

# **Scheme changes for Employers**

Further to [Employer Bulletin 7; Scheme Changes for Employers](#), we are pleased to confirm that we have now received guidance from Central Government which covers this as well as other minor scheme amendments.

Please see the following extracts relevant to the scheme changes from Bulletin 7, but please note that we are still awaiting separate guidance regarding access to the LGPS for elected members.

## **Compulsory pension contributions during first 14 days of authorised unpaid absence**

### **Description of change**

Pension contributions are compulsory in a period of authorised unpaid leave of less than 15 days that starts on 1 April 2026 or later.

### **Effective date of the change**

1 April 2026

Transitional arrangements set out in regulation 4(2) of the 2026 Amendment Regulations mean that these changes only affect a period of authorised unpaid leave that starts after 31 March 2026. The existing rules continue to apply to a period of authorised unpaid leave that started before 1 April 2026.

### **Impact of the change**

Pension contributions are compulsory in a period of authorised unpaid leave of less than 15 days that starts on 1 April 2026 or later. The 15 days are calendar days. There is no adjustment for working days or in respect of members who work part time when working out whether an unpaid break is less than 15 days. Members will no longer need to apply to buy back pension lost during a short authorised unpaid break.

This change does not apply to a period in which the member is unpaid because of a trade dispute (strike).

The compulsory contributions are based on 'lost pensionable pay'. This is the pay the member would have received if they had been at work receiving their 'normal' pay instead of taking unpaid leave. 'Normal' pay is based on the member's contractual pay. Unlike Assumed Pensionable Pay (APP), it is not increased because of non-contractual payments the member received in the past, such as pay for non-contractual overtime.

Lost pensionable pay does not replace a member's actual pensionable pay. If a member receives some pensionable pay during a period of authorised unpaid leave, the actual pensionable pay and lost pensionable pay should be added together to find the cumulative pensionable pay for the period. This could happen if the member is paid a bonus or arrears of pay following a pay award while they are on unpaid leave.

Employer contributions are based on the primary percentage increased or reduced by any secondary rate adjustment specified for that employer for the year in which the leave was taken.

Member contributions are based on their normal contribution rate. If the member was paying reduced contributions immediately before the unpaid period because they had elected to join the 50/50 section of the scheme, the reduced rate also applies when working out the compulsory pension contributions the member must pay in respect of the unpaid period.

A pay reduction because of unpaid leave is ignored when allocating the member to the correct contribution band. These amendments do not change that provision.

This change means that contributions may be compulsory where an employee has purchased additional annual leave. This would be the case if the purchased leave is treated as unpaid leave by the employer. Members who participate in such a scheme will no longer have to arrange an Additional Pension Contribution (APC) contract to buy back the pension they have 'lost' during the extra leave. It is our understanding that most schemes of this type are paid for by a reduction to the member's pay

spread out over the year. From 1 April 2026, this reduction should not reduce the member's pensionable pay.

Annual leave purchase schemes that operate in a different way, such as by reducing the member's contractual working time will not be affected by this change.

## **'Problem' cases**

There will be occasions when the regulations are not correctly applied when a member takes an authorised period of leave of less than 15 days. This section includes a couple of examples of when this might happen:

**Payroll not informed about the absence:** The member and employer will pay LGPS contributions as normal on the full pay the member receives. The employer will need to make an adjustment in a future pay period to reflect the unpaid absence. It is important that the adjustment does not reduce the member or employer pension contributions or the pensionable pay reported for that future pay period.

**Length of absence changes:** It is important that the most recent and full information is recorded on payroll so that any unpaid absence is treated correctly for pension purposes. For example, it will be necessary to consider the full length of the authorised break, not just the part of it that falls into a particular pay period when assessing whether compulsory contributions are payable or not. If an absence was planned to last for more than 14 days, but reduces when circumstances change, an adjustment may be needed if the unpaid break ends up being less than 15 days.

Example 1 – unpaid period reduced to less than 15 days

A monthly paid member was granted unpaid leave from 8 to 28 June 2026 and payroll were informed. The member's pay was reduced because of the unpaid period. Because that period is more than 14 days, no pension contributions were deducted.

The member returns to work early from the unpaid period on 17 June 2026, but it is too late to make any changes to the June payroll. An adjustment must be made in the next pay period to:

- account for the shorter unpaid absence in the member's pay, and
- deduct compulsory pension contributions from the 'lost' pay because the absence was less than 15 days.

