Question 1: Do you agree with the proposed scope, thresholds and exclusions? Why or why not? If not, what alternatives would you suggest?

In broad terms, we agree the proposed scope, thresholds and exclusions, at least initially.

We have thought about the 1000+ member threshold and agree this feels like a sensible starting point from a proportionality and burden threshold. Our one slight reservation is that the 'Defined Contribution trust-based pension schemes research' of 2022 conducted by OMB Research on behalf of The Pensions Regulator, found that generally speaking governance standards fell away in medium (100-999 members) schemes when compared to larger schemes. Accepting this research was based on trust-based schemes, we suspect that the outcome would be similar within contractually-based schemes. Consequently, we feel it is important that 'medium' schemes should be subject to the same VFM scrutiny and from what we can see, this is to some extent accommodated within paras 3.11-3.13.

We agree that, subject to the exclusion limits, that SIPPs should be excluded from these proposals on the basis that typically, where used as a workplace scheme, the intent and circumstances of a SIPP-based arrangement is very different from the default funds arena.

Question 2: Do you agree with the proposed application of the 80% threshold to determine whether legacy arrangements are quasi-defaults? Why or why not? If not, what would you propose?

Given the 80% threshold is already applied in relation to the charging cap, using this threshold seems sensible and ensures consistency. We further expect providers to be cognisant of this methodology.

Question 3: Do you agree with the proposed 1,000 member threshold? Why or why not? Do you think there are risks around this level, for example excluding too many savers? If you don't agree, what would you suggest?

Prima facie, the 1,000 member threshold seems a sensible starting point. Of course, there is still the risk of consumer harm by excluding sub-1,000 member schemes, however we agree that this feels proportionate. If we assume a scheme of 999 members with an average pot-size of say £20k, then this equates to £20m under administration, which if one assumes fees of 0.75% equates to £150k per annum, therefore perhaps being too low to justify the additional expense of these additional governance requirements on a scheme basis, albeit this would be a burden in certain circumstances as outlined at para 3.11.

The FCA rationale for selecting 1,000 member schemes, as opposed to any other number, is unclear and it would perhaps be helpful for the FCA to explain their thinking, especially given TPR's research mentioned at Q1.

Question 4: Do you agree with the proposed investment performance metrics? Why or why not? If not, what alternatives would you suggest?

To a non-investment professional, the proposed metrics seem a sensible mix of measures that aim to prevent gaming through switching funds (see also Q6). While not our area of expertise, it feels like the range of metrics is wholly dependent on investment managers being able to provide the data easily and in a consistent manner, which we presume will be the case. As a general point of principle, we agree the standardised approach (in whatever form) to presenting the investment data, so that a true 'apples with apples' comparison can be made.

The biggest challenge as we see it is how this is presented to the scheme members (or at least those engaged with their fund). Accepting that these metrics are aimed at the IGCs, rather than directly to scheme members, the metrics need to be presented in a way that scheme members can understand. For the sake of consistency, it may be that the presentation of the data by IGCs is also to some extent mandated (i.e., the narrative behind the RAG ratings) so that this is both consistent and understandable from one scheme IGC report to another. For example, in the same way that the format of documents such as key features documents are mandated, so the same could be applied to IGC/GAA reports. [We think this may be addressed within Chapter 10?]

Question 5: Do you agree with the proposed calculation methodology? Why or why not? If not, what alternative methodology would you suggest?

We have nothing to add on this question.

Question 6: Do you agree with the proposed requirement for chain- linking? Why or why not? If not, what would you propose?

We do agree with the chain-linking requirement, for the reasons outlined in the CP. As mentioned in the CP, we feel that the discreet investment performance for the prior and current investment is important, so that the report and therefore members, can see whether or not an improvement has been achieved through the transfer or merger of the underlying investments.

Question 7: Do you agree with the approach to in-scope legacy arrangement features? Why or why not? If not, what alternative approach would you suggest?

We have nothing to add on this question.

Question 8: Do you have further feedback on the incorporation of forward-looking metrics within the Framework? If included, how prescriptive do you think we should be on assumptions and methodology, and what would you propose?

