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Ms Emer Boyle  
Communities Committee Clerk  
Room 430  
Parliament Buildings  
Ballymiscaw  
Stormont  
Belfast  
BT4 3XX

Dear Emer,

**THE OCCUPATIONAL PENSION SCHEMES (COLLECTIVE MONEY PURCHASE SCHEMES) (EXTENSION TO UNCONNECTED MULTIPLE EMPLOYER SCHEMES AND MISCELLANEOUS PROVISIONS) REGULATIONS (NORTHERN IRELAND) 2026**

The Department for Communities proposes to make a Statutory Rule under powers conferred by the Pension Schemes Act 2021. The Statutory Rule is subject to the confirmatory procedure before the Assembly.

**Purpose of the Statutory Rule**

The Pension Schemes Act 2021 introduced the legislative framework for Collective Money Purchase (CMP) pension schemes. However, it limited them to single or connected employers. These Regulations remove that restriction to enable schemes that can be used by unconnected employers. Building on the authorisation and supervisory framework

already in place for single / connected employer schemes, they adapt and extend it to address the additional risks of schemes involving unrelated employers.

## **Detail**

The UK pensions system has traditionally operated on a binary basis, comprising Defined Benefit (DB) schemes—where employers guarantee pension outcomes and bear the associated risks—and Defined Contribution (DC) schemes, where individuals bear investment and longevity risks with no guaranteed retirement income.

CMP schemes provide an alternative model between DB and DC, pooling contributions from employers and members into a single fund which is invested collectively with the aim of providing a target level of retirement income. This model enables risk-sharing across members, offers potential for higher returns through investment in long-term assets, and provides a simpler retirement income, although benefits may be adjusted over time to maintain financial balance.

CMP schemes were introduced under the Pension Schemes Act 2021, supported by regulations, and guidance from the Pensions Regulator. Until now, these schemes have been limited to single-employer arrangements or those involving connected employers. The first authorised CMP scheme in the UK began operating on 7 October 2024. However, there has been growing demand from the Westminster Parliament, including the Work and Pensions Committee, and the pensions industry to extend CMP provision to allow participation by multiple unconnected employers and to broaden access to the benefits of collective pension provision.

These Regulations enable the establishment and operation of CMP schemes involving unconnected employers, allowing multiple unrelated employers to participate in a single scheme and contribute to a shared collective fund. This expansion makes CMP schemes accessible to organisations of all sizes and sectors. The Regulations are designed to expand access while ensuring appropriate regulatory oversight and maintaining member protection and market confidence.

The Regulations achieve this by removing the existing restriction limiting CMP schemes to connected employers. They also establish a comprehensive authorisation and supervisory regime covering application requirements, fit and proper persons test, scheme design standards, financial sustainability, valuation and benefit adjustment processes, and ongoing regulatory oversight.

The Regulations introduce a robust authorisation and supervisory regime for unconnected multi-employer CMP schemes, requiring schemes to be approved by the Pensions Regulator before operating and to meet enhanced criteria on design, financial sustainability, and governance tailored to the risks of multiple unrelated employers. The fit and proper persons test requires that those involved in running the scheme (such as trustees and scheme proprietors) are assessed by the Regulator as having the necessary integrity, competence, and experience to perform their roles effectively and in members' best interests. Once authorised, schemes are subject to ongoing supervision, including regular valuations, benefit adjustment mechanisms to maintain financial balance, and continuous monitoring of compliance with authorisation standards. The Regulator is also given intervention powers, such as issuing risk notices and overseeing major events like structural changes or wind-up, ensuring that schemes remain well-run and that members are protected throughout their lifecycle.

In addition, the Regulations make consequential technical amendments to other legislation so that CMP schemes can operate as intended.

Overall, the reforms aim to increase access to collective pension schemes, improve potential retirement outcomes compared to DC arrangements, maintain affordability for employers, and ensure robust regulatory oversight and member safeguards. They represent a significant step in developing a more flexible and sustainable UK pensions system.

### **Previous engagement with the Committee**

The Occupational Pension Schemes (Collective Money Purchase Schemes) Regulations (Northern Ireland) 2022 (S.R. 2022 No. 191) set out the authorisation and supervisory regime for CMP schemes under Part 2 of the Pension Schemes Act 2021 (for single and

connected employers) and were considered by the Committee on 24 March 2022. These new Regulations simply expand the scope of earlier provision to now include unconnected employers.

