

Pensions Audit Sub Committee

2.00pm, Tuesday, 25 September 2018

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 2017 to 31 August 2018, 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 Note that the total value of pension overpayments written off between 1 September 2017 and 31 August 2018 is £1,860.33; and
- 1.2 Highlight any points it would like to raise at the Pensions Committee on 26 September 2018.

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 Lothian Pension Fund 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. There have been no such instances of higher value overpayments, since last reported in September 2017.
- 3.3 The value of pension overpayment write offs between 1 September 2017 and 31 August 2018 is shown below. The total value is £1,860.33.

	Date of Death	Amount	Reason for write-off	Date of write-off
Member A	30/06/2016	£48.30	The Fund was unable to ascertain the next-of-kin. The total overpayment was £853.33. £787.03, however, was recovered from the deceased's bank account.	10/11/2017
Member B	N/A	£577.72	Member B was in receipt of a child's allowance. In this case, transitional protections applied, permitting the allowance to be paid beyond age 23, subject to continuance of full-time education. Eligibility checks are normally carried out each year. In this case, however, requisite eligibility checks were missed.	19/12/2017
Member C	11/05/2016	£491.27	The death was identified in NFI 2016/17. The overpayment was not recovered because the next of kin died shortly after Member C.	20/11/2017
Member D	03/05/2016	£390.97	The death was identified through the National Records of Scotland matching exercise. The overpayment was written off as repeated attempts to recover proved fruitless.	27/11/2017
Member E	05/01/2016	£190.62	The Fund made a mistake by paying the balance of pension due to the estate twice. The overpayment was written off, because the Council's Debt Recovery team were unsuccessful in pursuit of settlement.	25/01/2018
Member F	15/04/2012	£161.45	The total overpayment was £1,550.04. Repayment was being made from December 2013, through an agreed repayment plan with the Council's Debt Recovery team. The repayments stopped in November 2017.	29/03/2018

- 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.

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.

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11. Appendices

None