We agree that for the time being, the focus should be on the backward-looking and factual data, rather than the crystal ball glazing of the future. That said, any future work on forward looking metrics should be in a super simple and consistent format that members understand. At present, the forward-looking projections, whether these be FCA key features illustrations or FRC influenced SMPIs fail on many levels and discourage rather than encourage member engagement. The regulators and FRC have in our view completely lost

the plot on communicating pensions in a clear, user-friendly manner and should be subject to a complete overhaul. However, that is for another day and should not detract from the work within this CP.

Question 9: Do you agree with the approach to asset allocation disclosures? Why or why not? If not, what would you suggest? Do you think asset allocation disclosures will support better decisions in the interests of savers?

As a general principle, the aligned approach with the current legislation and DWP guidance seems sensible. There should be joined up and consistent thinking between the various agencies tasked with overseeing the pensions sector.

The problem is that these proposals then seem to take a relatively straightforward allocation disclosure and then add layers of complication through sub-classes. As we will see in Q13, this has the prospect of 'tripping over' some of the definitions within the proposed sub-layers. We can appreciate the FCA's desire to disclose as much detail as possible, however this takes the risk of (other than the most committed) savers switching off. While not a great analogy, we think that given that there are a lot of younger savers that these proposals are seeking to engage, one should think about whether the information could be presented, at least initially, in a Tik-Tok format, with the devil in the detail available for the more committed and already engaged savers.

Question 10: Do you agree that asset allocation disclosures should be limited to firm designed in-scope arrangements only? Why or why not? If not, how would you broaden this requirement and to what arrangements?

While we have no firm view either way, in principle we agree the proposal to restrict the disclosures to in-scope arrangements, partly for the reasons cited in the CP and also to avoid complicating further these proposals.

Question 11: Do you agree that we should require the disclosure of the overall asset allocation of the whole arrangement, as well as for the YTR points? Will this be of use to firms, and will it be an added burden to disclose?

We can see merit in disclosing the overall asset allocation, however are concerned about the additional overlay of information for end-users. We go back to our earlier comments and the general principle that less is more, in this case, easing the presentation and understanding of the data for the end-user. It may be useful to undertake some consumer testing to assess which approach works best.

Question 12: Do you agree with the proposed definitions for UK assets? If not, what would you propose?

While proposed with good intentions, we think that the asset definitions have become too forensic and complicated that will lead to saver disengagement. For example, are most savers going to understand what "Buyout/Leveraged" Private Equity represents and whether or not that's a good thing to hold in a pension.

On a technical matter, the definition of a listed asset at paras 5.13 & 5.14 seems to be slightly at odds with the SIPP Operator definition of a standard asset [IPRU-INV 5.9.1R] which is capable of being traded on a regulated "venue", as opposed to "market" in this definition. This means for example that AIM falls as a standard asset for SIPP (which could also be used for a workplace scheme) whereas here it is being treated differently. We appreciate we are comparing apples with pears here insofar we are talking slightly different types of schemes; however, we do see there is the potential for confusion and possible inconsistency in terminology between say a SIPP used as a workplace scheme and a contract-based workplace scheme. Where possible, there should be uniformity between the two. If there is to be a distinction between (currently) listed and unlisted assets, we wonder if the definition could be changed to distinguish 'tradeable/liquid' and 'non-tradeable/illiquid assets'?

Question 13: Do you think we should break out 'Quoted but not listed' (eg AIM) and if so, how would that be useful? Would there be additional cost to doing this and can you indicate how much?

See above, plus we are unconvinced that most pension savers are going to find the information that useful. Furthermore, we do not think many savers would understand that something can be 'quoted' but not 'listed'. We think many savers would glaze over and say 'so what'?

This is not say the information isn't important and possibly it could be available as a 'next layer down' information piece, but not as a headline.

We are unable to comment on the cost implications of providing this data.

Question 14: Do you agree with the proposed costs and charges metrics? Why or why not? If not, what alternative metrics would you suggest?