### **Financial Implications**

No impact on the public sector is anticipated because CMP provision is restricted to private pension provision. Impacts on business etc are set out in the Regulatory Impact section.

### **Consultation**

There is no requirement to consult on the proposed Regulations. They make in relation to NI only provision corresponding to provision contained in regulations made by the Secretary of State for Work and Pensions in relation to GB.

### **Consideration by the Executive**

The Statutory Rule is subject to the confirmatory procedure before the Assembly which means it must be approved by a resolution of the Assembly within six months of coming into operation or it ceases to have effect. A Ministerial Colleagues letter has been issued to inform Executive Ministers of the proposed Rule.

### **Equality Impact**

In accordance with its duty under section 75 of the Northern Ireland Act 1998, the Department has conducted a screening exercise on these legislative proposals. The Department has concluded that they would not have any significant implications for equality of opportunity or good relations and considers that an Equality Impact Assessment is not necessary.

### **Regulatory Impact**

A Regulatory Impact Assessment was carried out in relation to the proposals. Most costs are considered indirect because employers and schemes can choose whether to adopt CMP arrangements, but trustees are expected to familiarise themselves with the regulations, so these familiarisation costs are treated as direct. The benefits are not

monetised due to uncertainty and reliance on voluntary uptake, though potential advantages include improved member outcomes and lower employer costs.

### **Rural Needs Impact**

A Rural Needs Impact screening has been undertaken for this Statutory Rule, and the Department is satisfied that the Rule will not have any undue impact on rural communities. No negative impacts have been identified, and no mitigation measures are necessary.

### **Data Protection Impact**

A Data Protection Impact Assessment screening has been undertaken for this Statutory Rule, and the Department is satisfied that there are no causes for concern with regards to the protection of the Department or the public's data. The authorisation and supervision regime already in place for single and connected employers is replicated for unconnected employers. No mitigation measures are necessary.

### **Child Rights Impact**

A Child Rights Impact Assessment has not been deemed necessary for this Statutory Rule as provision in the Rule will only affect those of working age and retirement age.

### **Position in GB**

The corresponding GB Statutory Instrument (the Occupational Pension Schemes (Collective Money Purchase Schemes) (Extension to Unconnected Multiple Employer Schemes and Miscellaneous Provisions) Regulations 2025 (S.I. 2025/1313)) comes into force on 31 July 2026.

### **Proposed timing of consideration of the SL1**

It has not been possible to submit the SL1 to the Committee in accordance with the minimum four-week timeframe. DWP has brought forward further proposals consequential on the revised framework introduced by these Regulations which have also been submitted for Committee consideration in the SL1 letter for the Occupational Pension Schemes (Preservation of Benefit) (Amendment) Regulations (Northern Ireland) 2026. As the detail of these further changes were only received from DWP in

mid-May and necessitated consideration against the content of these Regulations it was not possible to bring forward the proposals at an earlier stage.

The Statutory Rule has also been technically complex to draft and is still to be cleared by Departmental Solicitor's Office and Office of the Legislative Counsel. It is therefore not possible to share a draft of the proposed Statutory Rule and Explanatory Memorandum at this stage. These will, however, be shared with the Committee once legal clearances have been secured. In order to maintain parity with GB in terms of the operational date, clearance by the Committee is requested by 2 July 2026.

In light of these circumstances the Minister has made the following statement:

***"I am satisfied that ensuring the orderly making of this parity pensions legislation in line with DWP timeframes gives rise to exceptional circumstances which require deviation from the normal processes and timeframes set out in the Guidance for Departments on Delegated Legislation (SL1 Pre-Introductory Stage) (November 2025).***

***I would be grateful if the Committee would agree to approve the SL1 in the requested shortened timeframe in light of these exceptional circumstances. It is my intention to make the SR to align as closely as possible with the operational date for the corresponding DWP SI".***

### **Operational Date**

In line with section 87 of the Northern Ireland Act 1998, the Rule should be made as soon as possible to come into operation on 31 July 2026 at the same time as the corresponding GB Instrument.

When the Rule together with an Explanatory Memorandum has been laid at the Assembly Business Office, the Business Office will submit copies to the Committee.

You will wish to bring this matter to the attention of the Communities Committee.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Laura Coffey', with a long horizontal flourish extending to the right.

**Laura Coffey**

Departmental Assembly Liaison Officer

Private Office

Cc: Assembly and Legislation Section (Executive Office)

NI Human Rights Commission

Equality Commission for Northern Ireland

David Tarr DfC