**Not enough pay to deduct contributions:** there will be some occasions when it will not be possible to deduct the compulsory contributions in the pay period that the absence occurs. This might happen if the member is paid weekly, or if the unpaid leave is immediately after a different unpaid period such as unpaid sickness absence or unpaid maternity leave. Employers must have a process in place to ensure that the compulsory contributions are deducted and paid to the administering authority as soon as possible after the unpaid break occurs.

## **Reporting requirements**

Employers must include lost pensionable pay, and employer and member contributions paid in respect of the lost pensionable pay when they submit data to the administering authority. Pensionable pay and member contributions for a member in the 50/50 section must be reported separately from pay and contributions in the main section.

The administering authority will not need to distinguish the lost pensionable pay from the pensionable pay the member actually received. There should be no need for employers to submit any additional data to the administering authority when a member takes authorised unpaid leave of less than 15 days.

## **Member benefits**

The lost pensionable pay will be included in the pay used to work out the pension the member builds up in the CARE scheme. There is no difference between the pension built up based on the pensionable pay the member received and the pension built up based on lost pay.

Taking leave of this type does not affect the calculation of final pay. If a member with final salary benefits or underpin protection took authorised unpaid leave of less than 15 days in the final pay period, there is no adjustment to the final pay calculation. Final pay is calculated as if the member had been at work receiving their normal pay.

An absence of this type does not affect a member's protection under the 85-year rule. The unpaid period is included when working out the individual's calendar length of membership.

## **Qualifying additional pension arrangements (QAPAs): authorised unpaid leave over 14 days**

### **Description of change**

A new type of arrangement to buy back pension 'lost' in a period of authorised unpaid leave is introduced. These arrangements are known as qualifying additional pension arrangements or QAPAs. The cost of a QAPA and the pension purchased through a QAPA are different from those associated with existing Additional Pension Contribution contracts.

### **Effective date of the change**

1 April 2026

Transitional arrangements set out in regulation 6(3) and 8(2) of the 2026 Amendment Regulations mean that these changes only apply to periods of authorised leave of over 14 days that started after 31 March 2026. The existing rules continue to apply to authorised breaks that started before 1 April 2026.

### **Impact of the change**

Qualifying Additional Pension Arrangements (QAPAs) are introduced to the regulations. A QAPA is an arrangement to buy back pension lost during an authorised absence. An arrangement is a QAPA if:

- the continuous unpaid absence with permission lasted more than 14 days
- the absence was not due to illness, injury, child-related leave or reserve forces leave
- the member elects to pay additional pension contributions to cover all or part of the unpaid absence
- the member makes that election while they are in the same employment they were in when they were absent and within a year of returning to work after the absence
- the employer may allow a longer period for the member to make an election.

The period of absence that a QAPA relates is known the 'qualifying period of absence'.

The additional pension credited to a member with a QAPA is 'qualifying additional pension'.

The 14 days are calendar days. There is no adjustment for working days or in respect of members who work part time when working out whether an unpaid break is more than 14 days.

If an authorised unpaid absence lasts longer than 14 days, no compulsory contributions should be deducted. The member can choose whether to pay contributions to cover the period. The rules that apply when an authorised absence is less than 15 days do not apply to the first 14 days of a longer absence.

Employers and members contribute to the cost of a QAPA:

- the member pays the contributions they would have paid if they had not been absent. The member will pay the reduced rate if they were in the 50/50 section immediately before the absence and they have not moved back to the main section in accordance with regulation 10(3) or (5) of the 2013 Regulations
- the employer pays the contributions they would have paid if the member had not been absent.

Employer contributions are based on the primary percentage increased or reduced by any secondary rate adjustment specified for that employer for the year in which the leave was taken.

Member contributions are based on their normal contribution rate. A pay reduction because of unpaid leave is ignored when allocating the member to the correct contribution band.

Employer contributions to a QAPA are compulsory if the authorised absence is less than or equal to three years. Employer contributions are compulsory for the first three years of an absence of more than three years. The employer may choose to contribute to the cost of buying back the pension lost in the unpaid period after the first three years. If the employer does not contribute to the cost of covering an unpaid break in excess of three years, the member may meet the cost. The arrangement is still a QAPA and the cost is the total member and employer contributions for the period.

The QAPA arrangement must specify how much pension will be credited to the active pension account. This is:

- if the member is in the 50/50 section, 1/98th of the pensionable pay they would have received if they had been at work receiving their normal pay during the qualifying period of absence
- otherwise, 1/49th of the pensionable pay they would have received if they had been at work receiving their normal pay during the qualifying period of absence.

