



# Derbyshire Pension Fund

## Local Government Pension Scheme Special Bulletin 2

October 2020

### In this issue:

- Restriction of exit payments
- Estimates
- Further information



## Restriction of exit payments

Following our first [special bulletin](#) this month, we have now received further information from the Local Government Association (LGA).

### Exit cap date confirmed

The legislation ([The Restriction of Public Sector Exit Payments Regulations 2020](#)) which implements the £95k cap on exit payments has been signed and comes into force on **4 November 2020**. We are expecting the guidance and directions to accompany the regulations shortly. These will set out the discretionary waiver process and the position of future exits which are agreed before 4 November.

### Consultation

As noted in our last [bulletin](#), MHCLG (Ministry of Housing, Communities & Local Government) have opened a separate [consultation](#) which closes 9 November 2020. They are seeking views on proposals for further reform to exit payments.

The consultation proposes changes to the LGPS regulations to accommodate the £95k exit payment cap. It also proposes a limit on cash severance payments and for the shortfall cost to be reduced by the value of any statutory redundancy payment made.

The consultation document, draft regulations and statutory guidance are available on the LGA's [scheme consultations](#) page.

### Conflict of regulations

The amendments to the LGPS will not be in place when the £95k cap comes into force on 4 November 2020. [The Local Government Pension Scheme Advisory Board](#) is seeking legal advice regarding the two sets of regulations conflicting during this period.

The LGA has clarified that in the period between 4 November 2020 and the date the LGPS regulations are amended:

- only exits where the cost exceeds the £95k cap will be impacted
- LGPS administering authorities will continue to calculate shortfall costs on a local basis (it is proposed that standard shortfall cost factors provided by the Government Actuary's Department will be introduced following the revised LGPS regulations coming into force)
- the proposals in the MHCLG consultation around limiting cash severance payments and the strain cost being reduced by the value of any statutory redundancy pay will not apply

## Estimates

We have suspended the provision of estimated pension shortfall costs until we have further clarity from MHCLG. If this causes any issues with current workforce planning arrangements, please contact us as soon as possible.

Estimates for redundancy or business efficiency retirements which you have requested for potential retirement dates after 4 November 2020 may no longer be valid under the new legislation.

### Cases already submitted

For cases where you have already submitted a leaver notification to us for redundancy or business efficiency effective on or after 4 November 2020, we will need confirmation if the retirement is in scope of The Restriction of Public Sector Exit Payments Regulations 2020 before we can process the case.

## Further information

Our fund actuary's [briefing note](#) and [summary](#) provided in the last bulletin were updated on 07 October 2020.

**If you have any queries about the information provided in this Bulletin,  
or about the LGPS in general, please contact us at:**

**Derbyshire Pension Fund, County Hall, Matlock, DE4 3AH**

**Tel: 01629 538862**

**Email: [pensions.regs@derbyshire.gov.uk](mailto:pensions.regs@derbyshire.gov.uk)**

**Website: [www.derbyshirepensionfund.org.uk](http://www.derbyshirepensionfund.org.uk)**

