



Home Office

# **Amendments to The Police Pensions Regulations 2015 (S.I. 2015/445)**

Proposed updates to Member Contribution Structure

Government response

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# Introduction and contact details

This document is the post-consultation report for the consultation paper 'Amendments to The Police Pensions Regulations 2015 (S.I. 2015/445) - Proposed updates to Member Contribution Structure', which was published on 20 November 2024 and closed to responses on 29 January 2025. This report summarises the responses, including how the consultation process influenced the final shape/further development of the policy proposals consulted upon.

Further copies of this report and the Equality Impact Assessment can be obtained by contacting at the address below:

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## Complaints or comments

If you have any complaints or comments about the consultation process, you should contact the Home Office at the above address.

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# 1. Background

- 1.1 Reformed public sector pension schemes were established by regulations made under section 3 of the Public Service Pensions Act 2013 (“the 2013 Act”). The reformed 2015 Police Pension Scheme in England and Wales (the “2015 Scheme”) is set out in the Police Pensions Regulations 2015. Since 1 April 2022, the legacy 1987 and 2006 Police Pension Schemes are closed to future accrual and since then all police officers in England and Wales have the option to join the 2015 Scheme.
- 1.2 The 2013 Act provides the Home Office with the authority to make regulations setting the member contribution rates and requires that any changes to these rates follow the specified process.
- 1.3 The Public Service Pension reforms rebalanced taxpayer and member contributions, ensuring the schemes' costs are sustainable and fair in the long term. Meeting the member contribution yield in each valuation period is a vital aspect of the reformed scheme design. This mechanism prevents additional burdens on scheme employers, by identifying and addressing member contribution yield shortfalls.
- 1.4 The government’s policy is that all schemes adjust member contributions as needed to meet the yield, as agreed when the reformed schemes were established. The contribution yields are outlined in the [Reform Design Framework](#) for the Police Pension Scheme in England and Wales, a policy that was set out in the Budget 2011. The key principles underpinning this framework remain valid.
- 1.5 Since 1 April 2012, there have been three tiers for member contribution rates for the police pension schemes, including the 2015 Police Pension Scheme when it was introduced. The rates for the tiers need to be set to meet the overall member contribution target yield for the scheme.
- 1.6 Based on the current member contribution rate structure, the Government Actuary’s Department (GAD)’s calculations project the yield for the police pension scheme over the 2020 valuation implementation period 2024 to 2027 to be 13.48%. This is 0.22% lower than the target member contribution yield of 13.7%. Therefore, the Home Office needs to take action to ensure that the member contribution structure is updated to attain the target yield.
- 1.7 While the yield is a fixed percentage, there are a range of approaches that could be taken to ensure that 13.7% is collected on average from across the whole scheme membership. The simplest method is to ask each member to contribute a flat rate of 13.7%. An alternative is to share out the 13.7% requirement across the workforce by setting a scale of rates for members, according to their pensionable earnings, in line with the three contribution tiers.

This approach is known as ‘tiered contributions’ and is the method adopted across most public service pension schemes.

- 1.8 Tiering has allowed the Police Pension Scheme to reduce potential financial barriers and encourage all police officers to participate in the valuable pension scheme, which is a major component of the officer’s reward package and gives officers the opportunity to make good quality provision for their retirement.
- 1.9 Tiering has helped to deliver the following shared priorities that underpin the current approach to member contributions:
  - including protections for the lower paid
  - minimising the risk of opt-outs from the scheme across the whole membership
  - ensuring that the scheme remains sustainable and a valuable part of the reward package and affordable to all members
- 1.10 Both the Home Office and the Police Pensions Scheme Advisory Board (SAB), comprising staff associations and employer representatives, remain committed to these principles.
- 1.11 The consultation period closed on 29 January 2025 and this report summarises the responses, including how the consultation process influenced the final policy.

