

Governance Issue and 2014 Scheme Proposals	
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<i>Papers with this report</i>	None
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SUMMARY

This report is to provide an update on Pension Fund Governance issues and to provide an update to Committee on recent developments. Within this report is a recommendation for a change to the Internal Disputes Resolution Policy, and an update on the new 2014 Scheme.

RECOMMENDATION

Committee are recommended to

- 1. To agree the proposed changes to the Internal Disputes Resolution Policy.**
- 2. To note the proposals for the new 2014 Scheme.**

INFORMATION

1. Internal Disputes Resolution Policy

Under the Local Government Pension Scheme, all authorities are required to have a 2 stage Internal Disputes Resolution Policy to hear appeals against decisions made in respect of benefits, and this policy is published. Under the current Hillingdon policy, the Appointed Officer for Stage 1 appeals is the Corporate Pensions Manager and at Stage 2, it is a Senior Officer who has had no previous involvement with the case.

The majority of the London Boroughs within the Pan London Pensions Framework have amended their Internal Disputes Resolution Policy, to enable the Director of Operations at Capita to be the nominated officer in all Stage 1 appeals. Any cases which proceed to Stage 2 are then passed to the Senior Pensions Officer of the Authority where the claimant was/is employed.

This report is requesting that Pensions Committee agree to change the Hillingdon policy, to name the Director of Operations at Capita to be the nominated officer in all Stage 1 appeals and the Corporate Pensions Manager to be the appointed Officer for stage 2 appeals. In any case where the Corporate Pensions Manager has either been involved with the case or is the object of the complaint, then that the complaint will continue to be heard by a Senior Officer who has had no previous involvement with the case. If an appellant is not satisfied with a decision made at Stage 2, an application has to be either lodged with the Pensions Regulator to make a determination, or the appellant will have to instigate civil proceedings.

2. 2014 Local Government Pension Scheme

PART I - MEMBERS, PRESS & PUBLIC

Draft consultation regulations on the proposed new 2014 scheme design were issued on 21 December 2012 for a short 7 week consultation period. The main features are summarised below:

- All pensions in payment or built up before April 2014 will be fully protected. Employees who have left employment prior to 1 April 2014 and are currently in receipt of a pension or have left with a deferred pension are not affected by these changes. Current contributing scheme members with pre April 2014 service will still receive benefits based on final salary at retirement.
- New scheme benefits, will be based on Career Average Revalued Earnings, and will accrue at the rate of 1/49th for each year of service. Currently benefits accrue at 1/60th for each year of service. The “Normal Retirement Age” will be aligned to the members State Retirement Age, with a minimum age restriction of 65. Unlike, the current Scheme, which restricts “Pensionable Pay” to Contractual Pay, the new Scheme will include all pay received, including any non-contractual overtime, or additional hours paid for part-time staff. Scheme members leaving employment before Normal Retirement Age, will need to have at least 2 years pensionable service to qualify for a deferred benefit, the current scheme allows for a minimum period of 3 months.
- The 2014 LGPS will contain an option for members to pay 50% of the pension contributions for a 50% pension whilst retaining the full value of other benefits of the scheme, such as ill health pension and death in service benefits.
- As part of the new scheme, it was announced that Councillor Members of the LGPS would not be able to accrue any further pension benefits in the LGPS, with effect from 1 April 2014. There has been no further information regarding the impact that this will have on current Councillor Members. Any developments will be report to committee.

To date no further information has been circulated following the end of the consultation period. A further consultation on issues relating to governance, cost control mechanisms and other aspects of administration has yet to be published.

LEGAL IMPLICATIONS

There are no legal implications arising from this report.

BACKGROUND PAPERS

None