

REPORT OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

TRAINING - £95k EXIT CAP Pensions Committee 14th January 2021	Classification PUBLIC	Enclosures None
	Ward(s) affected ALL	AGENDA ITEM NO. 4

1. INTRODUCTION

- 1.1 The purpose of this report is to introduce the training to be provided to be provided to the Committee in respect of the recently introduced £95k Exit Cap across the public sector. The training will be provided by the Fund's Benefits and Governance Advisors, Aon.

2. RECOMMENDATIONS

- 2.1 The Pensions Committee is recommended to note the report.

3. RELATED DECISIONS

None

4. COMMENTS OF THE GROUP DIRECTOR OF FINANCE & CORPORATE RESOURCES

- 4.1 The Pensions Committee acts as Scheme Manager for the London Borough of Hackney Pension Fund and is responsible for ensuring the effective and efficient running of the Pension Fund.
- 4.2 The training session to be provided at this meeting in respect of the £95k exit cap is being provided as information to members of the Committee in order that they can understand potential issues and risks arising from the introduction of the cap, particularly as the LGPS Regulations are still to be amended to allow for the introduction of the Cap as set out in the Restriction of Public Sector Exit Payments Regulations 2020.
- 4.3 There are no immediate financial implications arising from this report.

5. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE

- 5.1 The Council's Constitution gives the Pensions Committee responsibility for a wide range of functions relating to management of the Council's Pension fund. In carrying out those functions the Committee must have regard to the various legislative obligations imposed on the Council as the Fund's Administering Authority, particularly by the Local Government Pension Scheme (LGPS) Regulations 2013.

5.2 This training provides the Committee with knowledge and understanding of recent regulatory changes and the risks and issues currently faced by the Fund in respect of exit payments and pensions releases..

6. BACKGROUND/TEXT OF THE REPORT

6.1 In November 2020, the government finally introduced into law the £95k exit cap via the passing of the Restriction of Public Sector Exit Payments Regulations 2020. These regulations had been long-awaited and subject to various consultations since they were first provided for within the Small Business Enterprise and Employment Act 2015.

6.2 Unfortunately the corresponding regulations required to bring the LGPS regulations into line with these are only at the end of consultation stage and the response from MHCLG is still awaited.

6.3 At present, this situation means that the exit cap regulations conflict with current LGPS regulations, particularly in respect of the release of pensions benefits for any member of the fund that is made redundant once they are aged 55 or over but before their normal retirement age.

6.4 This conflict of regulations brings a number of issues and potential risks to the administration of the Fund and these will be outlined and explained in the training session to be delivered by the Funds Benefits and Governance Consultants.

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