

Joint consultation on detailed VFM proposals published

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Introduction

Setting out a “detailed proposed approach” to VFM, the DWP published a [consultation](#) on 13 July 2026, along with [draft regulations](#) and [draft FCA rules](#).

Key points

- This hefty consultation, which runs to nearly 200 pages, plus the draft regulations and FCA rules, is the latest step in joint work by the FCA, the DWP and TPR towards the new market-wide VFM framework (the “Framework”).
- The consultation provides responses to the [joint consultation](#) held earlier this year. It seeks views on the policy in respect of FCA-regulated schemes, and sets out and seeks views on the policy in respect of TPR-regulated schemes.
- The Framework will be implemented in phases, with all in-scope schemes having to submit data in 2028, but only master trusts, larger single employer schemes (50,000 or more members) and multi-employer contract-based default arrangements being required to undertake a full assessment and ratings in that year.
- Once implemented, all schemes in scope will be required to report on a range of metrics and to use this data to assess the value of their offering against comparators. If a scheme offers poor value, firms and trustees must drive improvements or transfer members to “a value rated arrangement”.
- The consultation closes on **1 September 2026**, with roundtables and stakeholder events being held to discuss practical aspects as the Framework develops. The final regulations and FCA rules are promised in early 2027.
- The DWP has also published its updated “[roadmap](#)”, setting out the Government’s “overarching aims for reform”, as well as the sequencing and expected timing of implementation.

Background

Work has been underway for several years to establish a common assessment framework for VFM. The Framework is intended to shift focus from cost towards value amongst employers, trustees and managers of workplace pension schemes, and to improve outcomes for savers.

The FCA, the DWP and TPR jointly **consulted** in January 2023 on policy proposals to require trustees and IGCs to disclose, assess and compare the VFM of their schemes. This was followed in August 2024 by the FCA's **consultation** on detailed proposals for default arrangements of FCA-regulated workplace DC schemes, with views invited on how the rules would translate to trust-based pensions.

In January 2026, the FCA, the DWP and TPR **jointly consulted** on the proposed rules and guidance that will apply in the FCA-regulated space, but with metrics and concepts intended to be suitable for application across the whole DC pensions industry.

Proposed Framework

The proposed Framework consists of four main elements:

- **consistent measurement and disclosure** – trustees and firms must measure and publicly disclose investment performance, costs, and service quality using metrics designed to assess VFM effectively
- **objective comparison** – those responsible for oversight (trustees for trust-based schemes, and IGCs and governance advisory arrangements for contract-based schemes) can assess performance against the market on a consistent, objective basis
- **transparency of outcomes** – assessment results must be publicly disclosed, with assessment outcomes rated using a four-point traffic light system
- **action on poor value** – trustees and firms must take specified actions where an arrangement is assessed as not delivering VFM.

Latest consultation

This latest consultation seeks views on the development of the Framework for both FCA- and TPR-regulated schemes, including asking for feedback on draft regulations and FCA rules. It also responds to the **joint consultation** held earlier this year. Insofar as it is possible, it intends to create a consistent policy across workplace schemes, while reflecting the distinct regulatory regimes that apply.

Scope

“In-house” AVC arrangements will be excluded from the requirements, given that “such arrangements result from active decision making on the part of the saver and often have complex relationships, including in relation to investment choice and benefits, with the main schemes to which they are linked”. However, any DC elements of hybrid arrangements remain **in scope**, unless excluded on other grounds.

For trust-based schemes, where trustees have taken a decision to wind up the entire scheme, they should likewise be exempt from the requirement to produce VFM data and undertake a VFM assessment. This exemption is intended to apply from the point at which trustees notify TPR (as required to do by legislation) that the scheme's winding-up has begun.

Similarly, where trustees decide to transfer members out of a default arrangement (for example, a disinvestment to that arrangement), but do not intend to wind up the scheme, they would be exempt from the requirement to produce both VFM data and a VFM assessment. The intention is that this exemption will apply from the point at which TPR has been provided “with evidence that an agreement in principle has been reached with an alternative provider to accept the transfer of those members to a new arrangement”.

As set out in earlier consultations, Executive Pension Plans and SSASs will initially be excluded from the Framework, as will CDC arrangements. However, this will be kept under review.

Phased implementation

In response to industry feedback, a phased implementation approach is now being proposed:

- **VFM assessments** – all in-scope arrangements will be required to collect and enter their VFM data onto the central database by 31 March 2028. However, on the basis that they “are more likely to impact a larger number of savers overall and be best placed to comply with the VFM requirements”, only the following arrangements will be required to undertake and publish a full VFM assessment, and will have their data published:
 - scheme-designed (non-bespoke) master trust default arrangements and firm-designed (non-bespoke) multi-employer contract-based arrangements (ie those that aren’t bespoke to a particular employer), and
 - default arrangements within large single-employer schemes (those with 50,000 or more active and deferred members)
- **data collection** – the initial data collection period will be shortened to July to December 2027 (from the previous proposal of January to December 2027)
- **consequences** – no formal consequences will apply in 2028 in direct relation to the Framework, with consequences (including closure measures) only taking effect from the second assessment cycle onwards. However, FCA-regulated firms will still be subject to the FCA handbook and trustees will still be subject to their existing duties
- **from 2029 onwards** – all in-scope schemes will be required to complete full disclosure, assessment and ratings.

Other key changes

Other changes to the Framework being proposed include:

- only making data submitted in March publicly available in November, after schemes have published their assessment reports. During the period between March and October, trustees/managers and IGCs/firms would have access to all disclosed VFM data required for assessment purposes
- a more tailored approach to comparator groups
- replacing a requirement that firms and trustees obtain third-party advice on forward-looking metrics with mandatory disclosure of underlying assumptions
- in the first year of implementation, multi-employer cohort tables will not be used for assessments, shared with other providers nor made public. However the DWP will “continue to explore options for future years” in relation employer cohort disclosures.

DC Chair’s statement

For trust-based arrangements, TPR intends the VFM assessment report to be a standalone document, not part of the DC Chair’s statement. The DWP is considering amendments to the existing legislation for Chair’s statements to ensure that there is no duplication or overlap with the Framework requirements.

Next steps

The consultation closes on **1 September 2026**. Following the consultation:

- the DWP intends to issue a response by **January 2027**, which will be published alongside the final regulations, implementing the Framework for trust-based schemes
- TPR intends to consult, as appropriate, on any necessary codes of practice and/or guidance
- the FCA intends to publish a Policy Statement and rules in **Q1 2027** to set out the details of implementing the Framework for the contract-based market.

As confirmed in the DWP's updated “**roadmap**”, the aim is for the requirements for both contract and trust-based arrangements to come into force at the same time.

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