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PENSIONS COMMITTEE

20 SEPTEMBER 2021

REPORT TITLE:	LOCAL GOVERNMENT PENSION SCHEME UPDATE
REPORT OF:	DIRECTOR OF PENSIONS

REPORT SUMMARY

This report provides an overview of the introduction of a national Pensions Dashboard, emanating from a Government led project requiring the pension industry to design and own the dashboard whilst harnessing the best of industry innovation.

The Pensions Dashboard programme is set to revolutionise the way savers interact with their retirement savings, enabling them to see a comprehensive picture of all their different pension entitlements, including the State Pension, online and in a single place.

The Pension Scheme Act 2021 received Royal Assent on 11 February and provides the legal framework to support pension dashboards, including powers to compel schemes to provide member information. Further regulations are expected to be issued this year to specify the details in regard content, timeliness, and delivery mode of the information to feed into the dashboard.

The Money and Pensions Service (MaPS), an arm's-length body sponsored by the Department for Work and Pensions, has established the Pensions Dashboards Programme (PDP) team to work closely with its chosen suppliers to design the digital infrastructure to safeguard data and protect consumers.

RECOMMENDATION

That the Pensions Committee be recommended to note the requirement to improve the reliability of data in accordance with the Pensions Dashboards Programme data standards guide in order to supply the correct information to the dashboards and ensure compliance with the statutory staging timeline to onboard schemes.

SUPPORTING INFORMATION

1.0 **REASON/S FOR RECOMMENDATION**

1.1   There is a requirement for Members of the Pensions Committee to be kept up to date with legislative developments as part of their decision-making role.

2.0 **OTHER OPTIONS CONSIDERED**

2.1   This is the most appropriate option for informing the Pensions Committee of industry developments.

BACKGROUND INFORMATION

3.0   **Pensions Dashboard Landscape**

3.1   The pensions industry is fragmented and complex and since the introduction of the Automatic Enrolment programme there are around 52m adults in the UK who could use a pensions dashboard service to search for their pensions, connecting with up to around 43,000 providers and schemes.

3.2   The Financial Conduct Authority recommended in its Financial Advice Market Review in 2016 that industry should make pensions dashboards available to individuals to make it easier for them to engage with their pensions, a view which the Government echoed in the 2016 Budget.

3.3   In December 2018, Government launched a consultation, engaging widely with stakeholders across the pensions industry to identify issues and options for delivery of the service. The Government's response set out there should be multiple dashboards and one secure digital architecture that connects the information from the pension providers and schemes.

3.4   The response also set out the fundamental policy framework requiring:

- Government to legislate and compel pension schemes to provide their data.
- The Money and Pensions Service (MaPS) to take responsibility for enabling delivery of the dashboard service working with the pensions industry.

3.5   It also set some overarching design principles setting out that a dashboard should:

- Put the individual at the heart of the process by giving individuals access to clear information online, securely, and all in one place, thereby supporting better planning for retirement.

- Ensure individuals' data is accurate and simple to understand - minimising the risks to the individual and the potential for confusion.

- Ensure that the individual is always in control over who has access to their data.

Policy Insight

3.6   The Pensions Dashboards programme (PDP) is set to revolutionise the way savers interact with their retirement savings, enabling them to see a comprehensive picture of all their different pension entitlements, including the State Pension and dependent pensions, online and in a single place.

3.7   The Pension Scheme Act 2021, received Royal Assent on 11 February and provides the legal framework to support pension dashboards, including powers to compel schemes to provide member information. Further regulations are expected to be issued this year to specify the details in regard content, timeliness, and delivery mode of the information to feed into the dashboard.

3.8   The Money and Pension Service (MaPS) an arm's-length body sponsored by the Department for Work and Pensions is to deliver a non-commercial dashboard, but it is anticipated that other organisations will also provide dashboards on a commercial basis.