## 2. Consultation

- 2.1 Government policy is that steps must be taken by the responsible authority for each public service pension scheme to ensure that the contribution yield is met by appropriate adjustments to member contribution rates and/or tiers.
- 2.2 As the Police Pension Scheme has moved from a final salary to a career average revalued earnings (CARE) model, all active members have built up CARE benefits for service from 1 April 2022. To ensure the cost of the Police Pension Scheme is fairly distributed and affordable for all members, tiered contribution rates mean that higher earners pay proportionally more than lower earners to access the valuable benefits of the scheme.
- 2.3 Views were sought from all interested parties on proposed changes to member contributions, with a view to continuing to encourage participation in the Scheme.
- 2.4 This consultation was an opportunity to consider potential changes to the current contribution structure, which may include rates payable at each level, differences between rates in different tiers, pay tier boundaries and the number of tiers. This ensures the scheme design is reflective of the current labour market and will meet the overall member contribution target yield for the scheme in each valuation round.
- 2.5 This consultation ran for a 10-week period commencing 20 November 2024 and closed on 29 January 2025. This was to allow sufficient time for scheme members, representative bodies and others to consider and comment on the proposals.
- 2.6 We sought views on amendments to the Police Pensions Regulations 2015 to:
- **Achieve the target yield over 1 October 2025 to 31 March 2027 and future valuation periods.**
  - **Update the member contribution structure to encourage scheme participation and reduce opt-outs.**
  - **Ensure the member contribution structure is administratively sustainable.**
  - **Ensure we have given due regard to the Public Sector Equality Duty.**
- 2.7 The suitability of the member contribution structure adopted will be subject to ongoing review and may therefore change again in future years. Future changes may be required to ensure that the member contribution structure in place is still expected to meet the target yield and continues to be achieved in a way that is considered appropriate for the workforce.
- 2.8 The consultation initially sought views on achieving the target yield from 1 October 2025. Due to the delay in producing this response, the government has

decided that the yield will now be met from 1 April 2026 to 31 March 2027 and future valuation periods.

2.9 The methodology used by GAD to calculate the expected member contribution yield is summarised in appendix A.

## 2.10 Additional Modelling Examples

2.11 Engagement sessions were also conducted with all interested stakeholders, including a range of sector experts during the consultation period, in which further examples were requested by stakeholders. GAD provided support for this consultation, presenting at the engagement sessions and providing written examples after engaging with stakeholders.

2.12 Following the stakeholder engagement session held in December 2024, the Home Office and GAD committed to producing further worked examples to support understanding of the proposed contribution structures. A report illustrating the impact of different structures on example members' contributions and take-home pay, which were shared with stakeholders after the engagement session, will be published alongside this response. These examples were developed in response to specific feedback and queries raised by stakeholders during the session and through subsequent correspondence.

2.13 The additional examples were intended to complement those included in the consultation document and are based on the same data, assumptions and modelling approach. They were designed to demonstrate the potential impact of alternative contribution structures on members' take-home pay and the overall yield of the scheme, while also addressing concerns around fairness, opt-out rates and administrative feasibility.

2.14 All examples are projected to achieve the target member contribution yield of 13.70% over the period from 1 October 2025 to 31 March 2027.

## 2.15 Summary of Additional Examples

Table 1:

Example	Description	Purpose
<b>Example 1</b>	4-tier structure based on Full-Time Equivalent (FTE) pensionable pay	Demonstrates the impact of using FTE pay rather than actual pay to determine contribution rates, particularly for part-time members.
<b>Example 2</b>	5-tier structure with a lower introductory rate for early-career members	Explores the potential for a discounted contribution rate (e.g. 8.35%) for new joiners to reduce opt-out rates in the early years of service.
<b>Example 3</b>	4-tier structure with the lowest tier	Maintains the lowest contribution rate currently

	aligned to the current lowest active rate	payable under the existing structure, offering continuity and fairness for lower-paid members.
<b>Example 4</b>	4-tier structure with the highest tier capped at 14.20%	Responds to concerns about affordability for higher earners by capping the top contribution rate, while maintaining the overall yield.

2.16 Each example includes:

- A breakdown of contribution rates and thresholds;
- The impact on contributions for three representative member profiles;
- A sensitivity analysis showing the effect of a 0.1% change in each tier's rate on the overall yield;
- Charts illustrating the effect on take-home pay across a range of pensionable salaries.

