



Government Actuary's
Department

Proposed updates to member contribution structure

Analysis to Support the Equality Impact Assessment
Police Pension Schemes (England & Wales)

17 October 2025
Rachael Henry FFA C.Act

Navigating risk | Cutting through complexity

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1. Introduction

Purpose

- 1.1 This report is addressed to, and has been prepared at the request of, the Home Office.
- 1.2 The Public Sector Equality Duty (PSED) was created by the Equality Act 2010 and is supported by the specific duties contained in the Equality Act 2010 (Specific Duties) Regulations 2011.
- 1.3 The PSED requires the UK Government to assess the impact of applying a proposed new or revised policy or practice. Those setting policy must have 'due regard' to the need to eliminate discrimination, advance equality of opportunity and foster good relations between people with different protected characteristics when carrying out their activities.
- 1.4 There are nine protected characteristics identified in the Equality Act 2010: (1) sex, (2) age, (3) disability, (4) race, (5) religion or belief, (6) gender reassignment, (7) pregnancy and maternity, (8) sexual orientation, (9) marital or civil partnership status.
- 1.5 **The purpose of this report is to provide analysis, specifically for Home Office, who are acting on behalf of the Home Secretary, in considering the impact of updating the member contribution structure of the Police Pension Scheme 2015 (referred to as 'the 2015 scheme').**

Background¹

- 1.6 The Public Service Pensions Act 2013 ('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.
- 1.7 The Public Sector 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.
- 1.8 HM Treasury has recently instructed all schemes to 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.
- 1.9 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

¹ <https://www.gov.uk/government/consultations/police-pensions-member-contribution-structure/amendments-to-the-police-pensions-regulations-2015-si-2015445-accessible>



introduced. HM Treasury's instructions mean that the rates for the tiers need to be set to meet the overall member contribution target yield for the scheme.

- 1.10 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% pa. This is 0.22% pa lower than the target member contribution yield of 13.70% pa. Therefore, the Home Office needs to take action to ensure that the member contribution structure is updated to attain the target yield.
- 1.11 While the yield is a fixed percentage, there are a range of approaches that could be taken to ensure that 13.70% is collected on average from across the whole scheme membership. The simplest method is to ask each member to contribute a flat rate of 13.70%. An alternative is to share out the 13.70% 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.
- 1.12 Tiering has allowed the Police Pension Scheme to reduce potential financial barriers and encourage all police officers to participate in the generous 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.
- 1.13 Tiering has helped to deliver the following shared priorities that underpin the current approach to member contributions:
 - a. including protections for the lower paid
 - b. minimising the risk of opt-outs from the scheme across the whole membership
 - c. ensuring that the scheme remains sustainable and a valuable part of the reward package and affordable to all members

Policy to be assessed

- 1.14 This report is intended to support consideration of the impact of the policy decision to update the member contribution structure of the 2015 scheme.
- 1.15 Further information on our approach to assessing this is provided in Section 2.
- 1.16 There are limitations in the data available to analyse the protected characteristics. More information on this is provided in Section 3.

Next steps

- 1.17 Sections 4 to 6 consider the potential impact of the proposed measures by reference to the protected characteristics identified in the Equality Act 2010.
- 1.18 We have included commentary on the analysis of the data which the Home Office may wish to use in the preparation of its Equality Impact Assessment ('EIA'). However, it is important to note that **it is for the Home Office, acting on behalf of the Home Secretary, to review this analysis and ultimately determine their view of the assessment of the equalities impact** i.e. have 'due regard' as to whether the policy treats someone less favourably due to a protected characteristic.

2. Approach to assessment

We have outlined below the information we will use as a basis for examining the protected characteristics.

Current contribution structure²

- 2.1 In line with other public service pension schemes, the 2015 scheme uses a tiered contribution structure. Pensionable pay thresholds are set for each tier, each with a corresponding contribution rate. Members pay a contribution rate based on their Full-Time Equivalent ('FTE') pensionable pay with the applicable rate applied to their actual pensionable pay to determine the amount payable.
- 2.2 The table below sets out the current contribution structure.

| Tier | Annualised rate of pensionable earnings (FTE pay) thresholds | Current contribution rate applied to actual pensionable earnings |
|------|--|--|
| 1 | £27,000 or less | 12.44% |
| 2 | More than £27,000 but less than £60,000 | 13.44% |
| 3 | £60,000 or more | 13.78% |

- 2.3 The table below summarises the proportion of pay that falls within each tier over the expected implementation period.

| Tier | Payroll proportion |
|------|--------------------|
| 1 | Nil |
| 2 | 85% |
| 3 | 15% |

- 2.4 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 the lowest tier.

