

# Pensions Audit Sub Committee

2.00pm, Tuesday, 26 September 2017

## Overpayment of Pension

Item number	5.6
Report number	
Executive/routine	
Wards	All
Council Commitments	<a href="#">Delivering a Council that works for all</a>

### Executive Summary

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This report highlights that Pensions Committee will be asked not to pursue recovery of overpayment of pensions totalling £34,563.21.

## Overpayment of Pension

### 1. Recommendations

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Committee is requested to:

- 1.1 Invite the Pension Board to raise any relevant matters or concerns which the Committee should consider; and
- 1.2 Note the report and highlight any points it would like to raise at the Pensions Committee on 27 September 2017.

### 2. Background

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- 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

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- 3.1 This report details two instances where overpayment of pension has arisen following the death of a member.
- 3.2 The first case refers to a suspected fraud, details of which were reported to Pensions Audit Sub-Committee at its meeting on 27 September 2016.
- 3.3 The relevant extract from that report is as follows:
- 3.4 “Despite the Fund undertaking regular mortality screening checks, the National Fraud Initiative (NFI) 2014/15 did identify a member as being deceased since 23 July 2003. In this particular case, a match had also been made in NFI 2004/05 and 2008/09. In previous years, a “Life Certificate” was sent to ascertain whether or not the pensioner was alive and these were completed and returned, validated by another person. When a match was again made in 2014/15, the case was scrutinised in further detail and an incident raised with Police Scotland for investigation. An overpayment of £31,519.52 has occurred and Police Scotland has submitted a report to the Procurator Fiscal (in July 2016). (Although the Fund also matches its records to the General Registrar’s Office for Scotland, volumes restrict the Fund to looking at “good” matches. In this particular case, there was an anomaly in the initials of the individual member. It has since been ascertained that this case appeared in the “possible” matches).”

- 3.5 In July 2017, the Fund was advised that the Procurator Fiscal had determined that there was insufficient evidence to proceed with criminal charges.
- 3.6 In the second case, a member died on 12 January 2012. Lothian Pension Fund, however, was not informed and continued to pay the member's pension until May 2013. An overpayment of pension arose over the period amounting to £3,043.69.
- 3.7 The Fund contacted the member's daughter as she had registered the death. The daughter advised that she had been estranged from her mother and other family members were dealing with the estate. In February 2014, the Fund instructed the City of Edinburgh Council's Debt Recovery Division to pursue settlement on its behalf. In July 2017, the Fund was advised that Scott and Company, Sheriff Officers, acting for the Council, had deemed the case "uneconomical to proceed with further recovery".
- 3.8 In respect of both these two cases, Pensions Committee, at its meeting on 27 September 2017, will be requested to approve that further debt recovery attempts should not be pursued.

#### **4. Measures of success**

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- 4.1 Not applicable.

#### **5. Financial impact**

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

#### **6. Risk, policy, compliance and governance impact**

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- 6.1 There are no adverse risk, policy, compliance or governance impacts arising directly from this report.
- 6.2 The most common cause of overpayment of pensions is unreported pensioner deaths and re-marriage. Participation in the "Tell Us Once" project should reduce such risk in future. This would not prevent fraud cases, however, where the intention is not to report the death of a member at all. Utilisation of the "CallValidate" product to verify bank account details should also serve to mitigate risk.

#### **7. Equalities impact**

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

## **8. Sustainability impact**

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

## **9. Consultation and engagement**

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

## **10. Background reading/external references**

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10.1 None.

### **Stephen S. Moir**

Executive Director of Resources

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## **11. Appendices**

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