2.17 These examples are intended to support stakeholders in assessing the implications of different structural options and to inform responses to the consultation. They also provide a basis for further discussion on how best to balance fairness, sustainability and administrative simplicity in the final design of the contribution structure.

2.18 A second stakeholder engagement exercise was conducted in January 2025, to allow stakeholders further opportunity for engagement on this consultation and a chance to work through the requested examples with GAD.

## 3. Summary of responses

3.1 The consultation on proposed updates to the Police Pension Scheme member contribution structure was published on 20 November 2024 and closed on 29 January 2025. It sought views on how best to update the member contribution structure to meet the target yield, encourage scheme participation, ensure administrative sustainability and comply with the Public Sector Equality Duty.

3.2 **A total of 45 responses were received.** These included submissions from police forces, representative bodies, pension administrators, payroll providers and individual members. Responses were received online via email, largely using structured response templates published alongside the consultation. All responses have been considered in full.

3.3 The consultation posed six specific questions, each inviting respondents to indicate a preferred option and provide supporting commentary. The questions covered the tiering structure, the method for determining contribution thresholds, futureproofing mechanisms, administrative sustainability, alternative proposals and equality considerations.

3.4 The majority of respondents supported retaining a tiered contribution structure, with a preference for updating existing thresholds in line with known pay increases. There was also broad support for using actual pensionable pay to determine contribution rates, particularly to ensure fairness for part-time members. Basing contributions on actual pay means that part-time officers pay the same percentage of their earnings as full-time officers. This avoids the current situation, where contribution rates are determined using FTE pay, resulting in part-time members paying a higher proportion of their actual income towards pension contributions than their full-time counterparts.

3.5 While many respondents favoured aligning thresholds with pay awards, the government also received feedback highlighting the administrative challenges of implementing such changes in practice.

3.6 A number of alternative proposals were submitted, including the introduction of a flat rate, graduated contributions based on career stage and a 50/50 option. These suggestions have been thoroughly considered in sections 4.13 - 4.15 below.

3.7 Respondents also raised a range of views on equality impacts, particularly in relation to part-time workers, lower-paid members and those with protected

characteristics. These views have informed the Equality Impact Assessment published alongside this response.

3.8 The government is grateful to all those who took the time to respond to the consultation. The feedback received has been instrumental in shaping the final policy approach.

3.9 Section 6 below, “Conclusion and next steps” contains the final policy outcomes and an illustration of the contribution structure which will take effect from 1 April 2026.

## 4. Responses to specific questions

### 4.1 Q1. What is your preferred tiering option to determine a members contribution tier?

Option 1: Increase tiers by known pay increases.

Option 2: Add an additional tier and modify the gap between tiers.

Option 3: Marginal system.

Table 2:

OPTION	Preferred by:
Option 1	18
Option 2	11
Option 3	4
Alternative Proposal	5
No Response	7

### 4.2 Summary of responses to question 1:

4.3 We received 38 responses to question 1 with a range of views. The most common option selected amongst respondents was Option 1 which proposes increasing existing thresholds in line with known pay increases. This option was favoured for its administrative simplicity and minimal disruption to existing payroll systems. Respondents noted that it would maintain the current structure while achieving the required yield.

4.4 11 out of 38 respondents supported Option 2, which proposes the introduction of an additional tier and adjusting the gap between existing tiers. This option was seen as more progressive by developing the existing three-tiered structure and better aligned with other public service pension schemes. Respondents also felt it could help reduce opt-outs and support career progression.

4.5 Option 3, which proposed a marginal contribution structure, received limited support. Concerns were raised about its complexity and administrative burden.

4.6 Several respondents also put forward alternative proposals, including a flat rate contribution for all members, graduated contributions for new recruits and a 50/50 option. These proposals have been noted and are explored further below in response to question 5.

### 4.7 Government response to question 1:

4.8 **It is the government's preferred policy approach to adopt Option 1, which involves increasing the tiers by known pay increases.** This approach updates the existing structure to reflect current salary levels, ensuring that the

majority of officers remain in the same tier. As a result, it supports fairness across the different ranks.

