PASA Consultation Response

FCA Consultation CP26/25: The Value for Money Framework: Consultation

September 2026

PASA

Acknowledgements

PASA is grateful to the following members of the PASA DC Working Group (DCWG) and Industry Policy Committee, and to their employers, for their contributions to this consultation response.

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About PASA

The Pensions Administration Standards Association (PASA) is the independent body dedicated to improving standards of pension administration.

We bring together the pensions industry, government and regulators to develop and promote good administration practice. Our work includes setting standards, publishing Guidance and providing independent Accreditation across different administration models.

Through this work, PASA supports better administration, stronger governance and good outcomes for pension scheme members.

1. Summary

The Value for Money (VFM) Framework has the potential to improve transparency, strengthen governance and support better member outcomes. As the Framework moves from policy development to implementation, the focus must now be on ensuring the required data and metrics can be produced reliably, applied consistently applied and used to make fair and meaningful comparisons between arrangements.

We support a phased approach to implementation. Particularly where this provides a structured opportunity for schemes, providers and governance bodies to test the data and outputs, identify issues affecting comparability and provide feedback before wider publication and application of the Framework. Transparency depends not only on publishing data, but on stakeholders being able to interpret it consistently and understand the context behind the results.

We believe the proposed scope represents a sensible starting point. However, the regulators should set out a clear roadmap for future inclusion of Collective Defined Contribution (CDC) and other emerging arrangements, together with the eventual treatment of retirement solutions and income provision. As the pensions landscape evolves, the Framework should evolve alongside it, using measures which reflect the different characteristics of each pension model and support fair and meaningful comparisons.

Consistency and comparability will be critical to the success of the Framework. Clear definitions, detailed technical specifications, common validation rules and proportionate contextual information will be needed to ensure service quality, complaints and operational metrics are interpreted appropriately across different administration and delivery models. This will be particularly important during the initial years of implementation.

Implementation should be proportionate and supported by sufficient lead-in time. Schemes and providers will need final requirements early enough to build and test systems, establish appropriate governance and implement robust data collection and reporting processes. Arrangements should have a reasonable opportunity to demonstrate improvement where concerns are identified, while persistent poor value must be addressed consistently and fairly.

Ultimately, the Framework should be judged not by the volume of data published, but by whether it supports better decision-making, stronger governance and improved long-term outcomes for pension savers.

2. Consultation questions and answers:

Q1 Do you have any comments on our proposals for phasing?

We support the proposed phased implementation. The first year should allow schemes, providers and governance bodies to test how the data and assessment process operate in practice, identify problems affecting comparability and address material issues before the Framework's full requirements and consequences are applied more widely.

This is important if the Framework is to achieve meaningful transparency. Publishing technically accurate data won't improve transparency if users interpret it inconsistently or if the resulting comparisons are misleading. The presentation and interpretation of comparative outputs should therefore be tested with those responsible for producing and using them, supported by controlled industry engagement where appropriate.

The overall timetable should be maintained, but publication should be subject to clear data-quality thresholds, validation and correction processes. There should also be a mechanism to qualify or, where necessary, temporarily withhold materially unreliable data. This would protect confidence in the Framework without creating unnecessary delay to its wider implementation.

Q2 Do you have any comments on our proposal to limit the first data collection period to 6-months?

We welcome the proposal to limit the initial data collection period, as this should give schemes and providers more time to understand the requirements and establish the necessary systems and processes. However, quality-of-service metrics collected over a shortened period may not provide a representative view of performance because they can be significantly affected by the timing of events within the annual administration cycle. For example, annual benefit statements can generate significant increases in member enquiries, workloads and complaints, as well as affecting turnaround times. A full annual reporting cycle captures these seasonal variations and provides a more representative view of service performance. Schemes should therefore be able to provide structured contextual information about material cyclical or exceptional events, and the assessment methodology should recognise these factors so the initial six-month period doesn't produce misleading comparisons.

