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PRESS RELEASE

ACA welcomes VfM framework but warns it could make poorly governed schemes look better than top-tier schemes

16 September 2026: The Association of Consulting Actuaries (ACA) has welcomed progress on the proposed Value for Money (VfM) framework but warned it could make some minimum-compliance pension schemes appear to offer better value than well-governed schemes on the past performance test. The ACA is calling for the regime to be tested in a "dry run" before results are made public to ensure the framework does not reward the wrong behaviours.

Response to DWP's Value for Money Framework consultation

Tess Page, Chair of the ACA DC Committee, commented:

"The VfM framework should help employers and savers identify schemes that genuinely deliver better long-term outcomes. However, there is a risk that some of the proposed comparisons could produce the opposite result.

"Under current proposals, a minimum-compliance scheme invested in very low cost passive equities could look strong because equity markets have performed well over the period being measured, while a well-governed scheme with a more diversified strategy, including productive assets such as private markets, could appear less favourable despite being designed to deliver more robust outcomes over the long term.

"The methodology needs to be tested before results are published. Once ratings are public, they will influence decisions and businesses immediately. A regulator-supervised dry run would allow anomalies to be identified and corrected before they risk rewarding the wrong behaviours or undermining confidence in the framework and the wider pensions system."

While the ACA has welcomed aspects of the phased introduction of the framework, including the decision to defer automatic consequences for poor-value ratings in the first year, it says the first assessment cycle should operate as a regulator-supervised dry run.

Data and assessment outcomes should remain unpublished during that first cycle, allowing issues with the metrics and comparisons to be identified before they influence the market. The ACA also recommends moving the start of data collection from July 2027 to 2028, giving schemes more time to build and test systems once the final rules are settled.

According to the ACA, these challenges are compounded by ongoing consolidation and M&A across the DC market, where changes of provider, platform and administration systems can fragment historical data and increase the risk of inconsistency or error.

The ACA's response also recommends DC decumulation products be brought into scope as soon as practicable and that non-workplace pensions are included at the latest within three to five years, calling for Government to set out a delivery timetable for both.

To avoid the risk of creating an uneven playing field, the ACA also calls for closer alignment between trust- and contract-based requirements, including exemptions for arrangements preparing to transfer members and the powers used to challenge VfM ratings.

Tess Page added:

"Building up a pension pot is only part of the journey. The framework should ultimately follow savers beyond the workplace and into retirement, with a clear timetable for bringing non-workplace and retirement products into scope. It should also treat trust- and contract-based arrangements consistently, so similar schemes are not subject to different rules simply because of how they are regulated."

The ACA welcomes the introduction of forward-looking investment measures that recognise changes in strategy and the longer-term returns schemes expect from private markets. However, it says these projections should not be able to 'rescue' consistently poor-performing schemes and recommends reinstating external advice on forward-looking assumptions as an important safeguard.

The ACA also calls for a clearer distinction between data collected for regulatory purposes, metrics used in assessments and information published publicly, arguing that public reporting should focus on assessment reports which explain ratings and their context rather than raw data.

Other recommendations include more proportionate asset-allocation disclosures and a review of existing governance requirements to remove duplication, reduce costs and allow trustees and managers to focus on improving member outcomes.

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About the Association of Consulting Actuaries (ACA)

Members of the ACA provide advice to thousands of pension schemes, including most of the country's largest schemes. Members of the Association are all qualified actuaries and all actuarial advice given is subject to the Actuaries' Code. Advice given to clients is independent and impartial. ACA members include the scheme actuaries to schemes covering the majority of members of private sector defined benefit pension schemes. The ACA is the representative body for UK consulting actuaries, whilst the Institute and Faculty of Actuaries is the professional body. The ACA is celebrating its 75th Anniversary this year.