The proposed metrics seem sensible, save for any comments in Q15-18. We also agree the comments at para 6.12 about disapplying some requirements at COBS 19.8 so that the costs & charges measurement is consistent.

Question 15: Do you agree that historic costs and charges information should be calculated in the first year of implementation, rather than waiting for this data to build over time? Please explain your answer. If you do not agree with either approach, what alternative would you suggest?

Our preference would be to use data for the most recent year and build data from this. Our rationale is that there is a level playing field for comparison purposes both in terms of fee calculation methodology and timeframe. Furthermore, the already comprehensive investment methodology is useful in distinguishing the good, bad and the ugly. We also think that as data builds, firms should indicate whether this year's fee compares to the previous year i.e., are fees up or down or static, and why?

Question 16: Do you agree with our proposed approach to converting combination charging structures to annual percentage charges? Why or why not? If not, what alternative would you suggest?

We agree the FCA proposal of converting the combination charging structures to percentages on the basis that we feel this method will most readily be understood. Where the percentage is high, due to low balances, we do think that it should be made crystal clear what the balance requirement is, on which the age cohort charges are based.

Question 17: Do you agree with the proposed approach to unbundling? Why or why not? If not, what alternative would you suggest?

We agree the proposed approach to unbundling on the basis that it seems a pragmatic approach and hopefully achieves consistency between vertically integrated firms and those that are not. Furthermore, we think that the important cost figure is the total cost although we do agree the breakdown of metrics as proposed is very useful.

Question 18: Do you agree with the proposed approach to multi-employer cohorts? Why or why not? If not, what alternative would you suggest?

Given this data seems to be aimed more at IGCs and other decision makers (in other words, not savers) the proposed data disclosure seems reasonable, insofar it allows a comparison to be made with others in the market. The only thing we are unsure of is to what extent this data could be influenced by the target market of the underlying employers – for example, a pension provider who targets high-end City law firms will have a different dynamic to say, a firm that provides workplace pensions for factory workers.

Question 19: Do you agree with the proposals on scope? If not, what alternative approach would you suggest?

We agree the proposals on scope.

Question 20: Do you agree with the five proposed indicators of service quality? If not, what alternatives would you suggest, with metrics?

While the five proposed service indicators are sensible, we do not fully agree with the five as currently presented. We think that (3) and (4) could be wrapped into (5); and, possibly a metric around clarity of communications, a bit like the 'Customer Understanding' outcome within Consumer Duty.

Question 21: For each of the five proposed indicators, do you agree with the proposed metrics for measuring these? If not, what metrics would you suggest? We would particularly welcome views on these metrics.

Please see comments on each metric below:

1) Savers can be confident…

We agree the common data outlined at 7.14.
The table at 7.15 overall seems reasonable although we are unsure how a firm will measure inaccurate data – for example if a date of birth is entered as 12/10/1960 instead of 21/10/1960 (i.e. the 2 and 1 transposed) a review of data is not going to show the inaccuracy. Blank fields or obvious errors e.g., 21/10/1860 are easier to spot. It should also be remembered that a lot of the time, it is the member themselves completing the data. That said, the metrics will have some utility, particularly if the scheme is an outlier.
In the absence of any set data fields, we see the Scheme-specific data [7.16] as being of limited value when comparing schemes as the comparison will not be on an 'apples with apples' basis. Therefore, while the data may be of use for that particular scheme alone, without some prescribed data elements, it loses value. We wonder therefore if there is the opportunity for the sector to agree at least some core data fields?
We do agree the data at 7.19 other than we suggest that payments to beneficiaries is amended to "payments to trustee-agreed beneficiaries".

2) Savers are satisfied with the service…

The data at 7.24 is reasonable – firms may decide on different parameters for what constitutes 'material' distress or inconvenience; however, we are not sure how this can be calibrated across firms. In response to 7.25, our suggestion is a straightforward time frame is used – in other words, what percentage of complaints have been closed by the firm and by 'closed' we mean a final response has been delivered. We agree the table at 7.26.
We also agree the general principles outlined in relation to the satisfaction surveys and have no firm views either way on the Net Promoter Scores – most members will be familiar with these.

