



Ministry of Housing,  
Communities &  
Local Government

Chief Executives  
Councils and LGPS Administering Authorities

04 March 2021

Dear Chief Executive,

On 12 February 2021, The Chancellor of the Exchequer determined that the Restriction of Public Sector Exit Payments Regulations 2020 Regulations should be withdrawn. After extensive review of the application of the Cap, the Government has concluded that the Cap may have had unintended consequences. On 25 February the necessary legislation was laid in Parliament to revoke the Restriction of Public Sector Exit Payments Regulations 2020 (the Restriction of Public Sector Exit Payments (Revocation) Regulations 2021).

As such, the letter from Luke Hall MP of 28 October 2020 to all Councils and LGPS Administering Authorities concerning the implementation of the Restriction of Public Sector Exit Payments Regulations 2020 is now no longer applicable and is hereby withdrawn.

The policy consultation that MHCLG launched in September 2020 on Reforming Local Government Exit Pay is now considered closed.<sup>1</sup> There will be no further changes made to Local Government pensions or redundancy terms without a further, separate consultation.

The revoking regulations include a provision that requires relevant public authorities to pay to former employees or the relevant pension fund all sums that were not paid as a result of the application of the 2020 Regulations. In doing so, there may need to be co-operation between former employees, scheme employers and the appropriate pensions administrators to enable the employee's pension entitlements to be adjusted accordingly. We will issue further guidance on this in due course. If you have any questions, please do not hesitate to contact [jeremy.hughes@communities.gov.uk](mailto:jeremy.hughes@communities.gov.uk).

**Suzanne Clarke**  
**(Deputy Director, Local Government Finance)**

---

<sup>1</sup> <https://www.gov.uk/government/consultations/reforming-local-government-exit-pay>