

Pensions Audit Sub Committee

2.00pm, Monday, 27 September 2021

Irrecoverable overpayment of pensions – decisions made under delegated authority

1. Recommendations

The Pensions Audit Sub Committee (Committee) is requested to:

- 1.1 Note that the total value of pension overpayments written between 1 September 2020 and 31 August 2021 is £3748.84; and
- 1.2 Highlight any points it would like to raise at the Pensions Committee on 29 September 2021.

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2. Executive Summary

- 2.1 This report advises Pensions Committee of pension overpayments, during the period 1 September 2020 to 31 August 2021, which have been deemed irrecoverable by the Executive Director of Corporate Services, in accordance with the Council’s “Scheme of Delegation to Officers”.

3. Background

- 3.1 Delegated authority has been granted to the Executive Director of Corporate Services, 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 interest 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 2020 and 31 August 2021, pension overpayment write-offs totalled £3748.84 and are detailed below.

	Date of Death	Amount	Reason for write-off	Date of write-off
Member A	21/09/2017	£1739.66	The overpayment was written off as repeated attempts (including by the Council's Debt Recovery team) to recover proved fruitless.	10/02/2021
Member B	11/05/2016	£941.78	Death identified through National Fraud Initiative. Attempts to recover proved fruitless (member's spouse since deceased)	09/04/2021
Member C	15/12/2018	£1067.40	The Fund wrote to next of kin regarding overpayment. By the time LPF advised of solicitors dealing, the estate had been wound up and no funds available for recovery.	06/07/2021

5. Next Steps

5.1 None.

6. Financial impact

6.1 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.

7. Stakeholder/Regulatory Impact

7.1 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.

7.2 There are no adverse health and safety, governance, compliance or regulatory implications as a result of this report. The forward planning of the Committees' agendas should facilitate improved risk management and governance for the pension funds.

7.3 There are no adverse sustainability impacts from this report.

8. Background reading/external references

8.1 None.

9. Appendices

9.1 None.