'Normal pay' is the member's contractual pay.

If the QAPA is paid by regular contributions, the arrangement must also specify the amount of extra contribution to be paid each Scheme year and the additional pension to be credited at the end of each Scheme year.

Some of the rules that apply to an APC arrangement will also apply to a QAPA:

- the regulations allow the contributions to be paid as a lump sum or by regular contributions over a year or multiple years

- if the QAPA is paid by regular contributions, the contract must end before the member's normal pension age (NPA). A member over NPA or within a year of reaching their NPA can only pay by lump sum
- the member may make a direct payment to the administering authority if the QAPA is paid by lump sum. This may happen if:
  - they may not pay by regular contributions and they do not earn enough for the contributions to be deducted in a single pay period, or
  - the member is not returning to work after an authorised absence. In this circumstance, the member must make their election before their last day of Scheme membership.

The member may elect to start a QAPA to cover part of an authorised period absence. If they do so, they may start a further arrangement to cover the remaining portion of the absence, or part of the remaining portion of the absence. The new arrangement will also be a QAPA if the member makes their election while they are in the same employment and within a year of returning to work, or within a longer period allowed by the employer.

## **Employer responsibilities**

There is no change to the way an authorised period of unpaid leave of more than 14 days should be treated by payroll: no pension contributions are deducted in respect of the unpaid period.

Members will no longer be able to use the calculator on the member website to work out the cost of covering the unpaid period for pension purposes. The employer may need additional information from payroll to be able to advise the member of their options.

Employers will need to advise their members of their pension options when they take an authorised period of unpaid leave. Employers should already have a process in place for such cases. They should review that process in the light of the introduction of QAPAs. Some employers supply all members who take unpaid leave with a calculation of the cost of covering the period for pension purposes. Others will only provide this information on request. For periods of authorised unpaid leave that

started after 31 March 2026, this will only be required for absences of 15 days or more. The employer should tell the member:

- dates of the unpaid break
- the member cost to cover the unpaid period
- the cost per pay period if the member chose to pay by regular contributions over a year (or two years, three years etc where the amount is large)
- the additional pension the member would be entitled to if they make the payments, and the additional pension to be credited each Scheme year if paying by regular contributions.

If the member elects to enter into a QAPA, the employer will need to share this information with the administering authority. In addition, they will need to tell the administering authority:

- the employer contributions payable
- if paying by lump sum, when that will be paid
- if paying by regular contributions, pay frequency, member and employer contributions per pay period and the length of the contract

The LGA will assist employers by providing a basic calculator for working out the employer and member cost in the coming weeks and template communications for members and administering authorities. Employers will need to communicate with their payroll departments about how they will exchange information and who is responsible for what part of the process.

## **Member benefits**

The pension a member buys through a QAPA mirrors the pension they would have built up if they had been at work receiving their normal pay instead of taking unpaid leave. This means:

- if the arrangement is being paid by regular contributions and the member retires with a tier 1 or 2 ill health pension before all the contributions have

been paid, the QAPA is deemed to have been completed (the same applies to all APC contracts)

- the qualifying additional pension is not reduced if the member retires on redundancy or efficiency grounds before Normal Pension Age
- if the arrangement is being paid by regular contributions and the member dies as an active member before all the contributions have been paid, the QAPA is deemed to have been completed
- the qualifying additional pension is included when working out any survivor pension that becomes payable.

The proportion of the qualifying additional pension (QAP) that is included in a survivor's pension is:

<b>Survivor</b>	<b>Proportion of QAP</b>
Partner of an active, deferred, deferred pensioner or pensioner member	$49/160 = 30.625\%$ *
Child of active, deferred, deferred pensioner or pensioner member (one child)	$49/320 = 15.3125\%$
Child of active, deferred, deferred pensioner or pensioner member (more than one child)	$49/160 = 30.625\%$ split equally between the children
Child of active, deferred, deferred pensioner or pensioner member and no partner's pension paid (one child)	$49/240 = 20.4167\%$
Child of active, deferred, deferred pensioner or pensioner member and no partner's pension paid (more than one child)	$49/120 = 40.8333\%$ split equally between the children

\* SI 2026/226 incorrectly includes a proportion of 49/320 for partners of deferred or deferred pensioner members. MHCLG has confirmed that it will correct this to 49/160 when the legislative timetable allows. In the unlikely event that a case arises

before the correction has been made, we recommend that the administering authority bases the calculation on the correct proportion: 49/160.

