Next in a data matching exercise the NFI compares these records with other database records which are accessible to it in law. Bases which include the DWP etc, and the national births, marriages, and deaths(BMD) records.

4. If for example a 'miss-match' appears, e.g., which shows that the LCC are continuing to pay a pensioner who is listed as deceased in the BMD then there is a miss-match which clearly requires investigation.

Equally, if there is an anomaly between the DWP records and the LCC records this also requires investigation and a public accounting on the part of the LCC.

The Lancashire County Council Pensions Services:

1. The LCC Pension Services(LCC PS) administer 120,000 local authority pensions directly or by contract to other Local Authorities

2. Public accountability is held by the LCC Pension Fund Administration Sub-Committee which surprisingly only meets once per year to monitor a scheme which by any standard is a major pension scheme. The Head of the Pensions Service(Head Ms.D.Lister) prepares an annual report which prior to the last rescheduled early Meeting on the 13th June 2012 was presented last year on the 5th July 2011.

3. The LCC are required to have a Scheme of Delegation(SoD) which empowers their statutory functions which is to assiduously create and maintain an accurate pension 'account' by means of a robust, effective, efficient, proactive recording and informing pension management system; and a system which is cognitive of impacting national

legislation; in this case the Data Protection Act 1998 which now bars access to individual DWP records.

4. In the LCC case this SoD, Section 5.16e is the delegated power for Local Government Superannuation Regulations which contains a *specific requirement* for an *annual review* of the payee status by the LCC.

This could be by sending a payee a list of data held on them for verification which by the payees' response would confirm their existence and thus confirm the LCC's continuing liability to pay the payee their pension.

5. It is clear from events that have followed that the LCC PS does not carry out either, an Individual monthly liability audit, nor an annual individual audit either.

NFI Report to LCC PS for the year 2010/2011:

1. In the year 2010/2011 the NFI carried out an audit of the LCC PS and duly reported back miss-matches to the Head of the Department on the **25th January 2011** with additional mismatches supplied in late March and mid April 2011.

2. This miss-matching data was never reported to the monitoring Sub-Committee or its Chair in any form most particularly at its annual Meeting on the **5th July 2011** when this Information had already been in their possession since **25th January 2011**.

A failure to account for this debacle, which has yet to be explained publicly.

3. These miss-matches were finally reported to the Committee on **13th June 2012** when this Sub-Committee finally woke up, yet no explanation was offered in presenting this report why an accounting had not been presented the year before, or even as urgent business in the interim.

4. In total these miss-matches which have been described in the local press as 'overpayments' were stated by the NFI as 2,215 of which 1007 have self-evidently been **paid to dead payees**.

5. This leaves an unaccounted for balance of 1208 payees, living one presumes?

6. According to this 'creative' report a further 762 have been identified as former employees who retired and then were taken back into employment though it is not clear, whether or not, this was with their former employer the LCC in a double dipping exercise?

7. This leaves an unaccounted for balance of 446 payees. Though this figure is neither stated; accounted for; or detailed in this report.

8. The total value of 'overpayments' is currently reported as £98,436 for 31 payees which amounts to £3175.35 per payee though it is not clear what the total loss accrued is including the amount paid to the 415 unaccounted for others on this 'balance' sheet.

9. It is alleged that there was one case of *potential* fraud involving £19,718 for which legal guidance was being sought though no Part II (Public excluded) Meeting was convened by the Chair or the Sub-Committee to discuss this case nor were details reported of the individual status of all the other 2,214 miss-matches.

10. Thus the status of the balance of 414 allegedly overpaid payees remains a complete mystery as does the final figures of losses or missing monies.

11. From the Minutes of the Meeting of the 13th June 2012 it is clear the Councillors present asked no questions; asked for no accounting as to why this had occurred; and what changes were to take place to prevent such an occurrence happening again. Indeed they state in a fascinating comment... "It was suggested that there should be a policy to recover overpayments where no actual fraud had occurred"There should be!

12. Given the figures reported set against approximately 120,000 payees this amounts to a failure rate of 1.85% commonly regarded as maladministration yet no one raises a question regarding this palpable negligence.

Recovery of Monies.

1. At this meeting on the 13th June 2012 Ms.Lister explained that all this maladministration was clearly the fault of the payees... ***"It was noted that in most cases there was a straightforward explanation for non disclosure and that the majority of cases were found to be genuine oversights rather than fraudulent cases."***

Who it seems includes 1007 who failed to inform the LCC PS, among other things, of their own death.

2.No payee has a statutory duty or obligation to report anything to his pension authority. It is for the statutory duty holder in this case the LCC to ascertain their liability to pay a pension.

3.The scheme manager has had this knowledge of miss-matches in her possession for some 18 months during which in a clear cover up she has clearly undertaken unauthorised remedial action without this matter being publicly referred to her own Committee.

4. At no point was this Sub-Committee briefed with the legal framework within which she was entitled to and was recovering the effects of her own maladministration.

Nor in seeking restitution whether or not she had supplied this same information to the payees if a query/objection was raised and if paid in error explain how a dead payee's estate was required to, or could, or should, repay these monies?

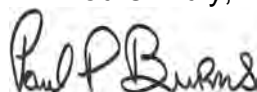
Indeed it is not clear whether or not any of these monies have been written off and if so how much, owed by whom, and on whose authority?

5. There are as many unanswered questions to be posed as have been creatively aired, questions which in Ms.Lister's maladministration she has failed to draw to the attention of her Sub-Committee who themselves seem bovine in their acceptance of any 'spin' which is put to them.

The final horse laugh is that the LCC PS have been reaccredited for the Customer Service Excellent award.

The fact of the matter is that these are public monies the sum total of losses which are not known which require a transparent accounting to the public of Lancashire by a Sub-Committee who are directly responsible in law for the activities of the LCC PS but who seem happy just to pick up their expenses and as they say in Lancashire ...do nowt else...

Yours Truly,



Paul P. Burns. GIFireE