² <https://www.gov.uk/government/consultations/police-pensions-member-contribution-structure/amendments-to-the-police-pensions-regulations-2015-si-2015445-accessible>



Proposed contribution structure

- 2.5 The proposed member contribution structure for the 2015 scheme is scheduled for implementation on 1 April 2026.
- 2.6 The proposed structure continues to be a tiered contribution approach but with the following amendments:
- pay thresholds will be increased in line with known pay increases since 2015.
 - pay thresholds will be based on actual pensionable pay instead of FTE pensionable pay.

Contribution rates will continue to be applied to a member's actual pensionable pay.

- 2.7 The table below sets out the proposed contribution structure which gives an expected yield of 13.70% over 1 April 2026 to 31 March 2027, in line with the target yield for the scheme.

| Tier | Actual pensionable earnings thresholds | Contribution rate applied to actual pensionable earnings |
|------|---|--|
| 1 | Up to £37,035 | 12.88% |
| 2 | More than £37,035 but less than £79,588 | 13.88% |
| 3 | £79,588 or more | 14.22% |

- 2.8 The table below summarises the proportion of the membership payroll that is expected to fall into each tier over the expected implementation period.

| Tier | Payroll proportion |
|------|--------------------|
| 1 | 20% |
| 2 | 77% |
| 3 | 3% |

Approach

- 2.9 The analysis for age and sex is based on estimated pensionable pay as at 1 September 2025 and models the impact of the policy decision as if the new rates were payable in 2026/27.
- 2.10 Due to rounding, numbers in the tables throughout this report may not sum to 100%.

3. Data used and limitations

We have outlined below the information we will use as a basis for examining the protected characteristics.

- 3.1. The most recent data available to GAD was that provided to GAD by individual police forces as at 31 March 2024, as part of a data collection exercise undertaken in Summer 2024.
- 3.2. Data on date of birth, sex, FTE pensionable pay, actual pensionable pay and part-time indicator were provided for all active members who were in service at 31 March 2024 by the individual forces.
- 3.3. Home Office has confirmed it is content to use this data for the purposes of this report.
- 3.4. The table below sets out the number of active members contained within the data received.

| | Number |
|-----------------------|---------|
| Active members | 139,531 |

- 3.5. The analysis shown in Sections 4,5 and 6 is based on a projection of pensionable pay to 1 September 2025. This has been calculated based on the following assumptions:
 - a. The age of each member in the data set has been determined based on their age at 1 April 2024. This implicitly assumes that the age profile of the membership has remained stable.
 - b. An approximate allowance has been made for general pay increases for police officers of 4.75% from 1 September 2024 and 4.20% from 1 September 2025. These were used to adjust the pay amounts at 31 March 2024 to project the annual pay amounts at 1 September 2025. These allowances are in line with the formal pay deals for 2024/25³ and 2025/26⁴.
 - c. It is assumed that the 2026 pay rise will be in line with the salary increase rate prescribed by HM Treasury for the 2020 valuation (1.90% from 1 September 2026).
 - d. No allowance for promotional pay rises has been included in the projection of the member contributions payable. This implicitly assumes that when a member is promoted to a more senior role, they receive a pay rise to a level similar to their predecessor, while their previous role is filled by another member at a comparable pay level.

³ <https://questions-statements.parliament.uk/written-statements/detail/2024-07-29/hcws36>

⁴ <https://www.gov.uk/government/news/42-pay-rise-for-police-officers-across-england-and-wales>

Approach

- 3.6. Member pension contributions to the 2015 scheme receive income tax relief under the current tax regime in England and Wales. We have not examined the impact of the proposed member contribution structure on the protected characteristics after allowance for tax relief. This is due to the idiosyncratic nature of income tax relief, particularly in the case of members who have other sources of income which could impact the rate of tax relief they receive on their contributions. We do not hold information on the other income sources members have and therefore do not believe that analysis with allowance for tax relief would be credible.
- 3.7. The analysis is based on estimated pensionable pay at 1 September 2025 and, for consistency, models the impact of the policy decision as if the new rates were payable in 2026/27.

