

**COST MANAGEMENT, BENEFIT DESIGN
AND ADMINISTRATION COMMITTEE**
7th November 2017

Item 8 Paper D

**Move to a single stage Internal Disputes
Resolution Procedure**

Introduction

1.0. Prior to the Pensions Act 1995, appeals against decisions made by scheme employers and administering authorities were determined by the Secretary of State. The Pensions Act 1995 required the trustees and managers of occupational pension schemes to introduce a two stage internal dispute resolution procedure and this was later amended by the Pensions Act 2004 to allow schemes to adopt a single stage arrangement with trustees or managers responsible for determining complaints. Despite the change made by the Pensions Act 2004, the LGPS in England and Wales continues to operate a two stage arrangement.

Background

1.1 At a meeting on the 28th July 2015, the former Administration and Communications sub-committee agreed that the Secretariat should contact all administering authorities and scheme employers to canvass their views on a number of issues relating to the Internal Disputes Resolutions Procedure (IDRP), including whether steps should be taken to move to a single stage arrangement.

1.2 The findings of that survey are included at pages 2 to 8 of the paper at http://lgpsboard.org/images/PDF/ACOct15/Item_3_III_Health_and_IDRP_Survey_Paper

1.3. No further action was taken by the former Administration and Communications sub-committee. The Cost Management, Benefit Design and Administration committee is therefore invited to re-open the paper and consider the merits or otherwise of moving to a single stage procedure.

Consideration

2.0. In 2015, the same survey was sent to administering authorities and scheme employers. 27 out of the 89 administering authorities responded as did 259 scheme employers.

2.1. On the question of whether the procedure should move to a single stage, a small majority of administering authorities, perhaps unsurprisingly, considered that this would not be preferable. On the other hand, scheme employers were almost evenly divided on the same question.

2.3. Arguments supporting the retention of the two stage procedure included :-

- It gives employers the chance to review their process;
- The second stage gives an independent underpin;
- In a single stage arrangement, administering authorities could not deal with employers' discretions, and
- Independence may be removed.

2.4. Arguments supporting the move to a single stage included :-

- It would save time and money;
- False hopes are given by a two stage process
- Most appeals are resolved at the first stage, and
- Two stages creates hardship due to timescales

2.5. Both the majority of administering authorities and scheme employers agreed that administering authorities should be responsible for any single stage arrangement.

2.6. A move to a single stage arrangement would place the LGPS in the same position as the majority of public service pension schemes.

Conclusion

3.0. Although the result of the 2015 survey was less than conclusive, there was sufficient support for a single stage arrangement to warrant further examination by the committee.

RECOMMENDATION – that the committee agrees to re-open the paper and tasks the Secretariat to report back with options for change.