| Date: | 4 February 2021 | **Northamptonshire** |
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Dear Sir/Madam

**Consultation Response – Reforming Local Government Exit Pay**

**The draft Local Government Pension Scheme (Restriction of Exit Payments) (Early Termination of Employment) (Discretionary Compensation and Exit Payments) (England and Wales) Regulations 2020**

Following the response submitted in relation to the policy aspect of the consultation on the reform of exit payments in local government launched on 7 September 2020 this response represents the comments of the administering authority, Northamptonshire County Council, in respect of Northamptonshire Pension Fund on the above draft Regulations that were published on 14 October 2020.

**Regulation 1**

The wording “*“relevant Scheme member” means a member of the Local Government Pension Scheme constituted by the 2013 Regulations who is employed by an employing authority”* doesnot specify that this is only an active member. Assuming that this is the intention this needs to be specified or alternatively appropriate clarification of the application to those that are not active members would be required.

**Regulations 2, 3 and 4**

As drafted the provisions set out in Regulations 3 and 4, whereby individuals affected by the Restriction of Public Sector Exit Payments Regulations 2020 may make payments to offset the early payment reduction that would otherwise apply to their LGPS benefits, have differing election deadlines. Additionally, neither Regulation addresses the individual being able to make up the reduction under Regulation 2 from their own resources.

The differing deadlines would introduce unnecessary complexity to processes and a single aligned deadline consistent with the longer one proposed in Regulation 4(2) would be preferable in order to simplify communication of options and the associated administration as well as allowing individuals sufficient time to consider their options and make informed decisions.

Such an alignment would enable the Regulation 3 and 4 provisions to be combined into a single regulation; the provision to make up the reduction under Regulation 2 should also be added in order to deliver the intention as expressed in the fourth bullet point in section 4.5 of the September 2020 consultation paper.

**Regulation 9**

The timing of a decision to pay compensation under Regulation 9(2) being “no later than three months before the termination date” was queried in the earlier response on the policy aspect of the consultation. It remains unclear whether this timing is the intention and along with the reference in 9(3) implying that payment would be made “as soon as reasonably practicable after the decision” confuses matters as it suggests payment might be made before employment has terminated.

Clarity over the timeframes for decisions and payment is required.

**Regulation 10**

The provisions of Regulation 10 should be framed in such a way so as to make specific amendments to the Local Government Pension Scheme Regulations 2013 rather than introducing retirement provisions into the compensation regulations in order to avoid unintended consequences.

A clear default position that applies if a member fails to make a decision regarding immediate payment of benefits should be specified.

Clarity is required over how the proposals would affect retirements under regulation 30(5) of the 2013 Regulations where the employer chooses to waive some or all of the actuarial reduction under regulation 30(8).

**Regulation 11**

It would be prudent to include a timeframe within which each employing authority must formulate and publish their policy under Regulation 11(1), by reference to the introduction of the Regulations or the employing authority first becoming subject to the Regulations if later.

**Regulation 14**

The ‘Savings’ under Schedule 2 to The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 are still required in order to appropriately administer payments in relation to those awarded Compensatory Added Years under former compensation regulations and their survivors.

**Regulation 15**

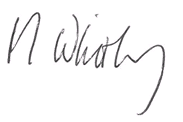
While a transition period is welcomed, it is understood that the proposed wording does not deliver what is believed to be the intention, i.e. that:

* an employing authority may pay discretionary compensation under their current policy (and subject to regulation 3 of the 2020 Regulations) without applying the new limits set out in regulation 9, and
* there would be no requirement to reduce the strain cost by the Statutory Redundancy Payment as required by regulation 2.

This is because, as drafted, Regulation 15 would not disapply the limits imposed by Regulations 8 and 9 and would also perpetuate the currently unresolved conflict that exist between the LGPS Regulations 2013 and the Restriction of Public Sector Exit Payments Regulations 2020.

The transitional provision should be reconsidered and drafted in a way that reflects what is believed to be the intention and that provides the ability to award partially reduced benefits in cases where breaching the £95k cap would otherwise be an issue.

Yours sincerely

  
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Head of Pensions