

LOCAL GOVERNMENT 2020 Pensions Bulletin



Issue 13
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Notice of a consultation: Reforming local government exit pay:

Changes proposed – please read the consultation

I wish to bring it to your attention that last week MHCLG issued a consultation called 'Reforming local government exit pay'.

The consultation seeks views on proposed changes to the LGPS and compensation regulations in England and Wales to introduce the exit payment cap and further reform of exit payments.

The briefing and consultation documents can be found on:

<https://www.gov.uk/government/consultations/reforming-local-government-exit-pay>

The consultation will close on 9 November 2020 should you intend to submit a response.

A brief summary of the proposed consultation that our actuaries Hymans have produced can be found at the following link:

https://www.hymans.co.uk/media/uploads/LGPS_exit_payment_cap_consultation.pdf

Whilst this is only at the consultation stage it is hard to clearly predict the precise impact – However, if you are a Fund employer impacted by the proposed changes, please note that if you are currently doing any staff reduction exercises that will run into next year (2021) you may wish to bring this forward as any quotes done in this calendar year (2020), where the retirement may not occur until after these new Regulations take place may be invalidated with the benefits requiring revision due to the impact of this consultation. You may wish to reconsider cases where pension figures have already been provided.

Regards, Ian Howe – Pensions Manager