- 4.9 Although Option 2 was seen as more progressive and potentially beneficial in reducing opt-outs and supporting career progression, it introduced additional complexity in terms of implementation, communication and payroll system updates. These were concerns that several respondents raised.
- 4.10 The government's decision to proceed with Option 1 reflects a preference for administrative simplicity, continuity with the existing structure and minimising disruption for scheme members and administrators. Option 1 also ensures that the contribution structure remains proportionate and fair across ranks, by increasing in line with known pay increases since 2015, while achieving the required yield in a manner that is straightforward to deliver and understand. Option 2 has nonetheless been noted for future consideration should further structural reform be undertaken.
- 4.11 The pay thresholds for each tier have not been revised since 1 April 2015 and therefore no longer reflect the current pay scales. Notably, no members currently fall within tier 1. The new structure, which adjusts the tier thresholds, ensures that tier 1 is no longer obsolete, thus incentivising officers in the early stages of their careers to remain in the scheme as they benefit from lower contribution rates.
- 4.12 **Q2. What is your preferred option to determine a member's contribution threshold?**

Option 1: FTE to determine which contribution rate a member will pay

Option 2: Use the previous year's pay to determine which contribution rate, without any adjustment at the end of each scheme year.

Option 3: Use the previous year's pay to determine which initial contribution rate as in option 2, then adjust for actual pay at the end of the scheme year.

Table 3:

<b>OPTION</b>	<b>Preferred by:</b>
Option 1	22
Option 2	10
Option 3	5
Alternative Proposal	1
No Response	7

4.13 **Summary of responses to question 2:**

- 4.14 We received 38 responses to question 2 with a majority of respondents supporting Option 1, which proposes using Full-Time Equivalent (FTE) pensionable pay to determine a member's contribution threshold. This approach was favoured for its administrative simplicity and consistency with

current practice. Respondents noted that it avoids the need for retrospective adjustments and provides clarity for both members and payroll administrators.

4.15 A smaller number of respondents supported Option 2, which would use the previous year's actual pay without adjustment. This was seen as more reflective of actual earnings, particularly for members with variable working patterns, though concerns were raised about potential inequities and lag between pay and contributions such as in instances of significant pay increases from promotions.

4.16 Option 3, which would apply an end-of-year adjustment based on actual pay, received limited support due to concerns about complexity and the potential for confusion amongst members. One respondent proposed an alternative hybrid model, which has been noted. The government has carefully considered all responses in determining the most appropriate method to setting contribution thresholds.

4.17 **Government response to question 2:**

4.18 **The government has decided to proceed with Option 2, which determines a member's contribution tier based on their actual pensionable pay from the previous scheme year, assessed annually.**

Following thorough consideration and the completion of two Equality Impact Assessments (EIA), this approach is considered as fairer and more equitable than using FTE pay, particularly for part-time members. This approach means members will pay pension contributions based on their actual earnings, so part-time officers will pay the same percentage of their income as full-time officers. This avoids the current situation, where part-time members end up paying a higher proportion of their earnings towards pension contributions than full-time members.

4.19 This decision is supported by the findings of the EIA which demonstrated that using actual pay better reflects members' real earnings and avoids disproportionately disadvantaging part-time workers - who are more likely to be women. The EIA showed that under the proposed structure, a greater proportion of younger and part-time members fall into the lower contribution tiers, thereby reducing their average contribution rates compared to the current structure.

4.20 This approach:

- Supports fairness by ensuring members contribute in proportion to what they earn over the year.
- Improves equity for part-time officers, who would otherwise be assessed against full-time thresholds.
- Aligns with the CARE scheme design, where pension benefits are based on actual pensionable pay.
- Reduces opt-out risk by making contributions more affordable for lower-paid and part-time members.

4.21 While Option 1 (FTE-based thresholds) received more support in the consultation responses, the government has given due regard to the Public Sector Equality Duty and the evidence presented in the EIA. On balance, Option 2 is considered the most appropriate and legally robust approach to ensure fairness and compliance with equality obligations. This is evidenced in the EIA and supporting statistical analysis by GAD, which have been published alongside this response.

