



Report to Pension Fund Board

Date: 15 December 2021

Title: Internal Dispute Resolution Procedure

Author and/or contact officer: Sam Price, Assistant Pensions Administration Manager

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

Executive summary

- 1.1 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, Buckinghamshire Council 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

1.2 The table below provides details of IDRP cases during the 2020/2021 year

CASE	DESCRIPTION	EMPLOYING/ ADMIN AUTHORITY	STAGE 1	OUTCOME	PROGRESSED TO STAGE 2	OUTCOME
1	Refund of contributions	Admin	June 2020	Declined	N/A	N/A
2	Ill Health Retirement	Admin	July 2020	Declined	August 2020	Declined
3	Retirement decision	Admin	July 2020	Declined		
4	AVC transfer	Admin	July 2020	Upheld		
5	Transfer delays	Admin	September 2020	Declined		
6	Refund of contributions	Admin	December 2020	Declined	February 2021	Declined
7	AVC transfer	Admin	March 2021	Upheld		

Details of cases

Case 1 – Scheme member appealed the deduction of tax from a refund of contributions. Stage 1 response confirmed deduction was in line with regulations, so appeal declined.

Case 2 – Scheme member appeal against ill health pension benefits awarded due to the value being lower than expected based on quotations provided by the Benefit Administration Team. The investigation found that incorrect figures had been provided to the scheme member but had been identified and corrected. Appeal declined at both stages on the basis that the fund can only pay the correct level of benefits. A compensation of £500 was paid for the inconvenience and distress caused.

Case 3 – Scheme member appealed decision by administering authority not to permit an election for payment of pension benefits to be revoked. In this case, the scheme member changed their mind and no longer wished for payment of their pension benefits, however this was after all forms had been complete and returned to the Benefit Administration Team

and the pension had been put into payment. The investigation agreed with the initial decision, that the retirement benefits had been correctly put into payment and as payment had been made the member did not have an option to revoke this decision. The appeal was declined.

Case 4 – Previous scheme member appealed the decision by the administering authority not to pay an ‘orphan’ AVC fund as tax-free cash. Upon investigation, this member had transferred their main scheme LGPS benefits to the Teachers Pension Scheme in 2006. At this point, the regulations did not permit an AVC fund to be left with the original scheme as an ‘orphan’ AVC fund however this fund was not transferred. Although the request from the scheme member to pay the AVC fund as tax-free cash was declined, the decision was that the AVC fund should be transferred to the Teachers Pension Scheme so that the member can access this via that scheme. This appeal was upheld and the AVC fund transferred.

Case 5 – Scheme member appealed the value of the care benefits awarded as a result of two transfers in of previous pension rights. The basis of this appeal was that they felt both the previous pension provider and the Benefit Administration Team delayed this process which cause the transfer values to decrease. The investigation found that the values did decrease, but this was as a result of delays caused by the previous pension provider and the member had logged an appeal separately. The investigation did however find that the Benefit Administration Team had not followed the correct procedure which did cause delays, although the appeal was not upheld and the care benefits awarded were not increased, a compensation award of £450 was paid.

Case 6 – Previous scheme member appealed the decision by the administering authority that there was no entitlement to a refund of contributions. The basis of this appeal was that the member felt that as he had been notified that he may have been entitled to a refund of contributions, this should be honoured. The appeal investigation found that the member had been advised that he may be entitled to a refund of contributions after he left the scheme and he completed and returned a claim form. Following receipt of this form, final checks on the entitlement were made and it was identified that previous pension rights had been transferred into the LGPS. Under the transferring pension scheme rules, a refund was not permitted therefore there was no entitlement for the scheme members to receive a refund of contributions. This appeal was declined at both stage 1 & stage 2.

Case 7 - Scheme member appealed on the basis that the administering authority failed to transfer the AVC fund following a transfer of the main scheme benefits which resulted in a

loss of pensionable service. A claim for compensation for distress & inconvenience was made. The investigation on this appeal found that the fund did fail to transfer an AVC fund along with the main scheme benefits in 2007 however, it was found that the failure to transfer did not impact the members options at retirement and there was no financial detriment. This appeal was upheld, the member was given the options to transfer the AVC fund or have it classed as an 'orphan' AVC fund. A compensation award of £250 was offered for inconvenience and distress. A stage 2 appeal was received in November 2021.

Non-formal appeals

Between 1 April 2020 & 31 March 2021 the team received 58 non-formal complaints, with 5 of these relating to payroll related complaints. 93.10% of these complaints were responded to within the 5 working days target with the 7 cases above progressing to IDRPs. 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 appeals and non-formal appeals to look at where improvements can be made to internal procedures. With two appeals in 2020/21 relating to failure to transfer AVC funds following a transfer of the main scheme benefits, the transfer procedure was reviewed so that this does not happen going forward. A review of 'orphan' AVC funds will also take place to identify whether any of these should have been transferred so that the relevant action can be taken. Refunds is another area where over the past few years we have seen an increase in IDRPs appeals. Further to this we have reviewed all letters that are sent to ensure that they are clear & include all necessary information.

Background papers

N/A