

Authorised unpaid leave under 15 days – from 1 April 2026



Important note: If authorised unpaid leave began before 1 April 2026, refer to the employer toolkit article 'Authorised unpaid leave prior to 1 April 2026'.

Following the Government's Access and Fairness Consultation (May 2025), changes to the LGPS regulations take effect from 1 April 2026. These changes aim to improve fairness and consistency across the scheme and will affect both pension funds and employing authorities. This update outlines the actions employers must take to ensure compliance.

Description of change

Pension contributions are now compulsory for periods of authorised unpaid leave of less than 15 calendar days that start on or after 1 April 2026.

Effective date of the change - 1st 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.

Employer responsibilities and 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 East Sussex Pension Fund. 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.

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

These breaks should not come through as unpaid on i-Connect or they will be recorded as a service break.

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.

Additional information and ‘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 East Sussex Pension Fund as soon as possible after the unpaid break occurs.

Absence due to authorised unpaid leave – Forms for employer to complete

- Send form LGPS 5B to notify the Fund that the employee has started a period of authorised unpaid leave.

Standard version - [LGPS 5B - Notification of amendments form \(eastsussexpensionfund.org\)](https://eastsussexpensionfund.org/LGPS-5B-Notification-of-amendments-form)

Editable version - [LGPS 5B - Notification of amendments form \(eastsussexpensionfund.org\)](https://eastsussexpensionfund.org/LGPS-5B-Notification-of-amendments-form)

- Send form LGPS 5B again to notify the Fund when the employee returns to work.

Other information

LGPS member website – [If you are away from work](#)

LGPS bulletin 276 – Access and Fairness – [LGPS bulletin 276](#)

Further support

Email: employer.engagement@eastsussex.gov.uk

This factsheet is one of a series produced to support employers with processing key tasks.

You can view the full employer toolkit at:

[Employer Toolkit | East Sussex Pension Fund](#)