#### 4.22 Q3. What is your preferred futureproofing option to avoid future misalignment?

Option 1: Manually uplifting thresholds in line with the pay awards.

Option 2: Automatically increase thresholds in line with the consumer price index (CPI)

Table 4:

OPTION	Preferred by:
Option 1	31
Option 2	7
No Response	7

#### 4.23 Summary of responses to questions 3:

4.24 We received 38 responses to question 3, with a large majority of respondents supporting Option 1, which proposes manually uplifting contribution thresholds in line with police pay awards. This approach was favoured for its flexibility and its ability to reflect actual changes in earnings more accurately than a fixed index. Respondents highlighted that it allows for closer alignment with sector-specific pay dynamics and would reduce the risk of misalignment that can occur with inflation-based adjustments such as the Consumer Price Index (CPI).

4.25 A smaller number of respondents supported Option 2, which would apply an automatic uplift based on CPI. While this was seen as a more predictable and administratively straightforward mechanism, concerns were raised about its potential to drift from real pay trends. The government has carefully considered these views in determining the most appropriate mechanism for maintaining a fair and sustainable contribution structure in the long term.

#### 4.26 Government response to question 3:

4.27 The government acknowledges the strong interest among respondents in ensuring that the member contribution structure remains responsive to changes in earnings over time. While many respondents supported manually uplifts aligned with police pay awards, others proposed automatic mechanisms such as linking thresholds to CPI.

4.28 After careful consideration of the consultation responses and the broader policy context, the government has concluded that it is not

**currently appropriate to introduce a formal futureproofing mechanism.**

This decision reflects several factors:

- All available methodologies for automatic uprating carry a degree of volatility and may not consistently reflect the unique characteristics of police pay settlements. This could lead to unintended consequences, including disproportionate impacts on certain groups of members or difficulty in achieving the target yield.
- A number of respondents highlighted the administrative challenges associated with implementing manual uplifts in line with pay awards. These include the need for timely confirmation of pay settlements, system updates and clear communication to members. The government recognises that these challenges could be compounded by the introduction of an automatic mechanism, particularly if it were to operate independently of actual pay decisions.
- The government recognises the ongoing challenges faced by the police and consideration is being given to wider police reform. In this context, locking in an automatic uprating mechanism—such as CPI or average earnings—risks creating misalignment with any future developments and could unintentionally undermine the overall fairness and intent of the contribution structure.

4.29 For these reasons, the government believes that the most prudent approach is to continue reviewing contribution thresholds as part of the regular scheme valuation cycle. While there are no current plans to introduce an automatic futureproofing mechanism, the government remains committed to keeping the structure under active review and will consider this matter again once there is greater clarity and stability in the wider pay environment.

**4.30 Q4. Do you believe that your preferred contribution structure option, which you indicated in Q1, is administratively sustainable?**

Table 5:

<b>OPTION</b>	<b>Preferred by:</b>
Yes	34
No	2
Don't Know	2
No Response	7

**4.31 Summary of responses to question 4:**

4.32 We received 38 responses to question 4, with the large majority of respondents indicating that their preferred contribution structure was administratively sustainable.

4.33 Respondents supporting Option 1 highlighted its simplicity and minimal impact on existing payroll systems, making it straightforward to implement.

- 4.34 Those favouring Option 2 acknowledged that while some system updates would be required, these were considered manageable and broadly in line with other existing tiered structures used in other public service schemes.
- 4.35 By contrast, respondents who supported Option 3 expressed concerns about the complexity of implementation and the potential administrative burden it could place on payroll providers and scheme administrators.
- 4.36 The government has carefully taken these perspectives into consideration in evaluating the practicality of each option and its implications for scheme administrators and payroll providers.
- 4.37 **Government response to question 4:**
- 4.38 **The government considers that the most appropriate policy approach is to retain the existing tier structure but increase the thresholds for each tier to reflect pay increases since 2015.** This ensures that the structure remains aligned with current salary levels and continues to be fair and relevant. This approach is administratively sustainable, drawing on established systems and processes.
- 4.39 The government will work closely with the Police Pensions Scheme Advisory Board (SAB), software providers and scheme managers to ensure that any required updates are implemented smoothly and with sufficient lead-in time. Clear guidance and worked examples will be issued with the support of GAD to support consistent application across all police forces.
- 4.40 **Q5. Are there any other proposals for achieving the target yield through contribution structures that you would like to be considered which have not been considered or proposed in this consultation?**

