



## **PENSIONS COMMITTEE**

**14 DECEMBER 2022**

<b>REPORT TITLE:</b>	<b>LOCAL GOVERNMENT PENSION SCHEME (LGPS) UPDATE</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF PENSIONS</b>

### **REPORT SUMMARY**

This report provides an update on the national Pension Dashboard Programme (PDP) and the associated impact to the administration of the Local Government Pension Scheme.

### **RECOMMENDATION/S**

That the Pensions Committee be recommended to note the legislative developments, required actions and timescale to connect to the pension dashboard infrastructure.

## **SUPPORTING INFORMATION**

### **1.0 REASON/S FOR RECOMMENDATION/S**

- 1.1 There is a requirement for the Pension Committee to be fully informed of national directives and legislative developments as part of their decision-making role.

### **2.0 OTHER OPTIONS CONSIDERED**

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

### **3.0 BACKGROUND INFORMATION**

#### **Conceptualisation of the Pension Dashboard Programme**

- 3.1 In the 2016 Budget, the Government made a commitment that 'Pensions Dashboards' would be created by the pensions industry, enabling pension savers access to their pensions information online, securely, and all in one place, thereby supporting better planning for retirement and growing financial wellbeing.
- 3.2 In 2019, the Money and Pensions Service (MaPS) established the Pensions Dashboard Programme (PDP) to design and implement the national infrastructure that will operate 'Pensions Dashboards'.
- 3.3 The Pension Schemes Act 2021 provides a legal framework for 'Pensions Dashboards', including new powers to compel schemes to provide information to dashboard providers. Detailed requirements of what must be provided will be prescribed by legislation.

#### **Purpose, and Infrastructure of a Pension Dashboard**

- 3.4 The primary purpose of the dashboard project is to reconnect members with lost pension schemes, and provide deferred and active scheme members with access to specific information in respect of all their approved pension arrangements including:
- Basic pension details – name and type of scheme, administrator, contact details
  - Employment details
  - Accrued pension
  - Estimated Retirement Income
  - State pensions
- 3.5 'Pensions Dashboards' will have limited functionality, at the outset, with no ability to model benefit options, and no scope for individuals to update personal information; it is not expected to be a replacement for the Fund's 'My Pension' online portal
- 3.6 Members were apprised of the Pension Dashboard Ecosystem and governance framework at the Pension committee meeting on 20 September 2021, (minute 24 refers).

- 3.7 The interface to the dashboard will be facilitated via an Integrated Service Provider (ISP) and as the Fund's system supplier, Heywood Pension Technologies, are a significant stakeholder in supporting the development of the national infrastructure, Fund officers are actively engaging with the supplier as the preferred route to connect to the secure national digital architecture.
- 3.8 The ISP will hold an encrypted copy of the member demographic data (name, date of birth, address, and national insurance number) as held on the Fund's administration system, in order to respond appropriately to any requests from the Fund's members via their chosen 'Pensions Dashboard'.

### Legislative Position and Go Live Date

- 3.9 On the 17 October 2022, the Department of Work and Pensions laid a draft of the Pensions Dashboard Regulations before each House of Parliament, after responding to the consultation on the regulations which ran from 31 January 2022 to 13 March 2022.
- 3.10 The regulations prescribe the staging date for the LGPS to connect to the national dashboard infrastructure and respond to data requests as 30 September 2024.

Previously expected to be 30 April 2024, the extension is in recognition of resource pressures relating to the McCloud remedy. In addition, schemes will not need to provide data detailing accrued and projected pension values until April 2025.

- 3.11 Data requests via the 'Pensions Dashboard' can be in the form of:
- **"find requests"** which match dashboard users with a pension membership and will be made to all Schemes each time an individual user access the dashboard
  - **"view requests"** which are made if a user is matched to a membership held by the Pension Fund, with pension information then being securely passed back to the dashboard for the individual user to view.
- 3.12 The regulations stipulate a 10-day turnaround for Pension Schemes to respond to "view requests". As the LGPS is statutorily required to issue Annual Benefit Statements by 31 August each year, the data contained within the statements can be harvested to satisfy most requests for information.

