

**DERBYSHIRE COUNTY COUNCIL
PENSIONS & INVESTMENTS COMMITTEE**

12 DECEMBER 2017

Report of the Director of Finance and ICT

LGPS – Adjudication of Disagreements Procedure

1. Purpose of the Report

To seek approval for the delegation to the Director of Finance and ICT of decisions at the second stage of the Adjudication of Disagreements Procedure under the Local Government Pension Scheme Regulations 2013 (LGPSR 2013).

2. Information and Analysis

Under Regulation 74 of the LGPSR 2013, Derbyshire County Council (DCC), as the administering authority of Derbyshire Pension Fund (DPF), and each of the scheme employers in the Fund, is required to appoint an adjudicator to consider applications by pension scheme members for adjudication of their disagreement with the pension related, first instance decisions made by the administering authority or the scheme employer. The adjudicators make decisions on each application at Stage 1 of the 'Applications for Adjudication of Disagreements Procedure' (AADP).

Under Regulation 76 of the LGPSR 2013, DCC, as the administering authority of the Derbyshire Pension Fund (DPF), must consider appeals from Fund members or others who disagree with an adjudicator's Stage 1 findings, at Stage 2 of AADP.

Currently, Pensions and Investments Committee (the Committee) reconsiders all the applications that are referred to Stage 2. However, there is no statutory requirement for the Committee to undertake this role. The requirement of LGPSR 2013 at this stage is only that no person involved in the making of either the first-instance decision or the Stage 1 decision is involved in the reconsideration process.

At each of the other four administering authorities in the East Midlands area this role is carried out at officer level, and research has not identified any other administering authorities further afield that involve their Pension Committees in any way other than to receive periodic reports on the numbers of Stage 2 appeals and outcomes dealt with by officers. The benefits identified are as follows;

- i. Because the Stage 2 role involves deciding whether the decision reached at Stage 1 of the appeal was arrived at in a procedurally correct way, it would be a straightforward process for officers to undertake, without need for steer or direction from members.
- ii. A significant amount of officer time in preparing and presenting the report and the Committee's time in considering the report would be saved and potential operational delays relating to cases being subject to the Committee cycle would be avoided.
- iii. The Pensions and Investment Committee has had a broadened role since 2014 with an increased emphasis on governance matters and ensuring compliance with The Pension Regulator's standards of Fund administration. The Committee would therefore benefit from having as much time as possible to deal with these strategic matters rather than considering individual cases.
- iv. A periodic report from officers summarising recent Stage 2 cases and outcomes would allow the Committee to consider the way such cases were being approached and to suggest such adjustments to the approach as the Committee considered necessary.

In line with other local government pension funds, the proposal is that the Director of Finance and ICT would identify a person to carry out a Stage 2 review who had not been previously involved in the case. This may be another County Council officer or could be an externally appointed person.

It is further proposed that the Committee would be given quarterly updates on all AADP activity.

3. Financial Considerations

Where the task of determining the outcome of a Stage 2 Appeal is carried out by an external appointee, the fee is likely to be in the region of £350 per case. This would be payable from the Pension Fund administration budget.

4. Other Considerations

In preparing this report the relevance of the following factors has been considered – legal, equality and diversity, health, environmental, transport, property and prevention of crime and disorder considerations.

5. Officer's Recommendations

That the Committee

- 5.1 delegates to the Director of Finance and ICT all matters pertaining to the second stage of the adjudication of disagreements procedure; and
- 5.2 notes that details of the previous quarter's Stage 2 appeal cases will be summarised in the quarterly pensions administration report to the Committee.

Peter Handford
Director of Finance and ICT