DWP
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10 August 2026

DWP The Value for Money Framework: Consultation

I respond on behalf of the Local Government Association (LGA) and the Local Government Pensions Committee (LGPC).

The LGA is a politically led, cross-party membership organisation that works on behalf of councils to ensure local government has a strong, credible voice with national government. 316 of the 317 councils in England are members of the LGA. These include district, county, metropolitan and unitary authorities along with London boroughs and the City of London corporation. The 22 Welsh unitary authorities are also in membership via the Welsh Local Government Association (WLGA).

The LGPC is a committee of councillors constituted by the LGA. The LGPC considers policy and technical matters affecting the Local Government Pension Scheme (LGPS).

This response is submitted in the context of the LGPS in England and Wales, and Scotland. The LGPS is one of the largest defined benefit (DB) schemes in the world. In England and Wales there are 22,102 employers, 6.9 million members and assets valued at £402 billion. The scheme is administered locally by 86 administering authorities in England and Wales, and 11 in Scotland.

Yours faithfully

L. Bennett

Lorraine Bennett
LGPC Secretary

Consultation questions

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

Yes.

Although paragraph 58 of the consultation document states that in-house Additional Voluntary Contribution (AVC) arrangements will be exempt, draft regulation 4(2) appears only to exempt in-house AVC arrangements established by an employer from being classified as a Value for Money (VFM) arrangement.

Under regulation 17(2) of the LGPS Regulations 2013 and regulation 17(2) of the LGPS (Scotland) Regulations 2018, an in-house AVC arrangement within the LGPS is established by the administering authority rather than by the Scheme employer. We therefore do not consider that draft regulation 4(2), as currently drafted, exempts LGPS in-house AVC arrangements.

As a result, there is a risk that LGPS in-house AVC arrangements could inadvertently fall within the definition of a VFM arrangement and therefore become subject to the Occupational Pension Schemes (Value for Money) Regulations 2027. We do not believe this reflects the intended policy outcome.

The consultation document confirms that in-house AVC arrangements will be exempt because these arrangements arise from active decision making by members and often have complex relationships with the main schemes to which they are linked, including in relation to investment choices and benefits.

To avoid any ambiguity and ensure the regulations align with the stated policy intention, we suggest that draft regulation 4(2) be amended to expressly include in-house AVC arrangements established by an LGPS administering authority within the exemption.