## **Additional information and problem cases**

- An arrangement to buy back pension 'lost' during an absence due to trade dispute (strike) is not a QAPA.
- The current rules will continue to apply if a member is buying back the pension 'lost' during a strike break, an authorised absence that started before 1 April 2026 or an authorised absence that started after 31 March 2026 if the member does not make their election within the period allowed for a QAPA. This will be the case if the member makes their election:
  - after they have left the employment they were in when they took the unpaid leave
  - more than a year after returning to work after the unpaid period
  - after a longer deadline allowed by the employer. Members and employers can continue to use the [Buy lost pension calculator](#) on the [LGPS member website](#) in these circumstances.
- An administering authority cannot ask for a medical report before allowing a member to start a QAPA. They may continue to require such a report before the member starts another type of Additional Pension Contributions (APC) arrangement.

There will be occasions when an authorised break is expected to last for less than 15 days, but is extended.

### Example 2 – break extended to over 14 days

An employer consents to an unpaid break from 9 to 21 July 2026. Payroll is informed and the member's pay is adjusted to account for the unpaid break. As the break is less than 15 days, compulsory employer and member pension contributions are deducted from the lost pensionable pay.

Due to unforeseen circumstances, the unpaid break is extended to 25 July 2026. The extra leave is also authorised, but it was confirmed too late to make changes to the July payroll.

As the unpaid break was longer than 14 days, pension contributions are optional. In accordance with the regulations, member and employer contributions on the lost pensionable pay should be refunded. The member would have the choice about whether to start a QAPA to cover the whole unpaid period.

If the member indicates that they want to pay pension contributions to cover the unpaid period, we anticipate that some employers may take a pragmatic approach. It would be possible to take the deduct contributions in respect of the additional unpaid period, instead of reversing the contributions already deducted from the lost pay. This would put the member in the position they would have been in had they set up a QAPA instead. We expect such instances to be rare.

## **APP to apply to unpaid additional elements of adoption/maternity/shared parental leave; change in the definition of child-related leave**

### **Description of change**

Child-related leave includes unpaid shared parental leave, unpaid additional maternity leave and unpaid adoption leave from 1 April 2026.

### **Effective date of the change**

1 April 2026

Transitional arrangements set out in regulations 5(2), 7(2) and 32(2) of the 2026 Amendment Regulations mean that these changes only apply to relevant unpaid periods that start after 31 March 2026. The existing rules continue to apply to a period of unpaid additional maternity leave, unpaid additional adoption leave and unpaid shared parental leave that started before 1 April 2026.

If shared parental leave is taken in separate blocks, the date that an individual continuous period of unpaid shared parental leave starts is used to assess whether the new rules apply.

## Impact of the change

Assumed pensionable pay (APP) applies during a period of child-related leave. So APP will apply during the following types of leave, if the unpaid period starts on or after 1 April 2026:

- unpaid additional maternity leave
- unpaid additional adoption leave
- unpaid shared parental leave.

APP will apply during these periods in the same way as it applies during any current period of child-related leave:

- the member pays contributions on any pay that they receive
- the employer pays contributions on APP
- the employer reports APP as the member's pensionable pay to the administering authority for the period.

This does introduce a new circumstance in which a member in the 50/50 section must move to the main section. A member in the 50/50 section moves to the main section at the beginning of the pay period after the day they go onto no pay during child-related leave.

### Example 3 – 50/50 membership and child-related leave

A member started maternity leave on 13 July 2025 and was entitled to statutory maternity pay (SMP). They were in the 50/50 section of the LGPS immediately before their maternity leave started:

13/07/2025 to 10/01/2026: 26 weeks of ordinary maternity leave (paid)

11/01/2026 to 11/04/2026: 13 weeks of paid additional maternity leave (SMP paid)

12/04/2026 to 12/07/2026: unpaid additional maternity leave

APP applies throughout the year of maternity leave because the unpaid period starts after 1 April 2026. The member remains in the 50/50 section while they are receiving some pay. However, after moving on to nil pay, they must switch to the main section. This happens at the beginning of the pay period after the unpaid

period starts. In this example, if the member was paid monthly, they would join the main section from 1 May 2026.

