

**Local Government Pension Scheme
Discretions Policy**

Croydon Council Pension Fund

June 2024

Policy Statement

General Principles

1. The London Borough of Croydon is a participating employer in the Local Government Pension Scheme (LGPS) and is required to formulate, publish, and keep under review a Statement of Policy on certain discretions which they have the power to exercise in relation to members of the LGPS.
2. The approach of exercising discretion is to allow the Council to make a reasonable decision in individual cases, but also to be clear as to the factors it will consider when making a decision.
3. In formulating and reviewing its policy statement the Council is required to:
 - Have regard to the extent to which the exercise of their discretionary powers, unless properly limited, could lead to a serious loss of confidence in the public service, and,
 - Be satisfied that the policy is workable, affordable, and reasonable having regard to the foreseeable cost.
4. This document includes the policy on mandatory discretions the Council is required to have in place under the LGPS Regulations and optional discretions, which the Council is recommended to have a policy on. Each discretion in this policy is shown as either mandatory or optional.
5. Where reference is made in this policy to the decision-making roles of the lead Member or specific Officer roles, the authority to make these decisions will be for them and their successor roles should there be a change in the future.
6. The Council has adopted these policy statements in relation to all employees of Croydon Council who are current, former or (eligible to be) members.
7. Any complaints relating to the Council/s decision in these matters should be raised under the Croydon Council Pension Scheme Internal Dispute Resolution Procedure.
8. For the avoidance of doubt these policy statements do not apply to councillor members of the LGPS or to Teachers who are members of the Teacher's Pension Scheme.
9. The Council reserves the right to make changes to these discretions as required and at its discretion.

This policy was updated in June 2024

Next review date is June 2025

Section 1

Section 1. Employer Mandatory Discretions (Croydon Council) from 1.4.14. in relation to post 31.3.14. active members (excluding councillor members) and post 31.3.14. leavers (excluding councillor members)

Applicable Regulations:

R = Local Government Pension Scheme (LGPS) Regulations 2013 (SI 2013/2356)

TP = LGPS (Transitional Provisions, Savings and Amendments) Regulations 2014)

B = LGPS (Benefits, Membership and Contributions) Regulations 2007 (as amended) (SI 2007/1166)

| Type | Regulation | Description | Policy |
|--|-------------------------|---|---|
| Shared Cost Additional Pension Contributions Scheme | R16(2)(e) and R16(4)(d) | Whether, where an active member wishes to purchase extra annual pension of up to £6,822 (figure at 01 April 2018, will be uprated each April), by making additional pension contributions (APCs), to voluntarily contribute towards the costs of purchasing that extra pension via a shared cost additional pension contribution (SCAPC). | The council will reserve the right to exercise this discretion and will deal with requests on a case-by-case basis taking account of any financial implications. The cost of this would fall on the employer which will need to be taken into consideration. |
| Flexible Retirement | R30(6) & TP11(2) | Whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement). | Croydon Council resolves that all applications for flexible retirement will be considered in line with the process and criteria set out in Croydon Council's policy on flexible retirement which is available on the Council's staff intranet |
| Flexible Retirement | R30(8) | Whether to waiver, in whole or in part, actuarial reduction on benefits paid on flexible retirement. | Croydon Council will not consent to waive any actuarial reduction applicable to an employee who retires voluntarily between age 55 and their Normal Pension Age, however may review on a case by case basis where there is a business need and there is a mutual benefit. |

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| Voluntary retirement | R30(8) | Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age other than on the grounds of flexible retirement (where the member only has post 31 March 2014 membership). | Croydon Council will not consent to waive any actuarial reduction applicable to an employee who retires voluntarily between age 55 and their Normal Pension Age. |
| 85 Year Rule | TPSch 2, para 1(2) & 1(1)(c) | Whether to “switch on” the 85-year rule for a member voluntarily drawing benefits on or after age 55 and before age 60 (other than on the ground of flexible retirement) | Croydon Council resolved to consider whether to switch on the 85-year rule for a member voluntarily drawing benefits on or after age 55 and before age 60 other than on grounds of flexible retirement on a case-by-case basis. |
| Waive Reductions | TP3(1), TPSch 2, para 2(1), B30(5) & B30A(5) | <p>Whether to waive actuarial reduction for a member voluntarily draws before normal Pension age other than on the grounds of Flexible retirement (where the member has both pre April 2014 and post 31 March 2014 membership):</p> <p>a on compassionate grounds (pre 1 April 2014 membership) and/or in whole or part on any grounds (post 31 March 2014 membership) if the member was not in the Scheme before 1 October 2006</p> <p>b on compassionate grounds (pre 1 April 2014 membership) and/or in whole or in part on any grounds (post 31 March 2014 membership) if the member was in the Scheme before 1 October 2006, will not be 60 by 31 March 2016 and will not attain sixty between 1 April 2016 and 31 March 2020 inclusive</p> <p>c on compassionate grounds (pre 1 April 2016 membership) and/or in whole or in part on any</p> | <p>Croydon Council resolves to consider applications on waive all reductions on compassionate grounds on a case-by-case basis.</p> <p>Croydon Council will not waive any actuarial reductions arising because of voluntary early retirement.</p> |

