

Pensions Audit Sub Committee

2.00pm, Tuesday, 24 September 2019

Irrecoverable overpayment of pensions – decisions made under delegated authority

Item number	5.4
Executive/routine	
Wards	All
Council Commitments	

1. Recommendations

The Pensions Audit Sub Committee is requested to:

- 1.1 note that the total value of pension overpayments written off between 1 September 2018 and 31 August 2019 is £7,888.00; and
- 1.2 highlight any points it would like to raise at the Pensions Committee on 25 September 2019.

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Executive Director of Resources

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Irrecoverable overpayment of pensions – decisions made under delegated authority

2. Executive Summary

- 2.1 This report advises Pensions Committee of pension overpayments, during the period 1 September 2018 to 31 August 2019, which have been deemed irrecoverable by the Executive Director of Resources, 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 Resources, 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 2018 and 31 August 2019, pension overpayment write-offs totalled £7,888.00 and are detailed below.

	Date of Death	Amount	Reason for write-off	Date of write-off
Member A	27/02/2017	£858.69	The member's estate was insolvent.	09/10/2018
Member B	13/10/2017	£908.11	The overpayment was written off as repeated attempts (including by the Council's Debt Recovery team) to recover proved fruitless.	13/11/2018
Member C	02/03/2017	£510.44	The Fund made a mistake by not pursuing recovery at the date of death. The estate had been wound up.	16/11/2018
Member D	08/12/2012	£2,087.66	The Fund made a mistake by closing off the case. When the mistake was discovered, despite attempts the Fund was unable to recover.	20/12/2018
Member E	17/10/2018	£50.64	Following notification of the death, the pension payroll record was not closed properly resulting in a further two pension payments being made.	11/01/2019
Member F	01/12/2015	£2,576.37	The death was identified through the National Records of Scotland matching exercise. The overpayment was written off as repeated attempts to ascertain the next of kin and recover proved fruitless.	31/01/2019
Member G	N/A	£4.53	The Fund failed to comply with an earmarking order amounting to £17,953.13. A recovery plan was set up. The outstanding balance of £4.53 was written off.	10/04/2019
Member H	21/01/2017	£145.49	The £145.49 is the balance of an overpayment. The Council's Debt Recovery team were unsuccessful in pursuit of settlement. A refund of Council Tax, however, reduced the overpayment by £203.67.	19/06/2019
Member I	13/05/2017	£284.07	The deceased pensioner lived abroad. The overpayment was written off as repeated attempts to ascertain the next of kin proved fruitless.	04/04/2019

	Date of Death	Amount	Reason for write-off	Date of write-off
Member J	N/A	£462.00	The child didn't inform the Fund that they were no longer in full-time education. Repayment of the overpayment could not be afforded.	19/07/2019

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/Community Impact

7.1 The Pension Board, comprising employer and member representatives, is integral to the governance of the pension funds 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 arising from this report.

8. Background reading/external references

8.1 None.

9. Appendices

None