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Revocation of the £95k cap – Sent 15th February 2021

Dear Colleague,

The Government announced on Friday 12 February that the £95k cap should be treated as if it never applied:

'After extensive review of the application of the Cap, the Government has concluded that the Cap may have had unintended consequences and the [2020] Regulations should be revoked. HMT Directions have been published that disapply the Cap until the Regulations have been revoked.'

<https://www.gov.uk/government/publications/guidance-on-public-sector-exit-payments>

This means that **for exits from 12 February 2021**, an unreduced pension will be paid to a scheme member leaving on redundancy or business efficiency grounds and Scheme employers will be required to pay full strain costs in relation to those unreduced benefits, as per the current LGPS regulations.

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. However, Hampshire Pensions have not processed any actual redundancies which breached the cap in this period so this information is being included for information only.

Kind regards,