4. Equality Impact Analysis: Age

This section outlines our analysis of the equality impacts of the policy decision on updating member contribution structures on the protected characteristic of age as identified in the Equality Act 2010.

Introduction

- 4.1. The proposed changes will apply to all members, regardless of age; however, we have considered the potential impact on members across different age groups.
- 4.2. Some of the key aims for a future contribution structure are to protect lower-paid members and discourage opt-outs, recognising that these members are often younger.

Analysis: Age

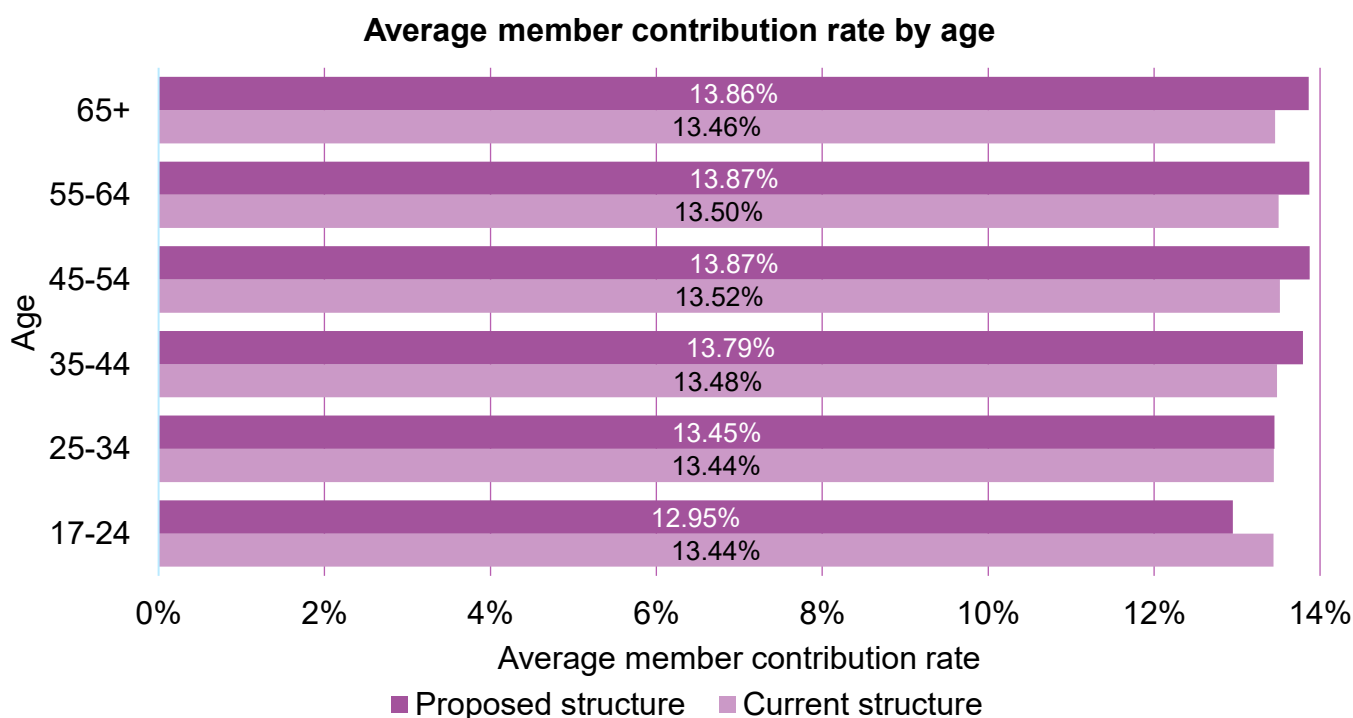
- 4.3. In our analysis, we have calculated the ages of the active members as at 1 April 2024.
- 4.4. The following table sets out the age profile of all active members as at 1 April 2024 using the current contribution structure for reference (i.e. contribution rate is based on **FTE pensionable pay**):

| Age as at 1 April 2024 | Tier 1 (12.44%) | Tier 2 (13.44%) | Tier 3 (13.78%) |
|------------------------|-----------------|-----------------|-----------------|
| 17-24 | Nil | 100% | Nil |
| 25-34 | Nil | 99% | 1% |
| 35-44 | Nil | 91% | 9% |
| 45-54 | Nil | 84% | 16% |
| 55-64 | Nil | 87% | 13% |
| 65+ | Nil | 96% | 4% |