Table 6:

OPTION	Preferred by:
Yes	19
No	14
Don't Know	6
No Response	6

- 4.41 We received 39 responses to question 5, with several respondents proposing alternative approaches to achieving the target yield through the contribution structure. Alongside the overall aim of achieving the target yield, respondents commonly highlighted the importance of administrative simplicity and reducing the number of members opting out of the scheme.
- 4.42 All of the following proposals have been thoroughly considered, with these aims in mind:
- **Flat rate for all members:**  
Some respondents suggested replacing the tiered structure with a single flat contribution rate for all members. While this would simplify

administration and ensure uniformity, it would represent a fundamental change to the tiered approach agreed as part of the 2015 scheme design. It would also risk increased opt-outs for younger members and new-joiners, as they would be contributing higher than they would under the current structure.

- **Graduated contributions based on career stage:**  
A number of responses advocated for lower contribution rates for early-career officers, with rates increasing over time. While this could support participation and affordability, it would introduce a contribution model based on service length rather than pensionable pay, which would represent a significant departure from the principles of the current scheme. This approach also bears the risk of causing age discrimination, which is a protected characteristic under the Equality Act 2010.
- **50/50 option:**  
Several respondents proposed introducing a 50/50 model, similar to that used in the Local Government Pension Scheme, allowing members to pay half the standard contribution rate in exchange for half the pension accrual. This would require the creation of a new sub-scheme or benefit structure. However, it should be noted that introducing a 50/50 option could risk the scheme not meeting the target member contribution yield, as lower contributions from participating members may reduce the overall yield below the required level.
- **Aligning contribution tiers with tax bands or rank structures:**  
Some respondents suggested aligning contribution thresholds with income tax bands or police ranks. While these ideas aim to improve fairness and transparency, they would require a fundamental redesign of the tiering logic and introduce new variables not currently used in the scheme's contribution framework. This suggestion was consulted on in Question 1 and several respondents highlighted that this would also pose a significant administrative task to implement, which contradicts our aim of administrative simplicity.
- **Refinements to the tiered model (e.g. additional tiers or adjusted thresholds):**  
A number of respondents proposed refinements to the existing tiered structure, such as adding more tiers or adjusting thresholds to better reflect pay distribution. These suggestions were thoroughly considered in Question 1 and several example structures were produced by GAD exploring such changes. Ultimately, stakeholders indicated that the preference was to remain with the current three-tiered approach to ensure consistency and administrative simplicity.

#### 4.43 Government response to question 5:

4.44 **For the reasons listed above, the government will not be undertaking any of these suggested approaches at this time.** The government is grateful for these contributions and suggestions, which are invaluable in understanding the thoughts and priorities of members and will retain them for consideration in any future, broader review of the scheme.

4.45 **Q6. Do you anticipate any equality issues arising from the implementation of these proposals?**

Table 7:

OPTION	Preferred by:
Yes	9
No	14
Don't Know	15
No Response	7

4.46 **Summary of responses to question 6:**

A range of views were expressed in response to Question 6. A number of respondents anticipated that the proposed changes could give rise to equality issues, particularly in relation to part-time officers, lower-paid members and those with protected characteristics such as gender or age. These respondents emphasised the importance of conducting a full EIA to ensure that any disproportionate impacts are identified and mitigated.

4.47 Other respondents did not anticipate any equality issues, noting that the proposed structures were broadly equitable and consistent with the principles of the reformed scheme. A significant number of respondents were unsure, citing the need for further detail and modelling. The government has considered these views carefully and has published an EIA alongside this response. The government will continue to monitor the impact of the contribution structure in line with its ongoing duties under the Equality Act 2010.

4.48 The government is committed to ensuring that any changes to the Police Pension Scheme are compliant with the Public Sector Equality Duty as set out in the Equality Act 2010. This includes having due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between people who share a relevant protected characteristic and those who do not.

