

Pensions Audit Sub Committee

2.00pm, Monday, 28 September 2020

Irrecoverable overpayment of pensions – decisions made under delegated authority

Item number 6.4

1. Recommendations

The Audit Sub Committee (Committee) is requested to:

- 1.1 note that the total value of pension overpayments written off between 1 September 2019 and 31 August 2020 is £2,621.32; and
- 1.2 highlight any points it would like to raise at the Pensions Committee on 29 September 2019.

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Irrecoverable overpayment of pensions – decisions made under delegated authority

2. Executive Summary

2.1 This report advises Committee of pension overpayments, during the period 1 September 2019 to 31 August 2020, which have been deemed irrecoverable

3. Background

3.1 Delegated authority has been granted to LPF officers, in certain circumstances, to write-off pension overpayments up to £3,000. Any overpayments above this limit require approval of the Pensions Committee.

4. Main Report

4.1 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.

4.2 Attempts are made to recover overpayments over £250. Occasionally, however, it may not be in the best interests of the Fund to seek recovery of an overpaid pension. Depending on the circumstances of the 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 addressed by a separate report to the Pensions Committee. Between 1 September 2019 and 31 August 2020, pension overpayment write-offs totalled £2,621.32 and are detailed below.

	Date of Death		Reason for write-off	Date of write-off
Member A	n/a	£319.86	This was a "child's pension". The child was over age 17, in full-time education. Each year, at the academic year, children in full-	22/08/2019

	Date of Death		Reason for write-off	Date of write-off
			time education must provide evidence that they are still in continuing education. Despite reminders, no evidence was received and therefore the child's pension was stopped in December 2018. In this case, there was no spouse's pension being paid, therefore we could not contact the child via their mother.	
Member B	n/a	£541.32	A recently retired pensioner received a back-dated pay award that affected their final salary pension benefits. (Best of last 3 years is used to calculate pension entitlement.) An overpayment of lump sum retiring allowance occurred at the date of retirement.	03/12/2019
Member C	05/01/2018	£494.00	We send payslips to all pensioners in April and May. If payslips are returned, we suspend payment of the pension. The May 2018 payslip was returned, and death was identified. Despite attempts the Fund was unable to recover as the deceased had no estate.	11/12/2019
Member D	n/a	£474.08	This was a child's pension that was due to stop when they attained age 23. The pension continued resulting in an overpayment of £3,474.08. £3,000 has been repaid. Requests for the outstanding balance, however, have been ignored. A Letter of Inhibition has been registered to secure the outstanding debt. The Fund won't receive the money owed unless the child sells their house within 5 years.	08/01/2020
Member E	21/09/2017	£195.44	The total overpayment was £260.12. The executor had agreed to repay the overpayment by instalments. Efforts to recover have proved unsuccessful.	13/02/2020
Member F	14/06/2016	£596.62	The death was identified through the Fund's participation in the National Fraud Initiative	10/07/2020

	Date of Death		Reason for write-off	Date of write-off
			in 2017. The total overpayment was £3,996.62 and was referred to the Council's Debt Recovery team. £3,400 was recovered however attempts to recover the outstanding balance of £596.62 have proved fruitless.	

5. Financial impact

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

6. Stakeholder/Regulatory Impact

- 6.1 The Pension Board, comprising employer and member representatives, is integral to the governance of the fund and they are invited to comment on the relevant matters at Committee meetings.

7. Background reading/external references

- 7.1 None.

8. Appendices

- 8.1 None.