

Pensions Audit Sub Committee

2.00 p.m., Tuesday, 27 September 2016

Irrecoverable overpayment of pensions – decisions made under delegated authority

Item number	5.8
Report number	
Executive/routine	
Wards	All

Executive summary

This report advises Pensions Audit Sub Committee of pension overpayments, during the period 1 September 2015 to 31 August 2016, which have been deemed irrecoverable by the Director of Resources, in accordance with the Council's "Scheme of Delegation to Officers".

Links

Coalition pledges

Council outcomes

[CO26](#)

Single Outcome Agreement

Irrecoverable overpayment of pensions – decisions made under delegated authority

Recommendations

Committee is requested to:

- 1.1 Invite the Pension Board to raise any relevant matters or concerns which the Committee should consider;
- 1.2 Note that the total value of pension overpayments written off between 1 September 2015 and 31 August 2016 is £9,671.73, and;
- 1.3 Highlight any points it would like to raise at the Pensions Committee on 28 September 2016.

Background

- 2.1 Delegated authority has been granted to the Acting Executive Director of Resources, in certain circumstances, to write-off pension overpayments up to £3,000. Any overpayments above this limit require approval of the Pensions Committee.

Main report

- 3.1 Pension regulations determine the calculation and payment of pension benefits to scheme members. During the course of administration overpayments of pension may occur upon the death of a pensioner, where pensioners return to work when receiving a pension (this only affects people who retired on the grounds of efficiency and received compensatory added years when they retired) or where a mistake occurs.
- 3.2 Attempts are made to recover overpayments over £250. Occasionally, however, it does not serve best interest to seek recovery of an overpaid pension. Depending on the circumstances of the particular case, in line with delegated functions certain officers in the Investment & Pensions division may write off the whole or part of an overpayment up to £3,000. The most likely circumstances would be if recovery would cause undue hardship to the member's family, if there are insufficient funds to repay the overpayment or it is uneconomical to pursue. Any overpayments over £3,000 are referred to the Pensions Committee.

3.3 The value of pension overpayment write offs between 1 September 2015 and 31 August 2016 is shown below. The total value is £9,671.73.

	Date of Death	Amount	Reason for write-off	Date of write-off
Member A	N/A	£1,220.75	The Fund erroneously keyed a wrong account sort code. A payment was made to a non scheme member. Data protection obligations did not permit the recipient bank to provide details of the customer to whom the monies had been credited. The payment was written off as uneconomical to pursue.	04/11/2015
Member B	16/11/2013	£328.55	There was no estate and the next of kin paid the funeral expenses. The overpayment was written off as uneconomical to pursue.	02/12/2015
Member C	02/10/2013	£277.40	The overpayment was not recovered despite contacting the next of kin several times. The overpayment was written off as uneconomical to pursue.	06/01/2016
Member D	24/02/2014	£269.92	The overpayment was written off despite attempts to recover through debt recovery.	06/01/2016
Member E	29/11/2012	£2,106.25	Despite several attempts to recover the overpayment (including debt recovery) we were unable to collect the overpayment.	15/01/2016
Member F	12/04/2014	£476.40	The death was identified through General Registrar's Office (GRO) screening. Despite several attempts to recover the overpayment (including debt recovery) we were unable to collect the overpayment.	13/06/2016
Member G	N/A	£610.68	A small pension was compounded into a lump sum payment. Unfortunately, in this instance, a "known error" within the software system was not identified by the administration team, resulting in an overpayment. Attempts to recover the	26/07/2016

	Date of Death	Amount	Reason for write-off	Date of write-off
			overpayment were made, but unsuccessfully.	
Member H	05/01/2015	£417.94	The death was identified through GRO mortality screening exercise. The death was registered by a Bereavement Coordinator from the Royal Infirmary. The deceased lived at a veteran's residence and there were no details on next of kin.	10/02/2016
Member I	16/12/2014	£715.45	The death was identified when the bank returned a pension payment. The death was registered by the manager of the care home where the member resided. A next of kin could not be traced.	14/04/2016
Member J	19/12/2015	£258.60	The death was identified when the bank returned a pension payment. When we wrote to the next of kin the letter was returned "Gone Away".	20/06/2016
Member K	03/07/2014	£468.39	Despite several attempts to recover (including debt recovery), the debt was written off as uneconomical to pursue.	29/06/2016
Member L	N/A	£2,798.80	When the member retired in July 2015, he became entitled to a small pension. We therefore paid a Trivial Commutation Lump Sum which is subject to tax. The Fund erroneously keyed a wrong value into the pension payroll system which resulted in no tax being deducted from the Trivial Commutation Lump Sum.	18/08/2016

3.4 Any overpayment of pension is charged to the respective fund, namely the Lothian Pension Fund, the Lothian Buses Pension Fund or the Scottish Homes Pension Fund.

Measures of success

4.1 Not applicable

Financial impact

- 5.1 As the expenditure has already been reflected in the relevant financial statements of the Lothian Pension Funds, there is no additional financial impact arising from the overpayment of pensions.

Risk, policy, compliance and governance impact

- 6.1 There are no adverse risk, policy, compliance or governance impacts arising from this report.

Equalities impact

- 7.1 There are no adverse equalities impacts arising from this report.

Sustainability impact

- 8.1 There are no adverse sustainability impacts arising from this report.

Consultation and engagement

- 9.1 The Pension Board, comprising employer and member representatives, is integral to the governance of the Funds.

Background reading/external references

None

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Links

Coalition pledges

Council outcomes CO26 - The Council engages with stakeholders and works in partnerships to improve services and deliver agreed objectives

Single Outcome

Agreement

Appendices