However, in circumstances where benefit statements have not yet been issued as members joined mid-year or the employer has failed to provide timely and accurate data, the calculations will need to be processed, presenting a challenge to meet the 10-day turnaround period.

- 3.13 Although the LGPS staging date is September 2024, the pensions dashboards will only be made publicly available when:
- The **security** of the ecosystem is fully assured
  - The **user experience** has been tested
  - **User behaviours** have been understood and any adverse impacts or unintended consequences mitigated
  - The **right rules , standards and regulations** are in place
  - The service has **ample coverage** of pension schemes and sufficient information about those pensions, so that it demonstrably meets user needs

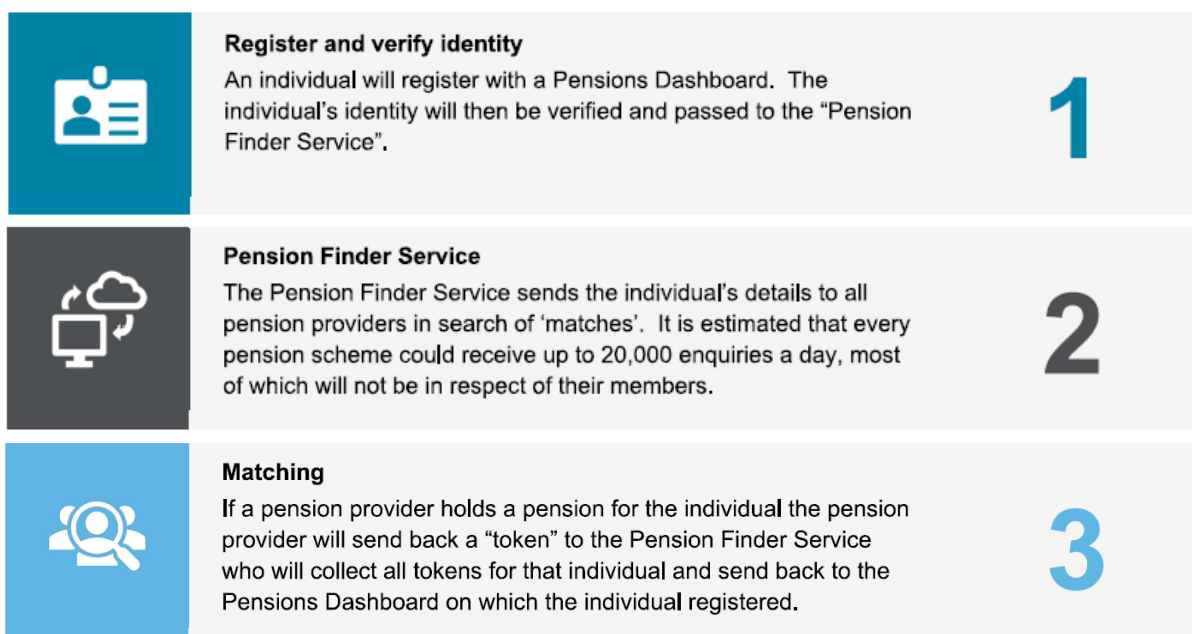
3.14 The current focus for the PDP is on dashboard standards, technology building, which is aimed at the ISP and system suppliers to ensure consumer protection. In preparation for industry readiness the Pensions Administration Standards Association (PASA) has published the Dashboard Data Accuracy Guidance which focuses on the data to match requests from the dashboards.

Fund officers are assessing the Data Matching Convention Guidance to consider its approach to digitally match the ‘find requests’ from users of dashboards against the Fund’s member records, in readiness for the staging date.

### Operating Model

3.15 There will be no central database that holds personal information supplied by users or pension providers. The national dashboard infrastructure functions like a “giant switchboard, connecting users with their pension savings “.