3) Savers are supported to make plans and decisions…

While the data may be of some internal value to a firm (particularly the percentage of savers using apps etc., for the purpose of this CP we see little utility in this metric as the data is too vague and as pointed out at 7.40, depends on a number of factors. The extent to which savers are supported in their engagement in general with their pension arrangements, depends in part on the clarity of information and education to support this. Consequently, we think that surveys could be used, possibly along with focused testing, to check the understanding of the website or document or tool used by the member. In other words, as elsewhere, the survey could be triggered by a particular process or communication, such as the annual valuation, or an amended contribution, or an open market options statement, and so on. The danger is of course that there is survey overload leading to more disengagement.

4) Savers can amend their pensions with ease.

In some respects, this is ditto (3) above although we can see a little more utility in the data within this section.

5) Savers are supported to engage…

See (3) – there are too many factors that can influence this. If, for example, there were metrics that could measure how many times members had viewed their pension details, that may have more utility.

Question 22: Do you agree with our proposal to include a non-employer related email address and phone number when defining common data? If you don't agree, please explain why not.

See Q21.

Question 23: Do you agree with our proposals for an event-based member satisfaction survey? We would particularly welcome feedback on the trigger events and proposed questions.

Yes – see the comments in Q21.

Question 24: Do you think that a firm should be able to provide a saver specific view of access to tools and saver use across its digital offerings? If not, what metric would you suggest?

See Q21.

Question 25: Do you agree with our proposed conditions for the selection of comparator arrangements? If not, what would you suggest?

We agree with the overall principles outlines for the selection of comparator arrangements, however question whether 3 providers is too small a comparison. In our experience, when applying VFM within FCA pension providers for Consumer Duty purposes, fee comparisons is one of the methods used. Typically, a comparison with around 6 other providers is used in order to get a sense of where that provider sits.

We agree the comparators should include at least one larger provider and different types of arrangement (contract/trust-based) although we would expect this to be a largely secondary factor, unless in the early years of comparisons, one structure is demonstrably more efficient than another.

We also think that if say, a minimum of 6 comparators was to be mandated, then at least 3 should be like-for-like providers, with the remainder being outliers. For example, a 'medium' sized arrangement (medium to be defined) should be compared to at least 3 similar size medium arrangements, with the remaining comparators being a combination of 'small' and 'large' schemes (again, the parameters for small and large could be mandated). Such a comparison would not only allow a like-for-like comparison, but also a peer over the fence into larger and smaller schemes to see if lessons can be learned from large-scheme economies of scale, or the nimbleness of smaller providers.

Question 26: Do you agree with the assessment process we have outlined above? Do you have views on what should be considered a material difference in value relative to

comparator arrangements? If you think that RAG ratings will not be sufficiently comparable, what refinements would you suggest?

We agree with most of the aims and principles outlined in relation to the assessment process. We agree that a simple overall VFM RAG is potentially useful, however we feel this is perhaps too simplistic. For each of the investment performance, service quality and individual VFM elements, we think there is merit in providing a grid that outlines the inherent RAG rating for each component – in other words, the matter-of-fact RAG rating when matched against the metric parameters; and, then a residual RAG rating based on any contextualisation, so that savers can, if they wish, see what areas their scheme is perhaps excelling or failing in.

We also think that the parameters for a RAG rating on any given item can be defined – for example it might be that service performance is rated along the lines of 95+% = Green, 85-94.99% = Amber and below 85% = Red, when matched against the published service standard expectations. It is appreciated that some metrics are easier than others to rank, and that there may be some subjectivity in some areas, however we feel this will provide a fuller picture.

The inherent/residual rankings referred to previously could be something along the lines of (using the above service standard examples) that a firm may initially score red on the basis that service levels were 84% however this reflected a blip for a genuine reason say, a change is system, which is now demonstrably delivering service levels of >95%. In this case, we would perhaps expect an amber ranking that reflects the fact that factually the performance was in the red-zone, however there is evidence this has been rectified hence the amber. At the next IGC report, assuming the service levels have been maintained at >95% then the green ranking would apply.

