

Local Government Pension Scheme  
**Scheme Advisory Board**

Teresa Clay  
Local Government Pensions  
Ministry of Housing, Communities and Local Government  
Fry Building  
2 Marsham Street  
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13 August 2024

Dear Teresa

**Shared Cost Additional Pension Contributions (SCAPC)**

As agreed at the Board's last meeting, I am writing about an issue identified by our Gender Pensions Gap working group.

As you will know, the LGPS regulations in England and Wales (in particular Regulations 15(5) and 16(16)) allow a member to buy 'lost' pension if they have taken a period of authorised unpaid leave. Examples of authorised unpaid leave include periods of unpaid additional maternity or adoption leave, unpaid parental bereavement leave and unpaid carer's leave.

The current process is that a member has to elect proactively to buy lost pension within 30 days of returning to work, but employers are not required to notify members of this entitlement and not all do so. If the member is interested in buying the lost pension, they are directed to the [members' website](#) where there is a "buy lost pension" calculator. The calculator allows them to calculate the cost and complete an application form, which must be sent to their employer for approval. In most cases, a separate election is required for each period of unpaid leave.

These provisions are not well understood and are cumbersome to implement in practice. They particularly impact on those with caring responsibilities who may take occasional days or weeks as authorised unpaid leave. This is particularly true in the education sector where the option to take annual leave at short notice is not available. This means it is predominantly female scheme members who find themselves at a disadvantage.

The Board also noted that in some circumstances the cost to the member of buying the lost pension is greater than the contributions they would have paid had they not taken the unpaid leave. This is despite the pension bought not being a true equivalent to pension that is built up normally. This is because the lost pension bought does not have any dependent benefits attached to it and is subject to early payment reductions in the event of redundancy, or business efficiency retirements over aged 55.

In line with its functions under Regulation 110, the Board therefore recommends that MHCLG reviews the regulatory provisions for dealing with unpaid authorised leave with a view to making them easier to understand and more flexible to implement. We note that before the 2013 England and Wales Scheme was established, unpaid

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authorised leave of under 30 days were treated as fully pensionable and the contributions deemed to be made (for employee and employer). The LGPS Regulations for Scotland have preserved this position for members there.

We also ask MHCLG to instruct the Government Actuary's Department to review the actuarial factors which determine the cost of purchasing additional pension lost during an absence (Shared Cost Additional Pension Contributions or SCAPCs) as they generate costs greater than normal accrual.

I would be grateful if you could put this recommendation to the Minister for his consideration.

Yours sincerely



Joanne Donnelly  
Board Secretary