- 4.5. The following table sets out the age profile of all active members as at 1 April 2024 using the proposed contribution structure (i.e. contribution rate is based on **actual pensionable pay**):

| Age as at 1 April 2024 | Tier 1 (12.88%) | Tier 2 (13.88%) | Tier 3 (14.22%) |
|------------------------|-----------------|-----------------|-----------------|
| 17-24 | 95% | 5% | Nil |
| 25-34 | 52% | 48% | <1% |
| 35-44 | 14% | 85% | 1% |
| 45-54 | 5% | 92% | 3% |
| 55-64 | 5% | 92% | 3% |
| 65+ | 4% | 96% | Nil |

- 4.6. Under the current structure, no members fall into Tier 1 across any age group. Most members are in Tier 2, with a greater proportion moving into Tier 3 from age 35 onwards.
- 4.7. Under the proposed structure, a significant proportion of younger members fall into Tier 1. Most members are in Tier 2, with only a small minority in Tier 3.
- 4.8. The proposed contribution structure results in a more even spread across the first two tiers.
- 4.9. The following chart shows the estimated average contribution rate for different age groups under both the current and proposed member contribution structures. The average member contribution rate is weighted by actual pensionable pay.



- 4.10. The chart shows that younger members aged 17-24 will contribute less on average under the proposed structure than they currently do. This is the only age group with a reduction in average contribution rate. This is likely because many younger members earn less, placing them in lower tiers under the proposed structure.
- 4.11. All other age groups will see an increase in average contribution rates under the proposed structure, compared to the current one. The increase becomes more notable from age 35 onwards.
- 4.12. This may be due to older members, on average, having reached higher ranks and salaries, placing them in tiers with a higher contribution rates.
- 4.13. The proposed structure increases the differences in average contribution rates between younger and older members.

5. Equality Impact Analysis: Sex⁵

This section outlines our analysis of the equality impacts of the policy decision on updating member contribution structures on the protected characteristic of sex as identified in the Equality Act 2010.

Introduction

- 5.1. The proposed changes will apply to all members, regardless of sex.
- 5.2. Initial analysis of the 2024 data showed that c.64% of the active scheme membership were male, which is broadly consistent with the 2020 valuation data⁶. It is therefore expected that there will be more male members impacted by an update to the member contribution structure than female members.
- 5.3. In England & Wales, women are more likely to work part-time than men⁷. It is therefore worth considering the equalities impact of those who work part-time within this protected characteristic.
- 5.4. The proposal to calculate the contribution rate payable based on actual pensionable pay rather than FTE pensionable pay means that part-time members are more likely to pay a lower contribution rate under the proposals. Conversely, a small minority of members whose actual pensionable pay exceeds their FTE pensionable pay may move to a higher contribution tier and face an increased rate as a result.