The collection period should also be confirmed and stated consistently. The consultation describes the initial period as six months from July to December 2027, but paragraph 470 refers to 01 June to 31 December 2027. Schemes and providers need an unambiguous start date to configure systems and data collection processes correctly.

Q3 Do you have any concerns about our proposed exemptions and inclusions?

We support proportionate exemptions and easements where these are clearly justified. However, the final requirements should define the relevant criteria, the evidence required, how exempt arrangements will be identified and reported, and the circumstances in which an exemption or easement will cease to apply.

We welcome the confirmation bespoke arrangements will remain within scope. However, the exemptions and reduced requirements applying to them should be reviewed after the initial implementation period. Some bespoke arrangements hold significant assets and member populations, and overly broad or prolonged easements could reduce transparency and limit the Framework's ability to provide a comprehensive view of value across the market.

Q4 Do you agree with the proposed exemptions (full and partial) for contract-based arrangements where there is a transfer or a plan to transfer? Why or why not?

We agree with the proposed full exemption where a transfer is sufficiently advanced, and with the partial exemption where there's a clear plan to transfer all members but the process has not yet commenced or reached that stage. This is a pragmatic and proportionate approach. It avoids requiring an arrangement whose future has already been determined to undertake a full VFM assessment, while appropriately retaining the requirement to collect and disclose data where only a partial exemption applies.

Any exemption should be time limited and supported by clear evidence the transfer is genuinely planned and progressing. The final rules and guidance should specify the evidence required, how sufficient progress will be assessed and when the exemption will cease. Where a transfer is delayed, materially changed or no longer expected to proceed, the arrangement should return to the full assessment process.

Q5 Do you have any further comments on our proposed scope?

We support retaining the proposed initial scope. However, the regulators should set out the principles and indicative timetable for bringing CDC, these and other emerging arrangements within the Framework. Any extension should reflect the distinct characteristics of those models rather than applying measures which don't provide a fair or meaningful comparison.

Although the initial Framework focuses principally on accumulation, retirement solutions and income provision are also important components of member value because they directly influence members' ultimate outcomes. The future roadmap should therefore explain how the Framework will interact with default pensions and other retirement solutions as those reforms are developed.

Q21 Would it be helpful if we defined STP as a fully automated process for the purposes of VFM and asked schemes to confirm: • What percentage of payments fall within this definition? • The mean and range of all contributions falling outside this definition?

Yes. Defining Straight Through Processing (STP) as a fully automated process would support more consistent reporting. The definition should apply at individual transaction level. Where a transaction is completed without manual intervention, it should be treated as STP and excluded from the relevant processing-time metrics. Reporting should also distinguish between transaction types and use consistent start and end points.

Some manual interventions arise from legitimate quality assurance, risk management or governance controls rather than from process failure. A transaction subject to manual intervention shouldn't be classified as STP, but schemes should be able to identify and explain interventions arising from these controls separately from avoidable manual processing. This would preserve a consistent definition without penalising appropriate oversight and member protection.

Reporting the percentage of payments meeting the definition would provide useful evidence about the level of automation. The mean and distribution of processing times for transactions falling outside the definition could also be valuable, provided these are reported consistently by transaction type and schemes can explain material exceptions and legitimate control interventions.

Q22 Do you agree that the metrics for trust-based and contract-based complaints processes are now comparable? Are there any further steps that we should take?

Broadly, but not completely. The revised metrics bring trust-based and contract-based complaint processes closer together, particularly through a common end-to-end measure and the use of member-adjusted complaint volumes. However, comparability will still depend on consistent application of the complaint definition and clear rules governing when the measurement period starts and ends.

We support the proposal to include complaints dealt with informally as well as those escalated through IDRP. Once an expression of dissatisfaction meets the prescribed definition of a complaint, there should be no discretion over whether it's included. Further guidance would be helpful to distinguish consistently between a service query, an initial expression of dissatisfaction and a reportable complaint.

We support reporting the separate IDRP stages as contextual information while retaining the end-to-end measure for assessment purposes. However, guidance is needed on how to link the stages where a concern begins informally and is subsequently escalated, including whether it should continue to be recorded as a single complaint. This will help prevent different internal logging practices from distorting the results.