4.49 **Government response to Question 6:**

4.50 A range of views were expressed in response to this question. While some respondents did not anticipate any equality issues, others raised potential concerns relating to specific groups. These are summarised below:

4.51 **Part-time workers and gender**

- Several respondents highlighted that part-time officers, who are mostly women, could be adversely affected depending on how contribution

thresholds are determined. Concerns were raised that using Full-Time Equivalent (FTE) pay could result in part-time members paying a higher proportion of their actual earnings in contributions. The government recognises this concern and has taken it into account in its decision to base contribution thresholds on actual pensionable pay, which better reflects the earnings of part-time staff and supports gender equality.

#### **4.52 Lower-paid members**

- Although not one of the nine protected characteristics under the Equality Act 2010, some responses noted that increases in contribution rates could have a disproportionate impact on lower-paid members, potentially affecting affordability and scheme participation. The government has considered this carefully and has sought to maintain a tiered structure that protects lower earners by ensuring they contribute at a lower rate than higher-paid colleagues.

#### **4.53 Age and career stage**

- A few respondents raised concerns that younger officers or those earlier in their careers may be more likely to opt out of the scheme due to affordability pressures. While the consultation did not propose changes based on age or service length, the government acknowledges the importance of supporting scheme participation across all career stages. Proposals such as the 50/50 option discussed above, although not currently adopted, have been noted for future consideration.

#### **4.54 Other protected characteristics**

- No specific concerns were raised by respondents in relation to other protected characteristics such as race, disability, religion or belief, sexual orientation, or gender reassignment. However, the government remains mindful of its ongoing duty to consider the impact of policy changes on all groups.

#### **4.55 Equality Impact Assessment**

4.56 To support this consultation, the government has published an EIA alongside this consultation response. This explores the impact of the proposed updates to the member contribution structure of the 2015 Police Pension Scheme.

4.57 This impact on protected cohorts will continue to be reviewed and updated as necessary. The government will monitor the implementation of the revised contribution structure to ensure that it does not result in unintended or disproportionate impacts on any protected group.

4.58 In conclusion, the government is satisfied that the proposed changes are consistent with its obligations under the Equality Act 2010 and will continue to ensure that equality considerations remain central to the design and delivery of the Police Pension Scheme. More detail can be found in Section 5 below with respect to equalities.

# 5. Impact Assessment and Equalities

## 5.1 Equalities

**5.2** The Public Sector Equality Duty (PSED) is set out in section 149 of the Equality Act 2010 and requires public authorities, in the exercise of their functions, to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the 2010 Act;
- advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and
- foster good relations between people who share a relevant protected characteristic and those who do not.

5.2 This involves having due regard to the need to:

- i. remove or minimise disadvantages suffered by people due to their protected characteristics; and
- ii. Take steps to meet the needs of people from protected groups where these are different from the needs of other people.

5.3 The equality duty covers the nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (gender) and sexual orientation.

5.4 Stakeholder engagement and informal consultation have helped the Home Office in identifying any potential risk of adverse impacts in relation to the protected characteristics. Such stakeholder engagement includes engagement with police sector employer and employee representatives, other government departments and devolved administrations. All members are in scope for the proposed changes to the member contribution structure, irrespective of any protected characteristic that may apply to them.

## 5.5 Impact Assessment

5.6 Given the importance of upholding obligations under the PSED, the Home Office has produced a supporting EIA which thoroughly considers the potential impacts of the proposed changes across all nine protected characteristics. This will continue to be reviewed and updated as necessary. The government will also monitor the implementation of the revised contribution structure to ensure that it does not result in unintended or disproportionate impacts on any protected group.