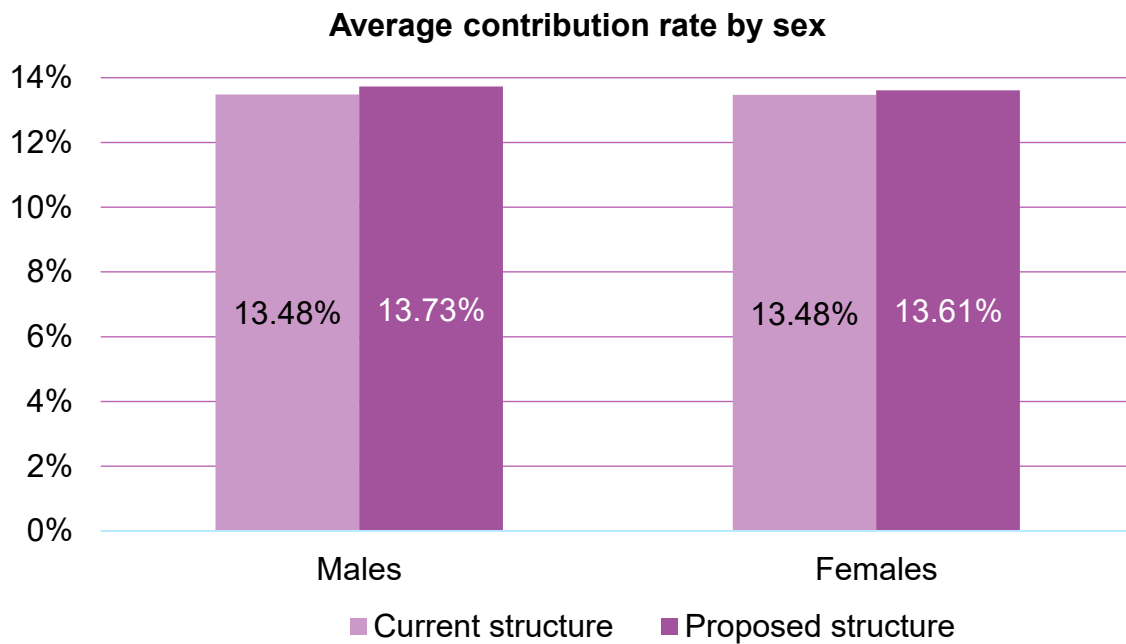
Analysis: Sex

- 5.5. When analysing the data, we have calculated the ages of the members as at 1 April 2024. Note that approximately 1% of the records had recorded sex recorded as 'unknown'. This data was excluded from the analysis.
- 5.6. The following chart sets out the estimated average contribution rate for male and female members under both the current and proposed structure. The average rates shown are weighted by actual pensionable pay.

⁵ The Equality Act 2010 lists 'sex' as a protected characteristic. Data for the active members is available by sex. However, it is important to note that sex and gender are two different concepts. A person's gender identity is not always the same as the sex assigned to them at birth, and some people may not identify as having a gender or as non-binary. Gender reassignment is also a protected characteristic under the Equality Act 2010.

⁶https://assets.publishing.service.gov.uk/media/65730fc758fa30000db14166/Police_England_and_Wales_2020_Valuation_Data_Report.pdf

⁷ <https://www.closesthegap.org.uk/content/gap-statistics/>



- 5.7. The graph shows that the average member contribution rate is equal between males and females under the current structure.
- 5.8. However, on average, the impact of the proposed changes to the contribution structure is greater for male members than female members.
- 5.9. This may be driven by males being more likely to work full-time or earn higher actual pensionable pay, which places them in higher contribution tiers as contribution rates are determined based on actual pensionable pay under the proposed contribution structure.
- 5.10. Females are more likely to work part-time and therefore have lower actual pensionable pay, placing more of them into lower contribution tiers under the proposed contribution structure.

6. Equality Impact Analysis: Age and Sex

This section outlines our analysis of the equality impacts of the policy decision on updating member contribution structures on the protected characteristics of age and sex as identified in the Equality Act 2010.

Introduction

6.1. The proposed changes will apply to all members, regardless of age and sex; however, we have considered the potential impact separately for males and females across different age groups.

Analysis: Sex

6.2. The following tables illustrate the distribution of male and female members across the three contribution tiers within different age groups under the current contribution structure but on actual pensionable pay (for comparison purposes only):

Female members

| Age as at 1 April 2024 | Tier 1 | Tier 2 | Tier 3 |
|------------------------|--------|--------|--------|
| 17-24 | 6% | 94% | Nil |
| 25-34 | 3% | 97% | <1% |
| 35-44 | 3% | 90% | 7% |
| 45-54 | 2% | 84% | 14% |
| 55-64 | 2% | 87% | 10% |
| 65+ | Nil | 92% | 8% |

Male members

| Age as at 1 April 2024 | Tier 1 | Tier 2 | Tier 3 |
|------------------------|--------|--------|--------|
| 17-24 | 7% | 93% | Nil |
| 25-34 | 2% | 97% | 1% |
| 35-44 | 1% | 90% | 9% |
| 45-54 | 1% | 83% | 16% |
| 55-64 | 2% | 85% | 13% |
| 65+ | 3% | 95% | 3% |

6.3. The following tables illustrate the distribution of male and female members across the three contribution tiers within different age groups under the proposed structure.