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| | | <p>grounds (post 31 March 2016 membership) if the member was in the Scheme before 1 October 2006 and will be sixty by 31 March 2016.</p> <p>d on compassionate grounds (pre 1 April 2020 membership)) and/or in whole or in part on any grounds (post 31 March 2020 membership) if the member was in the Scheme before 1 October 2006, will not be sixty by 31 March 2016 and will attain sixty between 1 April 2016 and 31 March 2020 inclusive</p> | |
| Redundancy | R31 | (i) Whether to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency (by up to £6,500 pa on 1 April 2014 – this figure is inflation proofed annually. | Croydon Council will not grant additional pension to an active member within 6 months of ceasing to be an active member by reason of redundancy or business efficiency. |

Section 2

Section 2. Employer Mandatory Discretions (Croydon Council) in relation to scheme members (excluding councillor members) who ceased active membership on or after 1.4.08 and before 1.4.14 Employer Mandatory Discretions (Croydon Council)

Applicable Regulations:

A = LGPS (Administration) Regulations 2008

B = LGPS (Benefits, Memberships and Contributions) Regulations 2007

T = LGPS (Transitional Provisions) Regulations 2008 (SI 2008/238)

| Type | Regulation | Description | Policy |
|-------------------------|------------------------------|--|--|
| 85 Year Rule | TPSch 2, para 1(2) & 1(1)(c) | Whether to switch on the 85-year rule for a member voluntarily drawing benefits on or after age 55 and before age 60 | Croydon Council will consider whether to switch on the 85-year rule for a member voluntarily drawing benefits on or after age 55 and before age 60 other than on grounds of flexible retirement on a case by case basis. |
| Waive Reductions | B30(5), TPSch 2, para 2(1) | Whether to waive on compassionate grounds the actuarial reduction applied to deferred benefits paid early under B30 (member) | Croydon Council will consider applications on a case-by-case basis. |
| 85 Year Rule | TPSch 2, para 1(2) & 1(1)(c) | Whether to switch on the 85-year rule for a pensioner member (i.e. a suspended tier 3 ill health pensioner) with deferred benefits voluntarily drawing benefits on or after age 55 and before age 60 | Croydon Council will consider whether to switch on the 85-year rule for a member voluntarily drawing benefits on or after age 55 and before age 60 other than on grounds of flexible retirement on a case by case basis. |
| Waive Reductions | B30A(5), TPSch 2, para 2(1) | Whether to waive on compassionate grounds the actuarial reduction applied to benefits paid early under B30A (pensioner member with deferred benefits) | Croydon Council will consider applications on a case-by-case basis. |

Section 3. Employer Mandatory Discretions (Croydon Council) in relation to: a) councillor members who ceased active membership on or after 1.4.98., and b) any other scheme members who ceased active membership on or after 1.4.98 and before 1.4.08

Applicable Regulations:

L = LGPS Regulations 1997 (as amended) (SI 1997/1612)

R = LGPS Regulations 2013(SI 2013/2356)

TP = LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (SI 2014/525)

| Type | Regulation | Description | Policy |
|---|------------------------------------|--|--|
| Early Payment of Deferred Benefits | L31(2) | Whether to grant an application for early payment of deferred benefits on or after age 50 and before age 55 | Croydon Council will not grant early payment of deferred benefits before the age of fifty-five. |
| 85 Year Rule | TPSch 2, para 1(2) & 1(1)(f) & R60 | Whether to switch on the 85-year rule for a member with deferred benefits voluntarily drawing benefits on or after age 55 and before age 60. | Croydon Council will consider whether to switch on the 85-year rule for a member voluntarily drawing benefits on or after age 55 and before age 60 other than on grounds of flexible retirement on a case-by-case basis. |
| Waive Reductions | L31(5) & TPSch 2, para 2(1) | Whether to waive on compassionate grounds the actuarial reduction applied to deferred benefits paid early | Croydon Council resolves to consider applications on a case-by-case basis. |

