

Pensions Audit Sub Committee

2.00pm, Tuesday, 26 September 2017

Irrecoverable overpayment of pensions – decisions made under delegated authority

Item number	5.5
Report number	
Executive/routine	
Wards	All
Council Commitments	Delivering a Council that works for all

Executive Summary

This report advises Pensions Audit Sub Committee of pension overpayments, during the period 1 September 2016 to 31 August 2017, which have been deemed irrecoverable by the Executive Director of Resources, in accordance with the Council's "Scheme of Delegation to Officers".

Irrecoverable overpayment of pensions – decisions made under delegated authority

1. 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 2016 and 31 August 2017 is £8,128.39; and
- 1.3 Highlight any points it would like to raise at the Pensions Committee on 27 September 2017.

2. Background

- 2.1 Delegated authority has been granted to the 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.

3. Main report

- 3.1 Pension regulations determine the calculation and payment of pension benefits to scheme members. During the process 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 may not be in the best interest of the Fund 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 2016 and 31 August 2017 is shown below. The total value is £8,128.39.

	Date of Death	Amount	Reason for write-off	Date of write-off
Member A	N/A	£22.50	The Fund did not amend the short-term pension amount to the long-term pension amount. The payment was written off due to the small amount.	12/09/2016
Member B	20/05/2011	£1,084.22	The Fund was unable to ascertain the address of a relative or the next-of kin.	21/09/2016
Member C	25/08/2014	£888.02	The overpayment was not recovered despite contacting the next of kin several times. An assisted funeral was arranged. The overpayment was written off as uneconomical to pursue.	25/10/2016
Member D	26/01/2015	£390.97	The overpayment was written off despite attempts to recover through debt recovery.	18/01/2017
Member E	24/06/2015	£265.38	The acting solicitor advised that the Estate had been wound up.	19/01/2017
Member F	20/10/2015	£2,254.11	The death was identified through General Registrar's Office (GRO) screening. The member was homeless and the death was reported by the Police. Despite several attempts to find a next of kin we were unable to collect the overpayment.	03/02/2017
Member G	01/04/2016	£329.54	The death was identified through GRO. In the context of a complaint regarding poor service being upheld, a decision was made to write off the overpayment.	10/02/2017
Member H	18/11/2014	£2,510.11	The overpayment was written off following unsuccessful attempts to pursue debt recovery.	20/02/2017
Member I	21/07/2016	£31.60	The Fund made a mistake in the calculation of the balance of pension	27/03/2017

	Date of Death	Amount	Reason for write-off	Date of write-off
			payable to the Estate. The payment was written off due to the small amount	
Member J	06/09/2016	£351.94	The death was identified through the National Fraud Initiative (NFI) 2016/17. The next of kin died shortly after.	09/08/2017

- 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.
- 3.5 The NFI 2016/17 data match against current pensioners identified 15 deaths. The matches are currently being investigated. Lothian Pension Fund is also reviewing repayment terms previously agreed, for example when abatement applied when a pensioner took up further employment. It is likely that the amounts due will not be fully recovered under current repayment terms.

4. Measures of success

- 4.1 Not applicable

5. 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.

6. Risk, policy, compliance and governance impact

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

7. Equalities impact

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

8. Sustainability impact

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

9. Consultation and engagement

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

10. Background reading/external references

10.1 None.

Stephen S. Moir

Executive Director of Resources

Contact: John Burns, Chief Finance Officer, Lothian Pension Fund

E-mail: john.burns@edinburgh.gov.uk | Tel: 0131 469 3711

11. Appendices

None