Female members

| Age as at 1 April 2024 | Tier 1 | Tier 2 | Tier 3 |
|------------------------|--------|--------|--------|
| 17-24 | 96% | 4% | Nil |
| 25-34 | 56% | 44% | <1% |
| 35-44 | 21% | 79% | 1% |
| 45-54 | 10% | 87% | 4% |
| 55-64 | 8% | 90% | 2% |
| 65+ | Nil | 100% | Nil |

Male members

| Age as at 1 April 2024 | Tier 1 | Tier 2 | Tier 3 |
|------------------------|--------|--------|--------|
| 17-24 | 93% | 7% | Nil |
| 25-34 | 49% | 51% | <1% |
| 35-44 | 11% | 88% | 1% |
| 45-54 | 3% | 94% | 3% |
| 55-64 | 5% | 93% | 3% |
| 65+ | 5% | 95% | Nil |

6.4. Key observations for Tier 1:

- a. Under the current structure, very few members fall into Tier 1 across both sex and age groups.
- b. Under the proposed structure, the number of members in Tier 1 increases significantly, particularly for younger age groups. Females aged 17-24 increases from 6% to 96% and males in the same age group increases from 7% to 93%.
- c. Under the proposed structure, a higher proportion of females fall into Tier 1 compared to males across all age groups up to age 65.

6.5. Key observations for Tier 2:

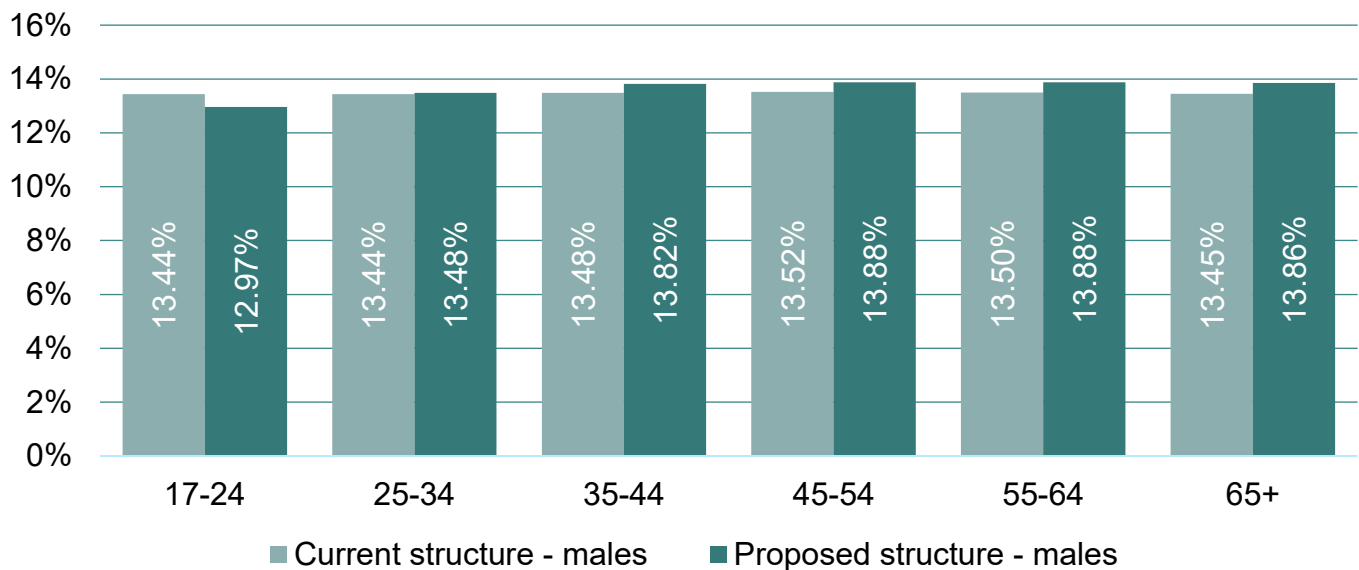
- a. Tier 2 remains the dominant Tier in both structures, although its proportion decreases amongst both younger age groups under the proposed structure reflecting the increase in membership in Tier 1.

6.6. Key observations for Tier 3:

- a. Under both the current and proposed structures, males and females have low representation in this tier. In the proposed structure, Tier 3 has a lower proportion of members overall, with similar representation across both sexes.
- b. Under the proposed structure, there are no members aged 65+ who fall into Tier 3.