The steps how this will work in practice are set out below:





#### **View information**

The Pension Dashboards sends the token to the pension provider which generated it and the pension provider then sends the individual's data directly to the Pensions Dashboards for the individual to view.

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## **4.0 FINANCIAL IMPLICATIONS**

- 4.1 Officers are currently in discussion with the Fund's administration system provider, as to be the likely ISP for securely connecting to the national infrastructure. The cost to connect to the dashboard and any required software licencing will be provided for in the Fund's annual IT budget.

## **5.0 LEGAL IMPLICATIONS**

- 5.1 The Pension Schemes 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 Fund Officers are in the process of undertaking qualitative analysis of the Fund's member records to ensure that common data matching items such as forenames, surname, date of birth, NI Number and home address are present and validated.
- 6.2 The Fund has worked with its Member Data Tracing provider to confirm the validity of home addresses of deferred members, and in particular to identify potential newer addresses for those members the Fund has lost contact with following a house move.

In August, the Fund wrote to 21,001 deferred members who were not registered for the MyPension online portal and where there was high confidence that the member's postal address was correct. Work continues in validating postal addresses where the Fund has either lost contact with the member, or the Data Tracing provider has indicated that the member has moved without notifying the Fund.

- 6.3 During the scheme year there has been a concentration of Officer effort to reduce backlogs of deferred benefit casework in recognition of the statutory requirement to ensure the accuracy of member status and the suitability of data for pension dashboard purposes.
- 6.4 It is expected that the national media campaign to communicate the introduction of 'Pensions Dashboards' will lead to an increase in administration activity levels, as members reconnect with their pensions, particularly after the period of the go-live staging date.

## **RELEVANT RISKS**

- 7.1 There is a risk of censure from the Pensions Regulator for failing to comply with the statutory staging date to connect to the national dashboards' ecosystem
- 7.2 Whilst the consideration of CyberCrime has understandably been an important aspect in the design of the national infrastructure work by the Pensions Dashboard Programme, the Fund will need to undertake its own appropriate data protection review alongside a robust risk assessment when selecting the Integrated Service Provider.
- 7.3 There is also the risk that the collation, visibility, and awareness of member pension benefits may lead to an increase in pension scams, with the intention to defraud and liberate pension savings from members.

## **8.0 ENGAGEMENT/CONSULTATION**

- 8.1 Each stage of the Pensions Dashboards development has been subject to rigorous consultations issued by the Department and Work and Pensions to industry stakeholders. These consultations have been carried out at the technical design, data standard and integration stages of the programme.

## **9.0 EQUALITY IMPLICATIONS**

- 9.1 Department for Levelling Up, Housing and Communities (DLUHC) and the Pensions Regulator undertake equality impact assessments regarding the provisions of the LGPS Regulations and the administration and governance of public service pension schemes.

The Equality Statement published on the introduction of the Local Government Pension Scheme 2014 can be viewed at: <https://mpfund.uk/lgpsequalitystatement>

DLUHC and HMT undertake equality impact assessments with regard to the statutory reform of the public sector pension schemes and LGPS.

- 9.2 Specifically for the 'Pensions Dashboard' programme, an impact assessment was conducted by the Department of Work and Pensions in February 2019 and can be found at:

<https://publications.parliament.uk/pa/bills/lbill/58-01/004/5801004-IA-Annex-H.pdf>

## **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

- 10.1 The Fund continues with its digital strategy across all operational areas and communications with stakeholders, with the aim to improve service delivery and to reduce its internal carbon footprint.

## **11.0 COMMUNITY WEALTH IMPLICATIONS**

11.1 There are none directly arising from this report.

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## **BACKGROUND PAPERS**

**Draft Pension Dashboard Regulations 2022**

<https://www.legislation.gov.uk/ukdsi/2022/9780348239645/contents>

**PASA Dashboard Accuracy Guidance**

<https://www.pasa-uk.com/wp-content/uploads/2022/07/Dashboard-Accuracy-Data-Guidance-FINAL-270622.pdf>

## **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>Local Government Pension Scheme Update</b>	<b>20 September 2021</b>