EXPLANATORY MEMORANDUM TO

THE POLICE PENSIONS (MEMBER CONTRIBUTIONS) (AMENDMENT AND TRANSITIONAL PROVISIONS) (ENGLAND AND WALES) REGULATIONS 2026

2026 No. 267

1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Home Office and is laid before Parliament by Command of His Majesty.

2. Declaration

2.1 Sarah Jones MP, Minister of State for Policing and Crime at the Home Office confirms that this Explanatory Memorandum meets the required standard.

2.2 Peter Spreadbury, Deputy Director for the Police Workforce and Professionalism Unit, at the Home Office confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Usamah Musa at the Home Office can be contacted by email at the following address with any queries regarding the instrument: usamah.musa@homeoffice.gov.uk. Alternatively, the department can be contacted by telephone: 07920 415566.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 This instrument will introduce a revised member contribution structure for the Police Pension Scheme 2015 ("the 2015 Scheme"). It replaces the current contribution structure, based on full-time equivalent (FTE) pay, with one based on members' actual pensionable pay. It also updates the contribution tier thresholds in line with known pay increases since 2015, and increases the contribution rates.

Where does the legislation extend to, and apply?

4.2 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is England and Wales.

4.3 The territorial application of this instrument (that is, where the instrument produces a practical effect) is England and Wales.

5. Policy Context

What is being done and why?

Increasing the member contribution yield to 13.7 per cent

5.1 This instrument will ensure that the 2015 Scheme meets the required target of average member contributions of 13.7 per cent, which is set out in the Reform Design Framework for the Police Pension Scheme in England and Wales.[1] The member

[1] https://assets.publishing.service.gov.uk/media/5a7b2db1ed915d3ed9062afe/reform-design-framework.pdf

contribution yield is a critical benchmark because it ensures that the 2015 Scheme remains affordable for forces and taxpayers, while delivering benefits to members.

5.2 HM Treasury has instructed all public sector pension schemes to ensure that member contributions are adjusted as needed in order to meet the yield agreed when each respective scheme was established (the target yields are different for each pension scheme). According to a projection by the Government's Actuary's Department (GAD), for the 2020 valuation implementation period 2024 to 2027, the 2015 Scheme is operating with a shortfall of 0.22 per cent in member contribution yield, which is only reaching 13.48 per cent. This figure reflects the combined average yield generated by the current tiered structure, under which members pay different contribution rates depending on the tier they fall into based on their pensionable pay.

5.3 GAD have calculated that the amendments in this instrument to these contribution rates, and the pay thresholds for each tier, will enable the scheme to achieve the required yield of 13.7 per cent from 1 April 2026.

5.4 Without these changes, the 2015 Scheme will continue to operate with a shortfall in member contributions. A shortfall in the contribution yield would mean the 2015 Scheme does not generate sufficient income from members to meet the cost-sharing requirements set by HM Treasury when the 2015 Scheme was established.

Ensuring fairness, particularly for part-time police officers

5.5 This instrument will also address equity concerns for part-time police officers. Under the existing structure, member contribution rates are determined by the tiers set out in the Police Pensions Regulations 2015 ('the 2015 Regulations'), which apply based on a member's FTE pay. This approach has been identified as inequitable for part-time officers, because it does not take into account their actual pensionable earnings. This instrument addresses this by basing a member's contribution rate on actual pensionable pay over the previous scheme year.

5.6 Furthermore, the pay thresholds set out in the 2015 Regulations for each of the tiers have not been revised since 1 April 2015, and therefore do not reflect the current pay scale. Notably, the lowest tier has become obsolete. Updating these pay thresholds is necessary to restore fairness and ensure that the structure reflects contemporary pay arrangements.

