EXPLANATORY MEMORANDUM TO

THE PENSIONS ACT 2004 (CODE OF PRACTICE) (REVOCATION) ORDER 2026

2026 No. 709

1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Department for Work and Pensions and is laid before Parliament by Command of His Majesty.

2. Declaration

2.1 Torsten Bell, Minister for Pensions at the Department for Work and Pensions confirms that this Explanatory Memorandum meets the required standard.

2.2 Simon Boniwell, Deputy Director for Pensions Innovation and Guidance, at the Department for Work and Pensions confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Thomas Rhodes at the Department for Work and Pensions, email: thomas.rhodes@dwp.gov.uk and tel: 0300 082 6086 can be contacted with any queries regarding this instrument.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 This instrument revokes The Pensions Regulator's[1] existing Collective Defined Contribution[2] Code of Practice[3].

4.2 The Code of Practice which is being revoked details the process for making an application under Part 1 of the Pension Schemes Act 2021[4] for authorisation of a collective money purchase scheme (a type of trust-based occupational pension scheme).

Where does the legislation extend to, and apply?

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

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

5. Policy Context

What is being done and why?

5.1 The Pensions Regulator's Code of Practice for collective money purchase schemes sets out the standards, practical guidelines, and regulatory expectations for the

[1] https://www.thepensionsregulator.gov.uk/en/about-us/what-tpr-does-and-who-we-are
[2] Referred to as 'collective money purchase schemes' in legislation and this Explanatory Memorandum
[3] https://www.thepensionsregulator.gov.uk/en/document-library/code-of-practice/collective-defined-contribution
[4] https://www.legislation.gov.uk/ukpga/2021/1/contents

authorisation and ongoing supervision of collective money purchase pension schemes in the UK. It is designed to ensure that these schemes are well-run, financially sustainable, and protect member benefits. This instrument revokes the current Code of Practice for collective money purchase schemes as it is being replaced by a new draft Code of Practice.

5.2 The draft new Code of Practice incorporates changes introduced by the Occupational Pension Schemes (Collective Money Purchase Schemes) (Extension to Unconnected Multiple Employer Schemes and Miscellaneous Provisions) Regulations 2025[5].

5.3 Codes of Practice provide practical guidelines in relation to the exercise of functions under pensions legislation and set out the standards of conduct and practice expected of those who exercise such functions. The Pensions Regulator has consulted on a draft new Code of Practice which will replace the current one**.** Without revoking the out-of-date Code of Practice, it will create significant confusion for the pensions industry.

What was the previous policy, how is this different?

5.4 The Pensions Regulator issued the current Code of Practice for collective money purchase schemes on 1 August 2022. It related to the authorisation and supervision of collective money purchase schemes, which were introduced by the Pension Schemes Act 2021 and the Occupational Pension Schemes (Collective Money Purchase Schemes) Regulations 2022[6] and set out the framework for an authorisation and supervision regime for collective money purchase schemes.

5.5 When the current Code of Practice was published, only single or connected employer collective money purchase schemes were permitted to apply for authorisation to operate. Single or connected schemes are those with a single employer, or two or more employers that are financially connected.

5.6 Since the publication of the current Code of Practice, the provision of collective money purchase schemes has been extended by the Occupational Pension Schemes (Collective Money Purchase Schemes) (Extension to Unconnected Multiple Employer Schemes and Miscellaneous Provisions) Regulations 2025 to include unconnected multiple employer collective money purchase schemes. These regulations amended The Pension Schemes Act 2021, and secondary regulations were introduced or amended so that unconnected multiple employer collective money purchase schemes can operate.

5.7 An unconnected multiple employer collective money purchase scheme refers to a pension scheme where multiple, unrelated employers participate, meaning each employer operates independently without significant ties to the others, all contributing to a single pooled fund within the scheme. Essentially, the new regulations allow companies from different industries to offer their employees a collective money purchase pension through a shared structure, despite not being directly connected to one another.

5.8 The Pensions Regulator will be responsible for administering the authorisation and supervision regime for both single or connected employer collective money purchase schemes and unconnected multiple employer collective money purchase schemes. They have produced a new draft Code of Practice which sets out the detail of the procedures it expects schemes to follow, and detailed information and guidance on how it will assess the matters that the regulations require it to take into account, when

[5] https://www.legislation.gov.uk/ukdsi/2025/9780348275759/contents
[6] https://www.legislation.gov.uk/ukdsi/2022/9780348230505/introduction

deciding whether or not it is satisfied that the criteria for authorisation are met to grant authorisation or to continue to authorise a scheme.

6. Legislative and Legal Context

How has the law changed?

6.1 This instrument revokes the Code of Practice listed in Regulation 2 of the Order.

Why was this approach taken to change the law?

6.2 This is the only possible approach to make the necessary changes.

7. Consultation

Summary of consultation outcome and methodology

7.1 The Pensions Regulator consulted on its new draft Code of Practice between 19 December 2025 and 13 February 2026. The consultation was principally aimed at anyone to whom the collective money purchase legislation applies or is directly relevant to. This includes employers, trustees, and professional advisers, such as actuaries and service providers. The consultation received 29 responses.

7.2 The majority of the responses to the consultation found the new draft Code of Practice helpful in developing their understanding of the authorisation and supervision regime for unconnected multiple employer collective money purchase schemes.

7.3 The common themes that came from the responses included areas of clarification on promotion or marketing, systems and processes compliance for new schemes, consequences of sectionalisation (including how the investment strategy may trigger this), and whether the draft Code of Practice adequately deals with collective money purchase sections of authorised Master Trusts[7].

7.4 There were also areas where the responses have enabled the Pensions Regulator to make changes to provide additional clarity on what schemes will be required to provide as part of the application for authorisation process and how The Pensions Regulator will take matters set out in the Regulations into account when assessing both an application for authorisation and then, if authorised, a scheme on an ongoing basis.

7.5 There has been no consultation on this Revocation Order.

8. Applicable Guidance

8.1 There will be no guidance provided for the Revocation Order.

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 it does not create any new legal obligations.

Impact on businesses, charities and voluntary bodies

9.2 There is no, or no significant, impact on business, charities or voluntary bodies.

[7] A master trust is a trust-based occupational pension scheme designed for multiple, unconnected employers, providing a single consolidated structure for defined contribution (DC) benefits.

9.3 The legislation does not impact small or micro businesses.

9.4 There is no, or no significant, impact on the public sector.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 The approach to monitoring this legislation is that the instrument will not be reviewed.

10.2 The instrument does not include a statutory review clause and, in line with the requirements of the Small Business, Enterprise and Employment Act 2015[8], Torsten Bell MP, Minister for Pensions at the Department for Work and Pensions and His Majesty's Treasury, has made the following statement: "Having had regard to the Statutory Review Guidance for Departments published under section 31(3) of the Small Business, Enterprise and Employment Act 2015, in my view, it is not appropriate to make provision for review in the Pensions Act 2004 (Code of Practice) (Revocation) Order 2026."

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").

[8] https://www.legislation.gov.uk/ukpga/2015/26/contents