Question 27: Do you agree that a multi-employer arrangement should be rated amber if it fails to deliver value for a material number of savers in relation to at least one employer cohort? If not, what would you suggest?

We do agree. Our only comment is that the word 'materially' is used a lot and we wonder if there is the possibility that the sector can agree some form of definition to guide when something is material or not.

Question 28: Do you have any concerns about our proposals for assessing bespoke in-scope arrangements? If you do have concerns, please explain them. If you anticipate negative effects, what can be done to address those?

At least initially, we agree the proportionality argument advanced by the FCA in support of a simplified process. That said, we get the sense that as AI develops, some of the elements of the IGC assessment could become more streamlined leading to increased efficiency in the collecting of data and probably allocation of the initial RAG ratings, with the IGC then adding the all-important contextualisation.

Question 29: Do you agree that IGCs should consider and report on whether their firm's current scale may prevent it from offering value to savers? If not, what would you propose?

We do agree this and see this as an important component of the contextualisation piece. That said, the same commentary may also state that there are possible demonstrable benefits to the smaller scale.

Question 30: Do you agree that IGCs should consider how ESG considerations have been taken into account across firm-designed in-scope arrangement? Do you think this is sufficient and if not, what would you suggest?

We agree ESG should be considered and that the existing rules are currently sufficient. As this policy beds in, such matters can be revisited and reviewed.

Question 31: Do you agree that firms should inform employers of amber and red ratings and proposed steps to address the poor value, where an employer's current and past employees are at risk? If not, why not and what would you suggest?

Agreed.

Question 32: Do you agree that firms should not be allowed to accept business from new employers into an arrangement rated amber or red? If not, why not and what would you suggest?

This feels a little draconian, especially for amber firms if there is sufficient evidence that they are on the path to redemption. We agree for red-rated firms. We feel that this is where the IGC report comments and action plan would perhaps play a part, especially for amber-ranked firms. It may be that the amber ranking is influenced by factors partly beyond the control of the firm; and/or, there is sufficient evidence that the reasons behind the amber tanking are being addressed – see the example in Q26. Of course, it may be that the IGC recommends that an amber-ranked firm does stop accepting new business so that they can focus on fixing whatever the issue is.

Question 33: Do you agree with our proposed actions and timings for firms with arrangements rated amber or red? If not, what alternative approach would you suggest?

The initial notification within 5 business days is fine, however we think the action plan may take longer than one month. We think that an update should be provided to the FCA at 1-month, which either includes the action plan, or provides a progress report. The reason for our view is that we suspect in the event of an amber/red ranking, there are probably quite a few moving parts and parties involved in order to come up with a cogent plan. We think three-months is more reasonable as a backstop.

Question 34: Do you think that we should require firms to transfer savers out of red-rated arrangements, subject to enabling legislative changes? What are the costs associated with

the proposed actions and are they proportionate? If you don't agree with our proposed actions, what would you suggest?

While of course employees should not remain within an arrangement that fails to deliver VFM, the counter risk is that savers become even more disengaged. As outlined within para 9.15, the deciding factor is probably based on the view as to whether the scheme can be turned around. Our view is that most arrangements could be saved (although we have limited experience in this field) and the fact that an amber-ranked scheme has 3 years in which to improve seems reasonable also in the case of a red-rating. We wonder whether, rather than a default transfer, instead the provider is compelled to provide a detailed action plan (similar to an amber scheme) where the consensus is that there is the realistic prospect of improvement. Such a plan can be more heavily scrutinised than an amber scheme and possibly a year-1 review is undertaken to see whether the view remains that the arrangement can make improvements. That said, we do agree that if the consensus is that the arrangement is a lost cause, then the members should be transferred. This probably reflects the difference between a dark amber and a red.

Question 35: Do you think that requiring transfer from arrangements could benefit one group of savers to the potential detriment of others? If so, please explain and can you suggest an approach that doesn't risk detriment to some savers?