Section 4. Employer Mandatory Discretions (Croydon Council) in relation to scheme members who ceased active membership before 1.4.98

Applicable Regulations:

LGPS Regulations 1995 (as amended) (SI 1995/1019)

TL = LGPS (Transitional Provisions) Regulations 1997 (SI 1997/1613)

TP = LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (SI 2014/525)

| Type | Regulation | Description | Policy |
|---|---------------------------------------|--|--|
| Early Payment of Deferred Benefits | TP3(5A)(vi), TL4, L106(1) & D11(2)(c) | Whether to grant an application for early payment of deferred benefits on or after age 50 on compassionate grounds | Croydon Council will not grant early payment of deferred benefits before the age of 55. Croydon Council will consider applications over the age of 55 on a case-by-case basis. |

Section 5. Employer Mandatory Discretions (Croydon Council) in relation to redundancy and compensatory payments on the early termination of employment

Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (as amended) (SI 2006/2914)

| Type | Regulation | Description | Policy |
|---------------------|-------------------|---|---|
| Redundancy | 5 | Whether to base redundancy payments on an actual week's pay where this exceeds the statutory week's pay limit | Redundancy payments will be calculated as set out in the Council's Early Retirement & Redundancy Scheme in line with the Employee Based Cost Review (EBCR) 2011 which is available on the Council's staff intranet. |
| Compensation | 6 | Whether to award lump sum compensation of up to 104 weeks' pay on redundancy, termination of employment on efficiency grounds or cessation of a joint appointment | Croydon Council will not award any lump sum compensation |

Section 6. Employer Mandatory Discretions (Croydon Council) in relation to any compensatory added years awarded before 1 April 2007

Applicable Regulations:

Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended) (SI 2000/1410)

| Type | Regulation | Description | Policy |
|---------------------|-------------------|---|--|
| Compensation | 21(4) | How to apportion any surviving spouses or civil partner's annual compensatory added years' payment where the deceased person is survived by more than one spouse or civil partner. | Croydon Council will consider to whom and how the annual added years will be apportioned on the same basis as under the main pension scheme regulations |
| Compensation | 25(2) | How it will decide to whom any children's annual compensatory added years payments are to be paid where children's pensions are not payable under the LGPS (because the employee had not joined the LGPS) and, in such a case, how the annual added years will be apportioned amongst the eligible children. | Croydon Council will consider to whom and how the annual added years will be apportioned on the same basis as under the main pension scheme regulations |
| Compensation | 21(7) | Whether, in respect of the spouse of a person who ceased employment before 1 April 1998 and where the spouse or civil partner remarries, enters into a new civil partnership or cohabits after 1 April 1998, the normal pension suspension rules should be disapplied i.e. whether the spouse's or civil partner's annual compensatory added years payments should continue to be paid. | Croydon Council will consider whether the spouse's or civil partner's annual compensatory added years payments should continue to be paid on the same basis as under the main pension regulations. |
| Compensation | 21(5) | If, under the preceding decision, the authority's policy is to apply the normal suspension rules, whether the spouse's or civil partner's annual compensatory added years payment should be reinstated after the end of the remarriage, new civil partnership, or cohabitation. | If Croydon Council determined to suspend such payment, it will reinstate after the end of the remarriage, new civil partnership, or cohabitation. |

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| Compensation | 21(7) | Whether, in respect of the spouse or civil partner of a person who ceased employment before 1 April 1998 and where the spouse or civil partner remarries or cohabits or enters into a civil partnership on or after 1 April 1998 with another person who is also entitled to a spouse's or civil partners annual CAY payment, the normal rule requiring one of them to forego payment whilst the period of marriage, civil partnership or co-habitation lasts, should be disapplied i.e. whether the spouses' or civil partners' annual CAY payments should continue to be paid to both of them | Croydon Council will consider whether the spouse's or civil partner's annual CAY payments should continue to be paid to both on the same basis as under the main pension regulations. |
| Compensation | 17 | To what extent to reduce or suspend the member's annual compensatory added year's payment during any period of re-employment in local government. | Croydon Council will make a determination on a case-by-case basis after consultation with the administering Authority and having regard to the date of original award. |
| Compensation | 19 | How to reduce the member's annual compensatory added year's payment following the cessation of a period of re-employment in local government. | Croydon Council will make a determination on a case-by-case basis after consultation with the administering Authority and having regard to the date of original award. |

