

LOCAL GOVERNMENT

2020

Pensions Bulletin 14



Issue
5th October 2020

Reforming Local Government Exit Cap – Key Update

Following on from Bulletin 13 highlighting the consultation about the proposed changes, there have been some further developments, and this is our latest understanding.

On the 30 September 2020 the House of Commons approved the Exit Cap legislation.

Government officials then need to sign the legislation and then 21 days later it becomes law. We understand Government wish to do this immediately and may have already done so. Assuming this was signed on the 1 October 2020, any age 55 plus redundancy or efficiency retirements you have where the member retires 21 days afterwards (from the 21/10/2020) will fall under the revised calculations. We are currently awaiting guidance from MHCLG (which is expected shortly), but we believe **any previous calculations are invalid**. You will need to contact any staff impacted.

Our actuary Hymans have produced examples of the exit cap restriction based on their current understanding of the government's intentions as set out in the consultation document. The scenarios shown should not be relied upon for retirement planning and may not reflect the reality of legislation and/or GAD guidance when they are finally issued. These examples can be found in a PDF document alongside this bulletin.

The LGA recently hosted a webinar detailing their understanding of the exit payment reform and the effects it will have. The slides and video recording of this webinar can be viewed at: <https://www.local.gov.uk/exit-payment-reform-webinar-23-september-2020>

At this time, the examples provided by Hymans and the LGA are for Local Authority (Council workers) and Police and Fire Civilian employers. Further guidance for Academies, Higher Education employers will be distributed when it comes out. It is unclear if these admission bodies are impacted, and we hope MHCLG's guidance will address this.

As a reminder the briefing and consultation documents for "reforming local government exit pay" can be found on: <https://www.gov.uk/government/consultations/reforming-local-government-exit-pay>

Regards, Ian Howe – Pensions Manager

This page is intentionally left blank