Yes, on the basis that that with any troubled arrangement, it is likely that less resources are devoted (or personnel are less attracted to work on a 'failed' scheme. The obvious approach is to treat all savers the same and legislation should be changed, where applicable, to ensure this is the case.

Question 36: Do you agree with our proposals for how the Chair's annual reports should be expanded to include the results of VFM assessments? Are there any proposed elements that in practice would not be useful?

We do agree that results of the VFM assessments should be included – after all, they should be completely transparent so that where savers (or others) are sufficiently engaged, or enticed by the summary, can view the underlying data.

Question 37: Do you agree with requiring a narrative explanation for the RAG rating for all firm-designed in-scope arrangements including those rated green? Do you think this requirement should be limited to amber and red ratings?

We think the explanations should be provided for all the rankings, on the basis of why wouldn't you explain all. Again, it is accepted that not all savers will be interested in all the details, however some will be, hence it should be available in full for those suitably engaged.

See also our comments in Q26 about the expanded RAG ratings.

Question 38: Should IGC Chairs be required to produce a plain-language summary of their reports?

The fact that a ‘plain-language’ summary is required is testament to why many savers have become so disengaged from pensions, which is irresponsibly full of jargon and complicated disclosures. That said, we appreciate that an IGC report will necessarily contain some technical jargon, so yes, we do agree the plain-language summary.

Question 39: Do you agree with the need for a features table and the contents we are proposing? Are there changes we should consider? Do you think that the disclosure requirements for bespoke arrangements should be different and if so, in what way?

The features table is fine, although we see limited value of the data to most savers. We think savers’ primary concern will be ‘how’s my scheme doing compared to others’, rather than the fairly uninteresting, factual data shown in the example. For the IGC report however, we have no views either way.

Question 40: Do you agree with our proposed approach to publication including requiring publication of a flat file? What other solutions would best support the aims of the Framework in due course?

As with above, the publication of a flat-file is fine, albeit a very boring, unimaginative way to present data and we suspect that most savers will be deterred from reading it. We would hope that the FCA will also support firms’ ability to present the data in different, online interactive ways (as well as the flat-file being available). We do think that having collated some good data about the savers’ pension arrangements, that it would be a shame if the underlying messages are lost through data overload or lack of presentation.

Question 41: Do you think we should require machine-readable RAG ratings and potentially other information from the IGC Chair’s annual report? What do you think are the benefits and costs or possible negative effects of this?

See response to Q40 – this works best where an overview of the data can be provided in an imaginative and possibly interactive way (much as the FCA presents some of its own reports such as the Financial Lives survey) with links to the underlying data/detail for those interested enough to learn more.

Question 42: Do you agree that the proposed new rules should be under existing requirements for IGCs, with carve outs as appropriate? If not, what alternative approach would you suggest?

Agreed. It may be worth providing some additional regulatory guidance for IGCs.

Question 43: Do you have suggestions for further amendments to existing requirements for IGCs and if so, why do you think these are needed?

None, beyond what has been covered in the previous questions.

Question 44: Do you agree that we should exempt “accidental workplace SIPPs” from COBS 19.5 and the requirement for an IGC or GAA? If not, what would you propose?

Agreed, it's a nonsense that such schemes are even contemplated as falling within the current rules as this is not the intent of the IGC regime and wholly disproportionate.

Question 45: How do you think the use of data will evolve and what other measures may be needed?

We can see that the use of AI will become more prevalent in collating the data, which in turn could lead to efficiencies in the production for the reports. As mentioned already, we think that the presentation of data will need to be engaging for savers for the IGC reports to have real value beyond a very narrow audience.

We can see merit in league tables, however agree that the presentation of data needs to be free from bias, conflicts and selection of selective data. It could be that a semi-regulatory or governmental agency could be tasked with presenting this data, perhaps financed by the providers.

Question 46: We invite views on the roll out, evolution and future phases of the framework, over what time periods, and on the correct sequencing of these developments.

Nothing to add at this stage, other than the end-user testing (i.e., savers) will be vital – regulators and providers should always take these views into account and develop accordingly.