

SOUTHWARK SCHOOLS HUMAN RESOURCES

Public Sector Exit Payments - £95K cap revoked – 12th February 2021

The government has issued the [Exit Payment Cap Directions 2021](#), which dis-apply parts of the Restriction of Public Sector Exit Payments Regulations 2020 in England with immediate effect. The Directions dis-apply Regulation 3, which places a £95,000 cap on public sector exit payments.

On this basis, the exit cap no longer applies in England with effect from 12 February 2021.

For exits from 12 February 2021, LGPS administering authorities must pay qualifying scheme members an unreduced pension under Regulation 30(7) of the LGPS 2013 regulations. Scheme employers will be required to pay full strain costs in relation to those unreduced benefits, as notified by their administering authority. Employers should not make cash alternative payments to either the scheme member or the administering authority.

HM Treasury has issued [guidance on the Directions](#). The guidance sets out HM Treasury's expectation that employers should pay the additional sums that would be paid had the cap not applied for employees who left between 4 November 2020 and 12 February 2021.

The accompanying Guidance Notes provide:

"2.1 If you have been directly affected by the cap whilst it was in force, you should request from your former employer the amount you would have received had the cap not been in place by contacting your employer directly. Employers are encouraged to pay to any former employees to whom the cap was applied the additional sums that would have paid but for the cap."

Further information will be issued, as soon as available.