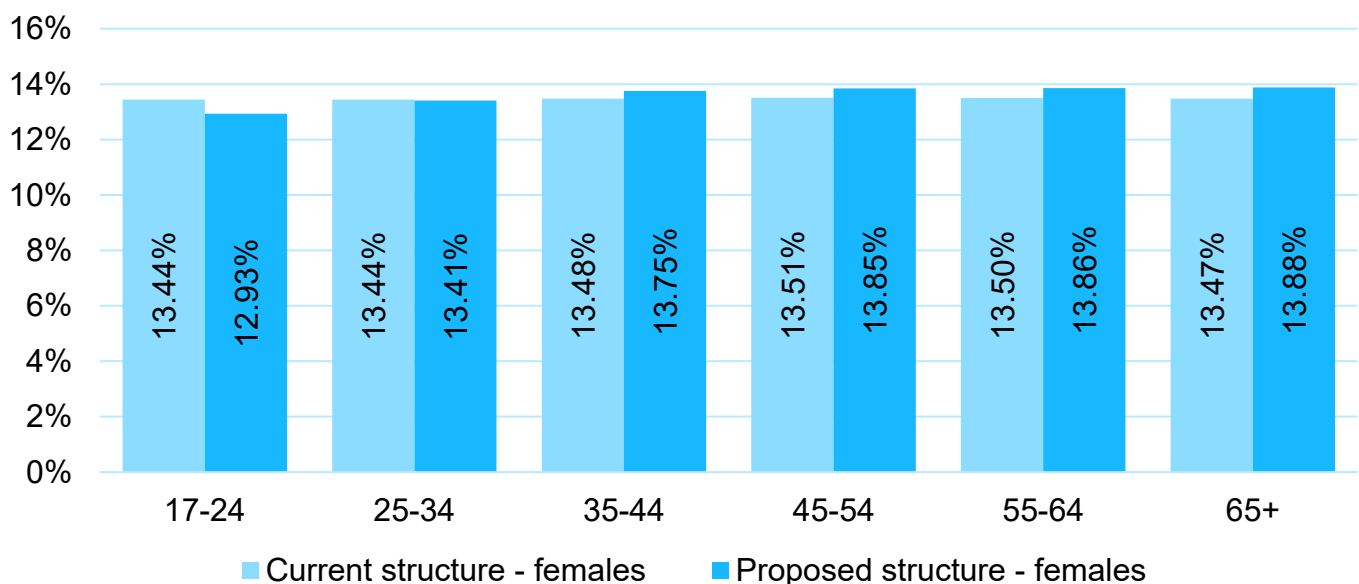
6.7. The following charts show the estimated average contribution rates across different age groups, shown separately for males and females. The average rates shown are weighted by actual pensionable pay.

Average contribution rate by age group for males



6.8. Under the proposed structure, younger males (aged 17-24) would pay less while older members would pay more than they currently do on average. The largest increases in contribution rates are for those aged 35+.

Average contribution rate by age group for females

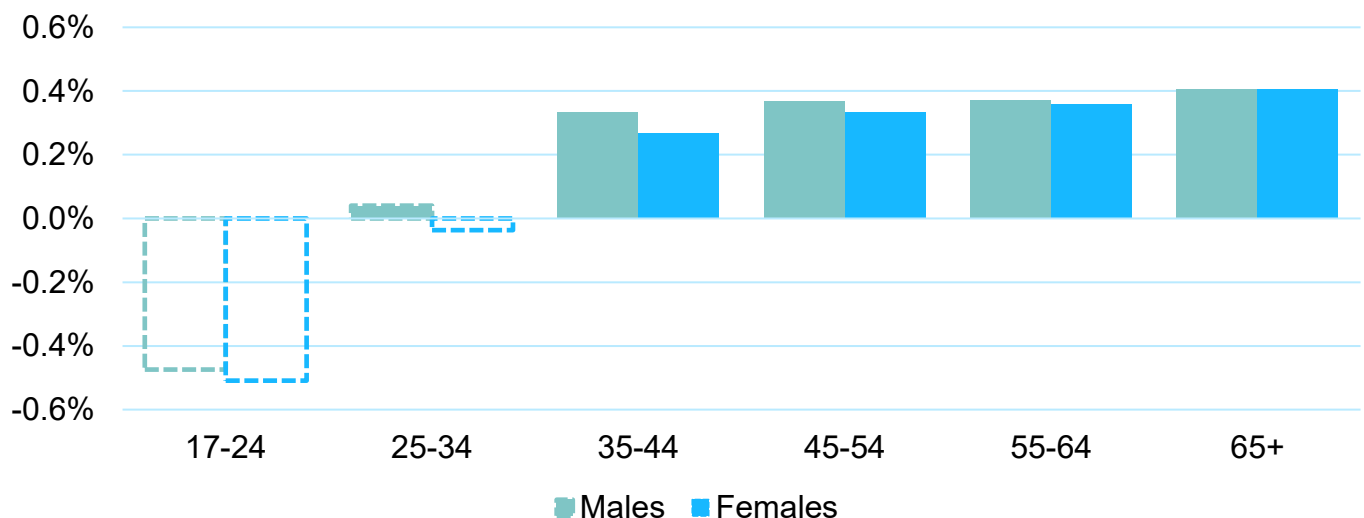


6.9. Under the proposed structure, a wider group of younger females (aged 17-34) would pay less, while older members would pay more than they currently do. Similar to males, the largest increases in contribution rates are for those aged 35+.