3.9   Dashboards will be used for presentation purposes only as no data is held on the dashboard as it is not a database but viewed as a switchboard connecting members to schemes.

The Pension Dashboards Ecosystem

3.10   The PDP is responsible for delivering the digital architecture, comprising of the Pension Finder Service, Identity Service and governance framework underpinned by the principles of the Data Protection Act 2018.

Pension Finder Service

3.11   The Pension Finder Service (PFS) sends out an instruction to all data providers to search for a user's pension to be returned to the user's chosen dashboard. The PFS initiates user authentication and managers user consents and permissions.

Identity Service

3.12   The identity service allows users to authenticate themselves so that they can access other elements of the ecosystem. It provides verification that providers are returning data to the correct user.

Governance Framework

3.13   An ecosystem governance framework will set out how the technical components will work together with dashboards and data providers.

The framework will include data, technical, security and performance standards as well as design and accessibility, and user experience standards that dashboards must meet to be connected to the digital architecture.

Initial Dashboard Testing Phase

3.14   Over the next few months the PDP will be working with its chosen suppliers to begin building, integration and testing the digital architecture of dashboards.

Mandatory Timeline for Schemes to Connect to Pension Dashboard

3.15   The PDP is working with the government to define the staging timelines for pension providers to connect into the pension dashboard ecosystem; with the principle that the largest schemes with over 1,000 memberships will connect from April 2023.

Preparation For Staging Date

3.16   Officers are preparing the logistics to ensure the Fund's data is 'dashboard ready' for 2023 and are assessing the quality of member data against the PDP data standards guide, in order to identify any gaps and improve the success of data matches to feed into the pension dashboard ecosystem at the relevant staging date.

4.0   **FINANCIAL IMPLICATIONS**

4.1   There are none arising directly from this report but there will be systems and staffing costs which will come to light in due course.

5.0   **LEGAL IMPLICATIONS**

There are none arising directly from this report. The Pension Scheme Act 2021 provides the legal framework to support pension dashboards, including powers to compel schemes to provide member information.

6.0   **RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

6.1   The Fund will need to ensure that its member data is consistent with the key data standards published by the Pensions Dashboard Programme.

6.2   The Fund system supplier will be engaged in developing a means to 'upload' member data securely to the Pensions Dashboard. The method

of secure transfer and associated supplier costs will become clearer at a later date; as the onboarding timescale approaches in 2023 and the development of the technical infrastructure progresses.

7.0 RELEVANT RISKS

7.1 There is a risk of censure from the Pensions Regulator (tPR) for failing to comply with the statutory staging date to connect to the dashboard's ecosystem.

7.2 There is also the potential for increased appeals from members who rely on inaccurate data feeds into the pension dashboard system to inform retirement planning.

7.3 Members may become confused by the presentation of Local Government Pension Scheme (LGPS) data on the national dashboards.

7.4 Particularly this may be around differing language to that already provided to members via Annual Benefit Statements, scheme literature and Funds' secure online portals. This assessment of language and presentation is expected to be led nationally by the Local Government Association on behalf of all LGPS Funds.

7.5 There is also the risk that if the government mandate that transfer out details should be uploaded to the dashboard it may be seen as encouraging members to transfer-out their benefit entitlements to riskier pension provisions, and also may encourage an increase in pension scams.

8.0 ENGAGEMENT/CONSULTATION

8.1 The relevant consultations are set out in this report.

9.0 EQUALITY IMPLICATIONS

9.1 The Ministry of Housing, Communities and Local Government (MHCLG) and HM Treasury (HMT) undertake equality impact assessments with regard to the statutory reform of the public sector pension schemes and the LGPS.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 There are none arising from this report.

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APPENDICES

BACKGROUND PAPERS

Pensions Dashboards Programme Progress Update Report: April 2020

https://www.pensionsdashboardsprogramme.org.uk/2020/04/08/pdp-progress-update-report-april-2020/

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
The LGPS Update is a standing agenda item on Pensions Committee	