



Report to Pension Fund Board

Date: 16 December 2020

Reference number: N/A

Title: Internal Dispute Resolution Procedure

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Recommendation: The Board is asked to **NOTE** the content of this report.

Executive summary

The Local Government Pension Scheme (LGPS) operates a two stage dispute procedure under Regulation 72 to 79 of The Local Government Pension Scheme Regulations 2013.

Within the first stage of this procedure, the complaint will be considered by a person nominated by the body that took the decision that the member wishes to complain against. Each employer is asked to nominate a 'specified person' and any complaints against the employing authority will be directed to them. Where the complaint is against the administering authority, these complaints will be addressed by myself, as the 'specified person'.

If the member is not satisfied with the decision from stage 1, they have not received a decision or an interim letter more than 3 months after the date the initial complaint is lodged or it is more than 1 month from the date they were informed a decision would be made, then a member can progress their complaint to stage 2. At this stage, the administering authority can take a fresh look at the complaint which would be undertaken by a person not involved in the first stage decision. Where the stage 1 complaint was against the employing authority, I will undertake the stage 2 review. Where the stage 1 complaint was against the administering authority, Bucks CC Legal team are responsible for this review.

If members are still unhappy following stage 1 & Stage 2 then they can take the case to the Pensions Ombudsman within 3 years of the original decision.

Content of report

The table below provides details of IDRP cases during the 2019/2020 year

| CASE | DESCRIPTION | EMPLOYING/ ADMIN AUTHORITY | STAGE 1 | OUTCOME | PROGRESSED TO STAGE 2 | OUTCOME |
|------|-----------------------------|----------------------------------|---------------|----------|--------------------------|---------|
| 1 | Delayed payment of AVC fund | Admin | August 2019 | Declined | N/A | |
| 2 | Death benefits | Admin | August 2019 | Upheld | N/A | |
| 3 | Trivial Commutation | Admin | October 2019 | Declined | N/A | |
| 4 | Ill Health | Employing | December 2019 | Declined | 20/21 year | |

Details complaint information

Case 1 – Scheme member appealed decision by Administering Authority not to award compensation for financial loss due to a delay in payment of AVC fund following retirement. Investigation found that there was a short delay by Scottish Widows in processing payment to the members new annuity provider and the remaining delay was caused by the new provider in setting up the annuity.

Case 2 – Appeal on behalf of beneficiary of a deceased scheme member regarding payment of a dependant's pension which has been awarded based on payment of a co-habiting partners pension as well. Evidence was provided to support the basis that a co-habiting partners pension was not in fact payable and therefore this benefit ceased. Claim to revaluation of dependant's benefit was upheld.

Case 3 – Scheme member appealed decision by the Benefit Administration Team to not permit the deferred pension benefit to be trivially commuted to a one-off lump sum. The decision by the team was based on LGPS regulations and the requirements of the Finance Act 2004 which stipulated that a trivial commutation payment can only be made where the total value of all pension pots is less than £30,000. Members total pension pots exceeded £30,000.

Case 4 – Deferred scheme member appealed decision by former employer not to award an ill health benefit. Appeal was declined. Stage 2 appeal logged in 2020/21 year.

Non-formal appeals

Between 1 April 2019 & 31 March 2020 the team received 15 non-formal complaints. The majority of these complaints relate to where there is a delay in payment of scheme benefits and a Senior Pensions Officer will review and ensure that the administration team have processed where possible. On the whole, these tend to be as a result of missing notifications from the scheme employer in which case the Senior Pensions Officer will escalate this in order to resolve. Another reason for complaints is where a scheme member believes they hold an entitlement to a benefit, such as a refund of contributions or to trivially commute a main scheme benefit/AVC and they do not have this option. In these cases the appeal is again referred to a Senior Pensions Officer to review scheme Regulations or HMRC guidance.

Lessons Learned

We continue to be keen to learn from both IDRPs and non-formal appeals to look at where improvements can be made to internal procedures. Previously it had been identified that the backlog in processing aggregations were causing some member complaints. We have since reviewed our procedure and reduced this backlog and as a result we see very few complaints relating to this area of work. In previous years, the majority of IDRPs have related to ill health. We are working on some guidance for scheme employers to help with the ill health process as a whole, as well as during the IDRP process.

Pension Ombudsman cases

The following case from the December 2019 Board report had been referred to the Pensions Ombudsman last year.

Case 5

Active scheme member awarded a Tier 3 ill health benefit. This was appealed in November 2018 as member believed a Tier 1 award should apply. Stage 1 appeal reviewed by employer and by a further independent medical practitioner who agreed with initial Tier 3 award. Member appealed under Stage 2, case was reviewed to ensure that employer followed the correct procedures, appeal was declined.

This case has been passed by the scheme member to the Pension Ombudsman and is currently being reviewed.

No decision was made by the Ombudsman as it seems that the employer conducted a further ill health referral and a Tier 2 benefit was awarded.

I am not aware of any further cases that are with the Ombudsman at present.

Background papers

N/A