#### Example 4 – 50/50 if no SMP/SAP paid

The position would be different if the member in Example 1 was not entitled to SMP (because their earnings were too low, or they had been employed for less than 26 weeks when their maternity leave started):

13/07/2025 to 23/08/2025: 6 weeks paid ordinary maternity leave

24/08/2025 to 10/01/2026: unpaid ordinary maternity leave

11/01/2026 to 12/07/2026: unpaid additional maternity leave

APP applies during the ordinary maternity leave, 13 July 2025 to 10 January 2026. APP **does not apply** during unpaid additional maternity leave because this started before 1 April 2026. The member would have the option to pay additional contributions to buy the 'lost' pension under the pre-April 2026 rules.

If the member was in the 50/50 section immediately before the maternity leave started, they should have moved to the main section from 1 September 2025, the start of the month after the unpaid ordinary maternity leave started.

#### Example 5 – blocks of shared parental leave

A monthly paid member takes shared parental leave in three blocks. Some of the leave is paid, some is unpaid:

Period 1: 20/01/2026 to 19/02/2026 – paid

Period 2: 20/03/2026 to 04/04/2026 – paid, 05/04/2026 to 19/04/2026 – unpaid

Period 3: 20/05/2026 to 19/06/2026 – unpaid

APP applies during period 1 because the member was paid throughout that period. APP also applies during the whole of period 2. Although that period started before 1 April 2026, the unpaid part started on 5 April 2026 and so the new rules apply. APP applies during period 3 under the new rules.

As the member was monthly paid, if they were in the 50/50 section, they would move to the main section on 1 June 2026. Although the member had an earlier unpaid period, 5 to 19 April 2026, they were not unpaid at the beginning of the next pay period and so they did not change section.

## **Reporting requirements**

It will no longer be necessary to distinguish between paid and unpaid periods of additional maternity leave, additional adoption leave and shared parental leave. Some administering authorities may ask employers to report this information at the start of a period of this type of leave. Administering authorities will need to review any breaks already recorded to ensure they are consistent with the new rules.

Administering authorities should also review their processes and instructions to employers to ensure they are gathering the necessary information.

## **Employer responsibilities**

Employers must ensure that APP is applied during periods of unpaid additional maternity leave, unpaid additional adoption leave and unpaid shared parental leave that starts after 31 March 2026. They should report APP to the administering authority for this period, and deduct employer contributions based on APP.

Employers should review and update their processes to ensure that a member who is in the 50/50 section is moved to the main section if they start unpaid shared parental leave, unpaid additional maternity leave or unpaid adoption leave after 31 March 2026. This only applies if they are still unpaid at the start of the pay period after the nil pay period starts.

Employers may also wish to review the position for any members who have already started a period of maternity, adoption or shared parental leave. APP may now apply to their unpaid periods of leave. We recommend that employers contact members affected to let them know that the pension position for any relevant unpaid period has changed.

# **Change in the definition of paternity leave**

## **Description of change**

The definition of paternity leave in the 2013 Regulations is changed to refer to Section 80A or 80B of the Employment Rights Act 1996 instead of the Paternity and Adoption Leave Regulations 2002.

## **Effective date of the change**

1 April 2026

However, the change will only have an effect once [The Bereaved Partner's Paternity Leave Regulations 2026](#) come into force on 6 April 2026.

## **Impact of the change**

Paternity leave is included in the definition of child-related leave in Schedule 1 of the 2013 Regulations. Therefore, assumed pensionable pay (APP) applies during paternity leave, which is usually limited to two weeks.

The right to take bereaved partner's paternity leave of up to 52 weeks is introduced from 6 April 2026. This type of leave will be available in certain circumstances to the partner of a child's primary carer when that primary carer dies after 5 April 2026 and within one year of a child's birth or adoption.

Bereaved partner's paternity leave is a type of paternity leave. It includes same-sex partners. APP will therefore apply throughout any period of leave of this type, whether the period is paid or unpaid.

APP will apply during these periods in the same way as it applies during any other period of child-related leave:

- the member pays contributions on any pay that they receive
- the employer pays contributions on APP
- the employer reports APP as the member's pensionable pay to the administering authority for the period.

Under the current rules, some members who are in the 50/50 section immediately before they start paternity leave are moved to the main section. This would happen if some or all of the paternity leave was unpaid and the unpaid part spanned two pay periods.

Members in the 50/50 section immediately before they take a period of bereaved partner's paternity leave should move to the main section if the leave is unpaid. They should join the main section from the start of the pay period after the date they go onto nil pay.

## **Access to LGPS for Elected Members**

We are still awaiting guidance around elected members having access to LGPS from 11 May 2026 and will pass this on as soon as we have it.