5.7 The instrument makes different provision for members who were not in continuous service in the scheme throughout the previous scheme year and up to end of the pay period for which contributions are being deducted. These members will have their rate based on their joining pay until they have completed a full scheme year of service. "Joining pay" refers to a member's annual pay rate under their terms of service at the point they start or resume active membership. This is necessary so that that members without a full scheme year of pensionable service in the previous scheme year have an appropriate alternative basis on which their contribution rate is determined. There is also special provision to determine the treatment of members returning from periods of a year or more of unpaid leave or permanent service as reserves in His Majesty's Armed Forces. These members will also have their rate based on their joining pay until they have completed a full scheme year of service.

What was the previous policy, how is this different?

Updated tier thresholds and contribution rates

5.8 The previous policy involved lower contribution rates in each tier, with tier thresholds that had not been updated since 2015. This resulted in the first tier becoming obsolete and including no members. These outdated rates and tier thresholds resulted in a yield of 13.48 per cent. The new structure, with updated rates and tier thresholds, is estimated to increase the yield to meet the target of 13.7 per cent. The effective reintroduction of the first tier also helps address affordability concerns for some lower-paid members, as they will now contribute at a lower rate than under the previous structure.

Determining the rate based on actual pay, rather than FTE pay

5.9 The previous policy also stated that contribution rates are to be based on FTE pay. The new policy changes this and bases the determination on a member's actual pensionable pay from the previous scheme year.

5.10 The instrument revokes regulations 168 and 169 of the 2015 Regulations, which previously set out how to calculate annualised pensionable earnings and replaces them with a new regulation 167A. This introduces a method for determining a member's "relevant pay", based either on the pensionable earnings they received over the full previous scheme year or, where they have not been an active member since the beginning of that year, on their joining pay. "Relevant pay" is used to determine the applicable member contribution rate. The same approach now applies to full-time and part-time officers, as well as to members previously treated as receiving assumed pay such as during periods of paid family leave or other circumstances where pensionable earnings differ from pay received. This replaces the former bespoke rules regarding assumed pay and provides a consistent basis for identifying the correct contribution rate.

6. Legislative and Legal Context

How has the law changed?

6.1 The statutory framework for the 2015 Scheme is set out in the 2015 Regulations, which were made under the Public Service Pensions Act 2013. Part 10 of those Regulations sets out how members' contributions to the 2015 Scheme are calculated. This instrument amends Part 10 of the 2015 Regulations. It substitutes the existing contribution rates, and pay tiers to which those rates apply, with the new rates and thresholds. It also amends the provisions for determining which rate applies and makes consequential changes elsewhere in the 2015 Regulations. This is the first time that the member contribution rates in the 2015 Scheme have been amended.

Why was this approach taken to change the law?

6.2 This is the only possible approach to make the necessary changes. The member contribution rates and the rules governing which rate applies are set out in the 2015 Regulations and can therefore only be altered by amendment to those Regulations.

7. Consultation

Summary of consultation outcome and methodology

7.1 The Home Office conducted a public consultation on proposed updates to the 2015 scheme member contribution structure.[2] The consultation ran from 20 November 2024 to 29 January 2025 and has been made available on GOV.UK for all interested parties to provide views. The consultation sought views on proposals to amend the Police Pensions Regulations 2015 to: deliver the required target yield; update the member contribution structure to support scheme participation and reduce opt-outs; ensure that the structure remained administratively sustainable; and ensure due regard to the Public Sector Equality Duty.

7.2 Stakeholders responding included individual officers, police forces, payroll providers and staff associations. The Police Pensions Scheme Advisory Board and the National Police Chiefs' Council (NPCC) also responded. The consultation generated significant engagement, reflecting widespread interest in contribution fairness and the impact on officers' take-home pay. During the consultation period, two in-person engagement sessions were held to support stakeholders.

7.3 Respondents generally accepted the need to ensure the scheme delivers the required 13.7 per cent yield, although some raised concerns about affordability for lower-paid members and the timing of changes. Staff associations emphasised the impact of contribution levels on affordability and as a key reason for members opting out of the scheme. This instrument helps to address this concern, as the lowest-paid members will now contribute at a lower rate than under the previous structure. Forces and administrators commented on the need for a structure that is simple to administer and compatible with existing payroll systems.