Further complexity may arise where a complaint is pursued concurrently with an FCA-regulated provider and trustees, or where trustees complain to a provider on behalf of the scheme or members. The relevant timelines and responsibilities may not align. Guidance should explain which body is responsible for reporting the complaint and how parallel processes should be treated to avoid duplication, omission or a misleading view of service quality.

Schemes should also be able to provide contextual information alongside complaint metrics. Complaint volumes may be significantly affected by a single underlying issue, such as a regulatory change, employer data problem, system migration or industry-wide event. Structured contextual information would help users distinguish an isolated or systemic event from broader service-quality concerns without undermining comparability.

Q33 Do you agree with the proposed actions for not value arrangements? Why or why not?

We support the proposed staggered implementation of the consequences for arrangements assessed as not providing value. Deferring the Framework's formal consequences until the second full VFM period in 2029 should allow schemes, providers and governance bodies to understand the requirements, establish appropriate processes and address initial implementation issues before those consequences apply.

We also support stronger intervention where an arrangement continues to receive an amber rating without demonstrating sufficient improvement. As set out in paragraph 429, an arrangement which is still assessed as not providing value at its fourth-year assessment would ordinarily be expected to receive a red rating, unless extending the amber rating is in savers' best financial interests. This provides a reasonable opportunity for improvement while ensuring members don't remain indefinitely in an arrangement repeatedly assessed as not providing value.

Published information should clearly show an arrangement's recent assessment history, and progress against any improvement plan. This would allow members, employers and governance bodies to distinguish between an isolated amber rating and persistent underperformance.

The assessment criteria and resulting interventions should be applied consistently across single-employer schemes, multi-employer schemes and master trusts. Any extension of an amber rating should be supported by clear evidence it's in savers' best financial interests and shouldn't become a means of repeatedly delaying necessary action.

Q34 Do you anticipate that a shorter initial data collection period would create any practical or analytical challenges, and if so, how might these be mitigated?

Yes. A shorter initial collection period will create both practical and analytical challenges. Schemes and providers will need to configure data sources, implement controls, test calculations and establish governance and sign-off processes within a compressed timetable. Final data definitions, technical specifications, validation rules, submission templates and API requirements should therefore be available well before the collection period begins, supported by a test environment and an opportunity for a full dry run.

The final guidance should also address circumstances in which a scheme undergoes significant change during the collection period, such as a merger, consolidation, provider transition or system migration. It should specify responsibility for collecting and reporting data, how incomplete or divided reporting periods should be treated and what contextual disclosure is required. Flexibility around reporting deadlines may be appropriate in genuinely exceptional circumstances, but it should be governed by clear and consistently applied criteria.

The intended collection dates must also be confirmed. The consultation refers to a six-month period from July to December 2027, while paragraph 470 refers to 1 June to 31 December 2027.