- 5.7 The Home Office commissioned GAD to produce statistical analysis to inform the EIA examining the potential effects of the proposed updates to the 2015 Police Pension Scheme's member contribution structure. The analysis primarily focuses on impacts relating to members' age and sex.
- 5.8 We will remain engaged with member representatives throughout and after the implementation process, particularly to identify and address any potential areas where discrimination could occur. This ongoing dialogue will support transparency, responsiveness and continuous improvement in how the contribution structure is applied.
- 5.9 Should any significant changes in workforce composition or policy context arise outside of the valuation cycle, we will revisit the need for additional data collection or interim assessment.
- 5.10 A further EIA will be prepared to assess the specific impacts when the proposed amendments to regulations are being implemented.
- 5.11 The PSED is an ongoing duty and we will continue to consider and amend this assessment. More information on the PSED can be found here:  
<https://www.gov.uk/government/organisations/home-office/about/equality-and-diversity>

## 6. Conclusion and next steps

- 6.1 The government is grateful to all those who responded to this consultation. The views and evidence submitted have been carefully considered and have informed the government's final policy position.
- 6.2 The consultation confirmed broad support for retaining a tiered contribution structure, with a preference for approaches that are administratively sustainable, fair and capable of delivering the required member contribution yield. Respondents also highlighted the importance of protecting lower-paid members, supporting scheme participation and ensuring that contribution structures do not act as a disincentive to promotion or retention.
- 6.3 In light of the consultation responses, the government will proceed with implementing a revised member contribution structure that reflects the feedback received. These changes are as follows:
- **Retaining the Tiered Structure:** The existing three-tier structure will be retained.
  - **Increasing Tier Thresholds:** The thresholds for each contribution tier will be increased in line with known pay increases since 2015.
  - **Switch from FTE to Actual Pay:** Member contribution tiers will now be determined based on a member's actual pensionable pay from the previous scheme year, rather than FTE salary.
  - **Ongoing Review:** Contribution thresholds will continue to be reviewed as part of the regular scheme valuation cycle, rather than being automatically uplifted by a fixed index such as CPI.

### 6.4 New Contribution Structure as of 1 April 2026:

Table 8:

Tier	Actual pay	Rate
1	£37,035 or less	12.88%
2	More than £37,035 but less than £79,588	13.88%
3	£79,588 or more	14.22%

### 6.5 Implementation

- 6.6 The revised contribution structure will be implemented through amendments to the Police Pensions Regulations 2015. **These changes will take effect from 1 April 2026.**
- 6.7 The Home Office will work with scheme administrators, payroll providers and representative bodies to ensure the changes are implemented effectively. With support from GAD, clear guidance and worked examples will be issued in advance of the implementation date to support employers and members in understanding the revised structure.
- 6.8 The government remains committed to ensuring that the Police Pension Scheme continues to be fair, sustainable and valued by its members. The contribution structure will be kept under review to ensure it remains appropriate and responsive to the needs of the workforce and the requirements of the scheme.

## 7. Consultation Principles

The principles that government departments and other public bodies should adopt for engaging stakeholders when developing policy and legislation are set out in the consultation principles.

<https://www.gov.uk/government/publications/consultation-principles-guidance>

# Appendix A: Projected Yield Methodology

The methodology used by GAD to calculate the expected yield over 1 April 2026 to 31 March 2027 is briefly summarised below.

1. The starting point is membership pay data as of 31 March 2024.
2. For each member, pensionable pay is then calculated over each scheme year, 2025/26 and 2026/27, by applying the known pay award from September 2024 and September 2025 followed by assumed pay increases based on 2020 valuation assumptions but assumed to apply in September each year. Different assumptions for future pay increases would have an impact on the projected yield for the examples shown.
3. For each year, an individual's pensionable pay (full-time equivalent unless otherwise specified) is assessed against the member contribution structure to determine their applicable contribution rate.
4. The applicable rate is applied to each member's projected actual pensionable pay to estimate the monetary value of contributions that would be payable in each year.
5. Total member contributions are summed and then divided by the total projected actual pensionable pay to calculate the member contribution yield as a proportion of total pensionable pay.
6. The average projected yield over 1 April 2026 to 31 March 2027 is then calculated – this is 13.5% pa based on current contribution structure, compared to the target yield of 13.7% pa.

GAD does not apply any promotional pay increases as it is assumed that these will be offset by members leaving and being replaced by new members entering the population lower down on the salary scale. This effectively assumes a stable workforce in terms of the number of members at each pay point.



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