7.4 The Government's response was published on 25 November 2025 to ensure forces were given over four months to make the necessary administrative updates.[3] The response summarised the feedback, including a range of alternative proposals by stakeholders. The response explains that while these were thoroughly considered, many failed to meet all of the stated objectives of the consultation. The response outlines the chosen approach and is accompanied by an Equality Impact Assessment for the change.[4]

7.5 The Home Office informed the Welsh Government in keeping with established practice for joint pension matters; however, no formal consent process applied.

8. Applicable Guidance

8.1 An FAQ document was issued to police stakeholders, via NPCC, on 16 December 2025. An updated version was circulated on 19 February 2026. This is not statutory guidance and was designed to help forces engage with the changes and address queries raised in engagement sessions held in December 2025 by NPCC.

[2] https://assets.publishing.service.gov.uk/media/673deca159aab43310b95951/Consultation+on+proposed+updates+to+the+police+pensions+scheme+member+contribution+structure.pdf
[3] https://assets.publishing.service.gov.uk/media/691daad0513046b952c50053/Consultation+response+on+proposed+updates+to+the+police+pension+scheme_s+member+contribution+structure.pdf
[4] https://assets.publishing.service.gov.uk/media/692490f05f7777c304ba7f06/Equality+Impact+Assessment+Police+Pensions+Member+Contribution+Structure+_To+Publish_.pdf

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 A full Impact Assessment has not been prepared for this instrument because the changes relate solely to member (police officer) contributions in the Police Pension Scheme 2015 meaning there are no direct business impacts. An Economic Note (EN) has been produced, which has been published alongside the legislation, setting out the impact on households (police officers) and the public sector.

9.2 The EN highlights that there is a net increase of cost to households (police officers). Costs and benefits come from either increased, or reduced, contributions from police officers. There are costs for police officers who earn over £37,035 totalling £193.0 million (Present Value) (PV) across all staff over the 10-year appraisal period and increased benefits for police officers who earn below £37,035 of £29.0 million (PV) in total across the 10-year appraisal period. This results to a net cost to households of £163.9 million (PV).

9.3 If the proposed amendments are not implemented and the member contribution yield is not increased to 13.7 per cent, the Police Pension Scheme will continue to operate with a shortfall in member contributions. If this scheme remains underfunded, the deficit will need to be met by the public sector. Therefore, there is a benefit to the public sector of costs avoided which is equal to the net cost to police officers of £163.9 million (PV).

9.4 The Net Present Social Value is estimated to be zero, since the costs avoided by the public sector are equivalent to the net cost to police officers. The Household Net Present Value is estimated to be £163.9 million (PV) with an Equivalent Annual Net Direct Cost to Households of £19.0 million.

9.5 Furthermore, the impact on members of the 2015 scheme has also been fully considered as part of the Equality Impact Assessment, and the supporting analysis provided by the Government Actuary's Department alongside the consultation response.[5] The Equality Impact Assessment found no disproportionate impacts on groups with protected characteristics and concluded that the updated contribution structure and the move to determining contributions based on actual pensionable pay support fairer outcomes overall, particularly for part-time workers.

Impact on businesses, charities and voluntary bodies

9.6 There is no, or no significant, impact on business, charities or voluntary bodies because the instrument concerns public service pensions only.

9.7 The legislation does not impact small or micro businesses.

9.8 The impact on the public sector is a change to the member contribution structure for members of the police pension scheme 2015 only.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 The approach to monitoring this legislation is through engagement with forces, the payroll providers and staff associations. Contribution yield will be reviewed at the next statutory scheme valuation.

[5] https://assets.publishing.service.gov.uk/media/691dafd4e39a085bda43ef83/Analysis+to+Support+the+Equality+Impact+Assessment+-+Police+Pensions+Member+Contribution+Structure.pdf

10.2 The instrument does not include a statutory review clause.

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 None.

12. European Convention on Human Rights

12.1 As the instrument is subject to negative procedure, and does not amend primary legislation, no statement is required.

13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 ("relevant European Union Acts").