



Dorset County Pension Fund Employer

Telephone: 01305 224845

We welcome calls via text Relay

Email: pensionshelpline@dorsetcouncil.gov.uk

Website: www.dorsetpensionfund.org

Date: 11 November 2020

Dear Dorset County Pension Fund Employer,

DORSET COUNTY PENSION FUND (DCPF) INTERIM POLICY FOR EXIT PAYMENT CAP

This policy is for redundancy and business efficiency exits that occur from 4 November 2020 until revised LGPS regulations are in place. It applies to exits of **LGPS members who are aged 55 or over and who are in breach of the Restriction of Public Exit Payments Regulations 2020, commonly known as the Exit Cap.**

There is currently a conflict between the exit cap and LGPS regulations where the cap is breached. The LGPS regulations require the member to take payment of an unreduced pension, but the exit cap regulations prevent the employer from paying the full strain cost.

The DCPF have carefully considered the legal advice provided and have prepared the following policy decision in line with advice from the Scheme Advisory Board (SAB) and the letter from Luke Hall of MHCLG on 28 October 2020.

The DCPF will provide the option of either a deferred pension under regulation 6(1) or an immediate reduced pension under regulation 30(5), in line with the Government's recommendations during this interim period until the LGPS scheme regulations have been amended.

Employers should be aware that offering a deferred or reduced pension will inevitably lead to challenge by the member, who would seek to enforce their rights under regulation 30(7). There does not however appear to be any course of action that might avoid a legal challenge or leave the employer with additional costs. Clarity for both administering authorities and employers is likely only to come once a challenge has been resolved through the courts.

Any financial redress due to the member would have to follow the outcome of any court ruling.

If employers have members who will be affected by the exit cap, it is essential that DCPF are informed, however it is each employer's decision **regarding the breaching of the cap as those regulations apply to the employer alone and any sanctions for a breach will be on the employer alone.**

Yours faithfully,

Mrs Karen Gibson
Service Manager for Pensions
Dorset County Pension Fund