



Report to Pension Fund Board

Date: 13 December 2022

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 2021/2022 year

CASE	DESCRIPTION	EMPLOYING/ ADMIN AUTHORITY	STAGE 1	OUTCOME	PROGRESSED TO STAGE 2	OUTCOME
1	Transfer	Admin	May 2021	Declined	Nov 2021	Declined
2	Interfund Transfer	Admin	July 2021	Upheld		
3	Transfer	Admin			Sept 2021	Partially upheld
4	Overpayment of Pension	Admin	January 2022	Upheld		
5	Errors in calculation of benefit	Admin	Nov 2021	Partially upheld	Jan 2022	Partially upheld

Details of cases

Case 1 – Appeal on behalf of scheme member relating to the transfer out of LGPS pension rights on the basis that it was believed that the BPF failed to meet regulatory requirements & failed to give advice resulting in financial loss. Both the stage 1 & stage 2 reviews undertook a thorough review of the transfer, checking whether the BPF followed relevant guidelines and undertook all necessary checks. It was determined that the transfer was completed correctly and in accordance with the scheme members decision. The appeal was declined at both stages.

Case 2 – Appeal received on behalf of the scheme member in relation to the BPF decision not to permit an election from the scheme member to aggregate previous LGPS service with another Authority on the basis that the scheme member had previously elected to not aggregate in 1989. Upon investigation, it was found that there was no evidence to support that the BPF had provided the scheme member with sufficient information to allow a fully informed decision to be made nor was it confirmed that the election would be final and there would be no opportunity to revisit this decision. As a result, the determination was to allow the scheme member to aggregate, and the appeal was upheld.

Case 3 – Similar to case 1, appeal on behalf of scheme member relating to the transfer out of LGPS pension rights on the basis that it was believed that the BPF failed to meet regulatory requirements & failed to give advice resulting in financial loss. Both the stage 1 (complete in 2020/21) & stage 2 reviews undertook a thorough review of the transfer, checking whether the BPF followed relevant guidelines and undertook all necessary checks. Appeal was declined at stage 1 but at stage 2 it was determined that a pension scams leaflet had not been issued to the scheme member prior to the transfer. Although it was determined that this was unlikely to have changed the members decision to transfer a payment of £500 was awarded for distress and inconvenience of these omissions.

Case 4 – Pensioner member appealed BPF decision to recover remaining overpayment which had not been recovered due to a payroll input error. Following the end of the repayment period, the BPF identified that the full overpayment had not been recovered as it had been entered incorrectly meaning that approximately 10% of the overpayment was still outstanding. The member appealed BPF decision to continue to recover this. Upon review, it was agreed that the BPF would not seek recovery and the remaining amount was written off. Appeal upheld.

Case 5 – Scheme member appealed against the benefits being paid at retirement which differed from those confirmed in the retirement estimates in advance of retirement. It had been identified during the appeal investigation that the administration team had made numerous errors in calculating the estimates & provided misleading information. The scheme member had requested for her retirement date to be changed to an earlier date which was not agreed. It was however agreed that the errors and misinformation did result in the scheme members lump sum being less and a compensation payment was offered to the same amount as the 'lost' lump sum. Stage 1 also offered a £500 compensation payment for the inconvenience and distress caused. The stage 2 appeal agreed with the stage 1 determination but increased the payment to £850.

Non-formal appeals

Between 1 April 2021 & 31 March 2022 the team received 56 non-formal complaints, with 5 of these relating to payroll related complaints. 91.07% of these complaints were responded to within the 5 working days target with the 3 cases above progressing to IDR. 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 2021/22 relating to failure to transfer out of LGPS benefits & more expected due to the increase of claims management companies, we have undertaken a full review of the transfer processes in line with recent pension scams guidance to ensure that the transfer process is defined and also gives the scheme member every opportunity to fully understand and review their decision prior to the transfer. There have also been a couple of complaints relating to incorrect information being provided, trained needs have been identified and raised and procedures reviewed to stop this reoccurring.

Other options considered

1.3 N/A

Legal and financial implications

1.4 N/A

1.5 N/A

Consultation and communication

1.6 N/A

Next steps and review

Background papers

N/A

Your questions and views (for key decisions)

If you have any questions about the matters contained in this report please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider please inform the democratic services team. This can

be done by telephone [01296 382343] or email
[democracy@buckinghamshire.gov.uk]

