



Pensions Fund Board

2 February 2016

Report from:
Director of Human Resources

For Action/Information*
*Delete as appropriate

Wards affected:
ALL

LGPS pension related complaints

1.0 Summary

1.1 This report details Local Government Pension Scheme (LGPS) pension related complaints under the council's Internal Dispute Resolution Procedure (IDRP) including those escalated externally to the Pensions Ombudsman Service.

1.2 The Pensions Ombudsman Service is not a regulator ("watchdog"), consumer champion or a trade body so when they look at a complaint, they deal with all sides fairly. In general the Ombudsman will deal with complaints about how pension schemes are run. If there is a problem this is known as maladministration, which includes situations such as a pension scheme:

- taking too long to do something without good reason
- failing to do something they should have
- not following their own rules or the law
- breaking a promise
- giving incorrect or misleading information
- not making a decision in the right way.

1.3 When the Pensions Ombudsman Service make a decision it is final and binding on both parties.

2.0 Recommendations

2.1 For the Board members to note the report and advise on any contract / administrative improvements.

3.0 Detail

3.1 The Pensions Act 1995 requires that trustees or managers of a pension scheme have in place a two tier procedure for resolving disputes. The Local Government Pension Scheme 2013, Regulation 72 formalises this arrangement for the LGPS. Employees, contributors, deferred members and beneficiaries have a right to challenge a decision made by an employer or pension fund, this is known as the Internal Dispute Resolution Procedure (IDRP).

3.2 A scheme member may also contact the Pensions Advisory Service (TPAS) at any time and they will give independent advice on pensions.

3.3 Stage 1 and 2 IDRP complaints

3.3.1 Currently Brent have:

- 1 case where a decision has been made at Stage 1 and the expectation is this will be referred to Stage 2 of the IDRP, this is in relation to a member receiving Annual Benefit Statements and an estimate that did not reflect a pension sharing order following a divorce. The scheme member retired and their pension benefits were reduced by a pension sharing order. However, the member had received two Annual Benefit Statements and an estimate of pension benefits that quoted higher pension benefits as they did not reflect the pension sharing order.
- 1 case at Stage 2 of the IDRP this is in relation to the calculation of a members pension benefits. The current scheme member has raised a complaint with regard to the calculation of her deferred and current pension entitlements. The member has a complex employment history providing services for a number of schools within Brent.

3.4 Stage 3 IDRP complaints referred to the Pensions Ombudsman

3.4.1 In the last 12 months there has been one case referred to the Pensions Ombudsman Service. An opinion has been received from the Ombudsman, this is in relation to a decision not to release a deferred pension on compassionate grounds. The scheme member ceased employment before 1 April 2014 and made a request for the early payment of deferred pension. The member was under the age of 60 and under the regulations in place at the point the member had ceased active membership, the consent of the former employing authority was required for the early release of pension benefits before age 60. The member made an application that pension benefits were released early. The member's application was considered under the council's discretionary policy and not agreed. The Ombudsman's opinion was that the complaint against the council was not upheld. The member has asked for a formal and binding determination from the Ombudsman.

4.0 Financial Implications

- 4.1 There is a potential cost for maladministration at the end of the complaints process but it is not possible to quantify at this stage. In addition, the pension administration contract includes a provision that the pension administration contractor shall pay the council any extra costs as a result of any administrative error or omission.

5.0 Legal Implications

- 5.1 The Pensions Act 1995 requires that trustees or managers of a pension scheme have in place a two tier procedure for resolving disputes. Under the Local Government Pension Scheme 2013, Regulation 72 formalises this arrangement for the LGPS.

6.0 Diversity Implications

- 6.1 No adverse diversity implications have been identified.

7.0 Staffing/Accommodation Implications (if appropriate)

- 7.1 There are no staffing implications

Background Papers

None.

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