

Croydon Council

REPORT TO:	PENSION COMMITTEE 8 July 2014
AGENDA ITEM:	7
SUBJECT:	Review of Croydon Council Policy Statement of Exercise of Discretionary Powers
LEAD OFFICER:	Director of Finance and Assets (Section 151 Officer)
CABINET MEMBER	Councillor Simon Hall Cabinet Member for Finance and Treasury
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT:	
Sound Financial Management: This report is to inform the Pension Committee that the policy, 'Statement of Exercise of Discretionary Powers', has been revised following the introduction of the New 2014 Local Government Pension Scheme.	
FINANCIAL SUMMARY:	
There are no financial considerations arising from this report.	
FORWARD PLAN KEY DECISION REFERENCE NO.: N/A	

1. RECOMMENDATIONS

- 1.1 The Committee is asked to approve the Policy Statement governing the exercise of discretions relating to the Local Government Pension Scheme set out in this report.

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2. EXECUTIVE SUMMARY

- 2.1 The regulations governing the Local Government Pension Scheme allow a degree of local discretion. This report seeks approval of how the Council, as administrator of the Croydon Local Government Pension Scheme (LGPS) intends to apply some of those discretions.

3. DETAIL

- 3.1 The Council has a number of Discretions available to it under the Local Government Pension Scheme (LGPS) Regulations: these regulations are listed in Appendix A to this report. Croydon Council acts as the administering authority for the LGPS. The Council's Discretions Policy (the Policy) sets out which of many discretions available to the administering authority the Council has chosen to determine a policy for. This report provides the results of a review of the existing Discretions updated for the 2014 Scheme. Those amendments that are material are detailed below. Other changes to the Policy are required where there have been changes to the numbering of the Regulations but where those Regulations have not substantially changed, changes to numbering of the previous regulations or changes to job titles within the Council.
- 3.2 An exhaustive list of the detailed Discretions is included as Appendix B to this report. This lists the discretions available under the current regulations, the nature of each discretion and who is entitled to exercise that discretion. The Appendix is provided for the sake of completeness as the Policy has relevance to many stakeholders including LGPS members. Other LGPS employers have been asked to determine their own, discrete, discretions policy which will be forwarded to the Department for Communities and Local Government. Appendix A details those Discretions for which the Regulations determine that the Administering Authority have a written policy.
- 3.3 The following paragraphs specify those Discretions that the authority has decided to adopt a formal policy for their application.
- 3.3.1 **Voluntary funding of additional pension via a Shared Cost Additional Pension Contributions (APC)** (either by regular on-going contributions or one – off lump sum) Regulation R16(2) (e) & R16 (4) (d) (This is a new discretion.) - This regulation is applied where there are clear benefits to the Council e.g. in recruiting to a post which is extremely hard to fill.
- 3.3.2 **Awarding additional pension (via an APC) at whole cost to the employer** Regulation R16 (2) (e) & R16 (4) (d) (This is a new discretion.) – applied in similar circumstances to the Discretion above.
- 3.3.3 **Awarding of additional pension to an active member or within 6 months of ceasing to be an active member by reasons of redundancy or business efficiency** (by up to £6,500 p.a.). A Newsletter was circulated to all staff setting out the 2014 New CARE scheme and a letter was sent to all Scheme members in March, which informed them of the new contribution banding structure. (This is a change to the previous wording.) The normal retirement age will be equivalent to the State Retirement Age (SPA), but Scheme members will have the right to take their pension from age 60, and with the Council's consent from age 55. Benefits voluntarily drawn before age SPA will be subject to an actuarial reduction for early payment.
- 3.3.4 **Whether to waive, on compassionate grounds the actuarial reduction applied to deferred benefits paid early** under B 30 Former members pre 2014 Scheme Regulation B30 (5) (This is a simple change to the Regulation

numbering.) If a former scheme member requests early payment between age 55 and the SPA, payment may be allowed on compassionate grounds and subject to the former member providing independent proof that they are required to provide constant assistance to a sick spouse, partner or child.

- 3.3.5 **Policy on abatement of pensions following re-employment** Regulation TP (13) & A70 (1) & A 71 (4) © & T12 (This reflects a change to the numbering of the Regulations.) The Council resolves that it will not abate the pensions of those members who have taken normal age retirement or of anyone awarded early retirement over the age of 60, where there was no cost to the employer.
- 3.3.6 **Policy to grant application for early payment of deferred benefits on or after age 55 and before age 60** (This is a new discretion.) The benefits can be voluntarily drawn between 55 and 60 however; they will be subject to an actuarial reduction for early payment.
- 3.3.7 **Whether to grant an application for early payment of suspended tier 3 ill health pension on or after age 55 and before age 60** (This is a new discretion.) The Council resolve to review applications on a case by case basis.
- 3.3.8 **Whether to “switch on” the 85 year rule for a member voluntary drawing benefits on or after 55 and before age 60** (This is a new discretion.) The Council resolve to review applications on a case by case basis.
- 3.3.9 **Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits from pre 1/4/2014 membership where the employer has “switched-on” the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60** (This is a new discretion.) The Council resolve to review applications on a case by case basis.
- 3.4 Determining these discretions falls within the remit of this Committee. Therefore the Committee is asked to adopt these discretions which will be adopted in administering the LGPS for members employed by the Council.

4. RECOMMENDATIONS

- 4.1 The Committee is asked to approve the policies governing the exercise of discretions relating to the Local Government Pension Scheme set out in this report.

5 FINANCIAL CONSIDERATIONS

- 5.1 There are no direct financial considerations flowing from this report although the application of discretion in awarding pension benefits may result in an unforeseen cost to the pension fund which will be reflected in future fund valuations.

6. OTHER CONSIDERATIONS

- 6.1 Other than the considerations referred to above, there are no customer Focus, Equalities, Environment and Design, Crime and Disorder or Human Rights considerations arising from this report

7. COMMENTS OF THE SOLICITOR TO THE COUNCIL

- 7.1 The Council Solicitor comments that there are no specific legal comments arising from this report.

(**Approved by:** Gabriel MacGregor, Head of Corporate Law on behalf of the Council solicitor and Monitoring Officer)

CONTACT OFFICER:

Nigel Cook, Head of Pensions Investment and Treasury,
Chief Executive's Department, ext. 62552.

BACKGROUND DOCUMENTS: none

Appendices

- Appendix A: Discretions to be adopted by Croydon Council
Appendix B: Full schedule of discretions under the 2014 LGPS Regulations.