Section 7. Employer Mandatory Discretions (Croydon Council) in relation to Injury allowances as they apply to leavers, deaths and reductions in pay that occurred after 15 January 2012

Applicable Regulations:

Discretions under the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011(SI 2011/2954)

| Type | Regulation | Description | Policy |
|-------------------------|-------------------|--|--|
| Injury Allowance | 3(1) | Whether to grant an injury allowance following reduction in remuneration as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job. | Croydon Council will apply this discretion as set out in the Industrial Injury Scheme policy which can be found on the Council's staff intranet. |
| Injury Allowance | 3(4) & 8 | amount of injury allowance following reduction in remuneration as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job. | Croydon Council will apply this discretion as set out in the Industrial Injury Scheme policy which can be found on the Council's staff intranet. |
| Injury Allowance | 3(2) | Determine whether person continues to be entitled to an injury allowance awarded under regulation 3(1) (reduction in remuneration as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job). | Croydon Council will apply this discretion as set out in the Industrial Injury Scheme policy which can be found on the Council's staff intranet. |
| Injury Allowance | 4(1) | Whether to grant an injury allowance following cessation of employment as a result of permanent incapacity caused by sustaining an injury or contracting a disease in the course of carrying out duties of the job. | Croydon Council will apply this discretion as set out in the Industrial Injury Scheme policy which can be found on the Council's staff intranet. |
| Injury Allowance | 4(3) & 8 | Amount of injury allowance following cessation of employment as a result of permanent incapacity caused by sustaining an injury or contracting a disease in the course of carrying out duties of the job. | Croydon Council will apply this discretion as set out in the Industrial Injury Scheme policy which can be found on the Council's staff intranet. |

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| Injury Allowance | 4(2) | Determine whether person continues to be entitled to an injury allowance awarded under regulation 4(1) (loss of employment through permanent incapacity). | Croydon Council will apply this discretion as set out in the Industrial Injury Scheme policy which can be found on the Council's staff intranet. |
| Injury Allowance | 4(5) | Whether to suspend or discontinue injury allowance awarded under regulation 4(1) (loss of employment through permanent incapacity) if person secures paid employment for not less than 30 hours per week for a period of not less than 12 months. | Croydon Council will apply this discretion as set out in the Industrial Injury Scheme policy which can be found on the Council's staff intranet. |
| Injury Allowance | 6(1) | Whether to grant an injury allowance following cessation of employment with entitlement to immediate LGPS pension where a regulation 3 payment (reduction in remuneration as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job) was being made at date of cessation of employment but regulation 4 (loss of employment through permanent incapacity) does not apply. | Croydon Council will apply this discretion as set out in the Industrial Injury Scheme policy which can be found on the Council's staff intranet. |
| Injury Allowance | 6(1) | Determine amount of any injury allowance to be paid under regulation 6(1) (payment of injury allowance following the cessation of employment). | Croydon Council will apply this discretion as set out in the Industrial Injury Scheme policy which can be found on the Council's staff intranet. |
| Injury Allowance | 6(2) | Determine whether and when to cease payment of an injury allowance payable under regulation 6(1) (payment of injury allowance following the cessation of employment). | Croydon Council will apply this discretion as set out in the Industrial Injury Scheme policy which can be found on the Council's staff intranet. |
| Injury Allowance | 7(1) | Whether to grant an injury allowance to the spouse, civil partner, co-habiting partner (the requirement to nominate a co-habiting partner has ceased entirely under these regulations due to the outcome of the Elmes v Essex high court judgement) or dependent of an employee who dies as a result of sustaining an | Croydon Council will apply this discretion as set out in the Industrial Injury Scheme policy which can be found on the Council's staff intranet. |

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| | | injury or contracting a disease in the course of carrying out duties of the job. | |
| Injury Allowance | 7(2) and 8 | Determine amount of any injury allowance to be paid to the spouse, civil partner, nominated co-habiting partner (for awards made on or after 1 April 2008 the requirement to nominate a co-habiting partner has ceased due to the outcome of the Elmes v Essex high court judgement) or dependent of an employee under regulation 7(1) (employee who dies as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job). | Croydon Council will apply this discretion as set out in the Industrial Injury Scheme policy which can be found on the Council's staff intranet. |
| Injury Allowance | 7(3) | Determine (i) whether to cease payment of an injury allowance payable under regulation 7(1) (employee who dies as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job). (ii) when to cease payment of an injury allowance payable under regulation 7(1) | Croydon Council will apply this discretion as set out in the Industrial Injury Scheme policy which can be found on the Council's staff intranet. |