Comparing the average contribution rates by age group for males and females under the current and proposed contribution structure

- 6.10. Under the existing structure, the estimated average member contribution rate is similar for males and females across all age groups.
- 6.11. Under the proposed structure, both males and females pay lower contribution rates at younger ages (17-24). There is also a slight reduction in contribution rates at ages 25-34 for females.
- 6.12. The average member contribution rate under the proposed structure is higher for males than females except for the 65+ age group where the average rate is slightly higher for females.
- 6.13. These observations are likely due to:
 - a. The proposed structure includes higher pay thresholds for the contribution tiers which results in more members (particularly younger members) with relatively low actual pensionable pay now falling into the lowest contribution tier.
 - b. Under the proposed structure, where contribution tiers are based on actual pensionable pay, part-time workers (more likely to be female) will often fall into lower tiers. This can lead to a lower average contribution rate for females, especially in the younger and mid-career groups where part-time work is more prevalent.
 - c. Older members, particularly those aged 35+, tend to have higher actual pensionable pay, leading to higher contribution rates.
- 6.14. The chart below compares the estimated average change in the contribution rates between the current structure and proposed structures across different age groups for both males and females. The figures are also weighted by actual pensionable pay levels.

Average change in contribution rate between current and proposed rates



- 6.15. Under the proposed structure, both males and females under the age of 25 are expected to pay lower average contributions compared to the current structure. Females in this age



group experience the largest average decrease (c.0.5%) while the decrease for males is slightly lower.

- 6.16. Within the 25-34 age groups, there is minimal change overall, with females showing a slight decrease and males showing a slight increase.
- 6.17. In the 35-64 age groups, both males and females would experience an increase in contribution rates, with the increase being slightly higher for males.
- 6.18. In the 65+ age group, males and females are expected to pay a similar increase under the proposed structure (0.4%).

7. Equality Impact Analysis: Other protected characteristics

This section outlines our analysis of the equality impacts of the policy decision on updating member contribution structures on the remaining protected characteristics as identified in the Equality Act 2010.

- 7.1. The most recent data collected by GAD in Summer 2024 does not include information on all protected characteristics under the Equality Act 2010.
- 7.2. There is no available data on the characteristics of officers for the following protected characteristics: ethnic minority, disability, religion or belief, sexual orientation, gender reassignment, pregnancy and maternity or marriage and civil partnership.
- 7.3. As a result, we are unable to assess the potential impact of the proposed changes to member contribution rates on individuals with these characteristics.

Appendix: Compliance and limitations

- This report has been prepared by GAD at the request of the Home Office. The purpose of this report is to provide analysis to support the Equality Impact Assessment in considering the impact of proposed updates to the member contribution structure for the 2015 scheme.
- This report has been prepared for the use of the Home Office and must not be reproduced, distributed or communicated in whole or in part to any other person without GAD's prior written permission. We are however content for this report to be published alongside the Home Office's Equality Impact Assessment, on the condition that it is published in full.
- Other than the Home Office, no person or third party is entitled to place any reliance on the contents of this report, except to any extent explicitly stated herein. GAD has no liability to any person or third party for any action taken or for any failure to act, either in whole or in part, on the basis of this report.
- In preparing this report, GAD has relied on data and other information by the individual police authorities. Any checks that GAD has made on this information are limited to those described in the report, including any checks on the overall reasonableness and consistency of the data. These checks do not represent a full independent audit of the data supplied. In particular, GAD has relied on the general completeness and accuracy of the information supplied without independent verification.
- GAD are not lawyers, and our advice does not constitute legal advice. Advice in this area should be sought from an appropriately qualified person or source.
- This report has been carried out in accordance with the applicable Technical Actuarial Standard: TAS 100 issued by the Financial Reporting Council ('FRC'). The FRC sets technical standards for actuarial work in the UK.