



## Report of the Section 151 Officer

Local Pension Board - 1 April 2021

### Exit Cap Regulations Update

<b>Purpose:</b>	To update Local Pension Board on the £95k Exit Cap Regulations disapplied on February 12 <sup>th</sup> 2021
<b>Policy Framework:</b>	LGPS Administration Regulations
<b>Consultation:</b>	Legal, Finance and Access to Services.
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<b>For Information</b>	

- 1 **Background – The £95k Cap**
  - 1.1 The Pension Fund Committee has previously received a report at its Nov 2020 meeting that The legislation implementing the £95k cap on exit payments has now been signed and came into force on 4 November 2020 with the accompanying operational/legislative uncertainty for Administering Authorities. It was reported that the regulations had been subject to legal challenge and judicial review.
  - 1.2 On the 12<sup>th</sup> Feb 2021, HM Treasury published The Exit Payment Directions 2021 which disapplied regulation 3,9, and 12 of the Restriction of Public Sector Exit Payment Regulations 2020. This means that the exit cap does not apply to exits taking place on or after 12<sup>th</sup> Feb 2021. The LGA published guidance notes for Administering Authorities attached at Appendix 1. It should be noted that although the Exit Cap in its original form has been disapplied, the government is committed to introducing an alternative capping mechanism to public sector exit payments ‘at pace’.
  - 1.3 There remains the issue of how to lawfully deal with exits breaching the cap

between Nov 4<sup>th</sup> 2020 and Feb 12<sup>th</sup> 2021. It can be reported that there were no exits breaching the cap between these dates for the City & County of Swansea Pension Fund.

- 1.3 As reported in detail to the Pension Fund Committee in November 202, in parallel, The Ministry of Housing, Communities and Local Government (MHCLG) have opened a consultation seeking views on proposals for further reform on exit payment terms. This consultation is still in progress.

## **2 Legal Implications**

- 2.1 The amended regulations are now in force.

## **3 Financial Implications**

- 3.1 There are no financial implications arising directly from this report.

## **4 Equality and engagement Implications**

- 4.1 There are no equality implications arising from this report

**Background Papers:** None.

**Appendices:** Local Government Association - Exit cap information for LGPS administering authorities