

Update

January 2026

New VFM consultation

The Financial Conduct Authority (FCA), the Department for Work and Pensions (DWP) and The Pensions Regulator (TPR) have published a joint consultation on a new value for money (VFM) framework for defined contribution (DC) schemes (both trust-based and contract-based).

For trust-based schemes, trustees will be required to collect a range of data-points, including investment metrics, costs and charges information, as well as quality of service data, to consider in terms of overall value provided to savers. It is then proposed that a centralised data solution is established for trustees to use to submit the VFM metrics. The data solution would collate the metrics relating to commercial comparator group arrangements, using information provided by the trustees, and return the averaged data for trustees to use in their assessment.

The assessment is a three-step process leading to a determination of value against one of four ratings (red, amber, light green, dark green). If an arrangement is rated as red or amber, trustees must take action, which will include notifying TPR and any employer who is contributing to the arrangement, closing to new business (if a multi-employer arrangement), submitting action or improvement plans and, if red rated, transferring savers to value arrangements where this is in savers' best interests.

The intention is that schemes will first be required to submit their VFM metrics in early 2028, with assessments later that year, and thereafter annually. The consultation closes on 8 March 2026.

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Richard Knox

TPR Board appointment

TPR has appointed Richard Knox as Executive Director, Strategy, Policy and Analysis, and as a member of the TPR Board.

Mr Knox currently serves as Co-Director of the Financial Services Group at HM Treasury. Most recently, he directed the multi-agency team that delivered the Pensions Investment Review following the 2024 election. The Review's recommendations formed the backbone of the current Pension Schemes Bill which seeks to make sure the pension system both boosts member outcomes but also drives growth in the UK economy.

FRC actuarial guidance published

The Financial Reporting Council (FRC) has published guidance to help pension scheme actuaries provide retrospective confirmation to validate historic changes to pension scheme rules which might otherwise be void as a result of the Virgin Media judgment.

The guidance provides practical, non-prescriptive guidance for actuaries, including examples illustrating how to apply a proportionate approach in collecting information and forming judgements when historic records are incomplete.

The relevant legislation is contained in sections 101 and 105 of the current Pension Schemes Bill. The guidance may therefore be updated as the Bill progresses through Parliament.

Company news

Nest, the UK's largest workplace pension scheme, has appointed Rothesay to co-design a bulk deferred annuity for DC pension savers. Once the co-design has been completed successfully, Nest will purchase bulk deferred annuities for cohorts of members from Rothesay. The bulk deferred annuity will pool longevity risk and be a key part of Nest's trustee-managed sustainable income solution for members.

Utmost Group plc has announced the sale of its life and pensions business, which includes its bulk purchase annuity (BPA) business, to JAB Insurance. JAB Insurance is the global insurance business of JAB Holding Company and is based in Miami, Florida.

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"This [VFM] framework will empower decision-makers to either improve their scheme or consolidate out of the market"

*TPR Chief Executive,
Nausicaa Delfas*