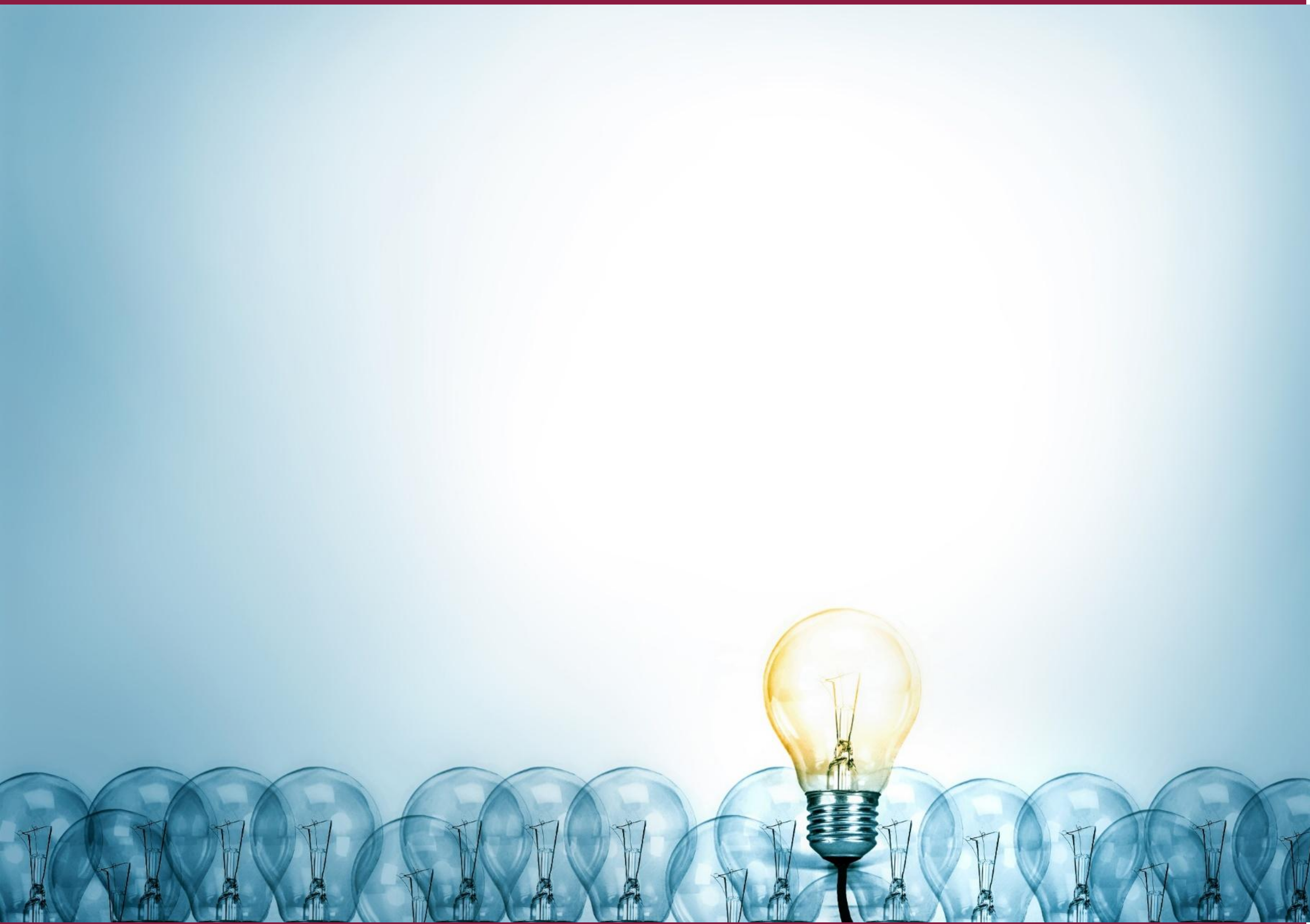
Q35 Do you agree to proceed with data publication in November given the risks identified? How likely are these risks to emerge and what steps could we take to address them effectively?

We support publication in November, rather than earlier public release or a further delay beyond the publication of the assessment reports. Publishing the data alongside the assessment outcomes and supporting narrative should reduce the risk of individual metrics being considered in isolation.

The risk of deliberate disclosure during the restricted-access period should be relatively low where the obligations are clear and properly enforced. However, accidental disclosure, inappropriate internal circulation and the indirect use of commercially sensitive information remain credible risks because a substantial number of organisations and individuals will require access to the data.

During the restricted-access period, the principal risks are unauthorised disclosure and the use of information for purposes other than the VFM assessment. Once the data becomes public, the principal risks will shift to misinterpretation, inappropriate comparisons and undue focus on individual metrics without regard to the overall assessment.

The restricted-access risks should be mitigated through role-based access, clear permitted-use terms, user attestations, appropriate training, audit trails and monitoring of access and downloads. There should also be a clear process for reporting and responding to suspected breaches. When the data is published, it should be accompanied by the relevant assessment report, explanatory material and transparent methodology, together with an effective process for correcting material errors. Subject to these safeguards, we support publication in November.



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