

Report of the Director, West Yorkshire Pension Fund to the meeting of West Yorkshire Pension Fund Pension Board to be held on 14 September 2021.

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Subject:

Pensions Dashboard

Summary statement:

This report gives an update on the progress of the introduction of the Pensions Dashboard.

Recommendation:

It is recommended that the Pension Board note the report.

Mr Rodney Barton
Director

Portfolio:

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Overview & Scrutiny Area:

1.0 Background

- 1.1 In 2019, the UK government established the Money and Pensions Service (MaPS), which brought together the Money Advice Service, The Pensions Advisory Service and Pension Wise. These are also government-backed bodies created to improve awareness of pension assets, pension regulations and the options as you approach retirement. The Pensions Dashboard Programme was launched in April 2020, and while still a “work in progress”, the pieces of the jigsaw are starting to fall into place.
- 1.2 The goals for the Pensions Dashboard Programme are as follows:
 - Connect individuals with their pension assets under one account
 - Plain English will replace industry jargon
 - Create a dashboard to show estimated retirement income for individual pension pots, including the state pension.
 - Improve access to impartial guidance/regulated advice
 - Present pension information in a simple, easy to understand format
 - Increase awareness and confidence in the sector
 - Encourage empowerment and informed pension choices
 - Positive contribution to the overall financial well-being of individuals
- 1.3 The Money and Pensions Service will develop a dashboard (the MaPS dashboard) as part of its function to provide information and guidance on pensions, but other organisations will also provide dashboards.
- 1.4 The Pensions Schemes Bill introduced in January 2020, achieved Royal Assent on 11 February 2021 and became the Pensions Schemes Act 2021. It contains the legislation needed to compel pension providers to make individuals’ data available to them via dashboards.

2.0 Scale of the challenge

- 2.1 The task involves 52 million adults being connected to up to around 43,000 providers and schemes. Existing challenges include establishing a sufficiently secure identity verification process, working out how to match people accurately to their savings and addressing the varying types and quality of data held by different providers.
- 2.2 The Pensions Dashboard Programme (PDP) published the key data standards which will underpin pensions dashboards. Data standards provide a common language to describe the pensions information that will be found and displayed on the dashboards. Pension schemes will need to make sure that their data is consistent with the standards, so that members can access this through the dashboards. With onboarding to dashboards expected from 2023, the PDP urges all schemes to start preparing their data now.

3.0 Pensions Dashboard Ecosystem

- 3.1 A pensions dashboard will show a user their pensions information online, securely and all in one place. To make this work, multiple parties and technical services need to be connected – in what is referred to as an ecosystem.

The ecosystem encompasses dashboards themselves, data providers' find and view interfaces to the ecosystem, and the central digital architecture. The Pensions Dashboards Programme (PDP) is responsible for delivering the digital architecture and services, which will enable data providers and dashboard operators to inter-operate.

There is no central database within the ecosystem that holds personal information supplied by users or pensions information. Instead, the ecosystem functions like a giant switchboard, connecting users with their pensions via dashboards.

Following approval from government, procurement of the principal digital architecture for the pensions dashboards ecosystem has commenced.

A separate procurement exercise for the identity service, which will verify dashboard users really are who they say they are, will commence shortly.

Suppliers for both contracts are expected to be in place by October.

4.0 Indicative Timeline

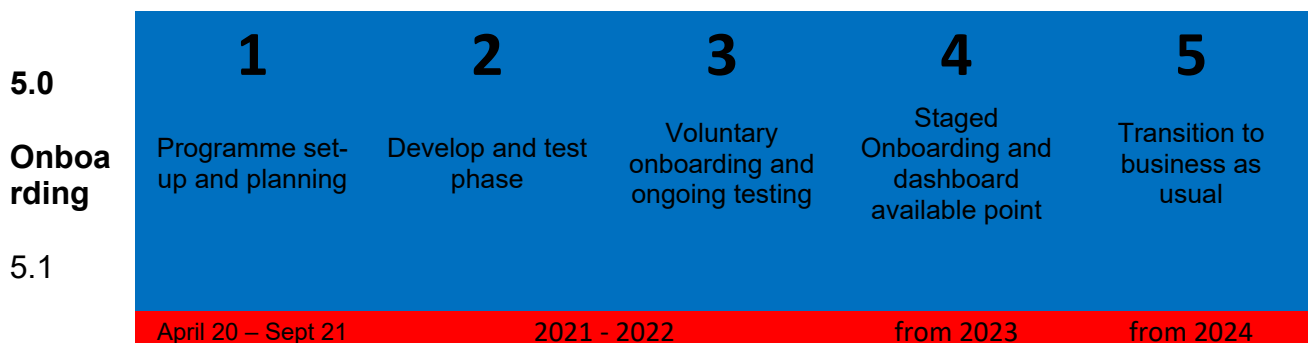
4.1 Implementing pensions dashboards is a significant undertaking and is constrained by several dependencies including legislation, availability of an identity service and the development of the ISP market which will impact delivery timelines. Given the scale of the complexity of the UK pensions industry, a staged approach to onboarding of providers and schemes will be necessary.

4.2 Only when:

- The security of the eco system is fully assured,
- The user experience has been extensively and robustly tested,
- User behaviours have been understood and any adverse impacts or unintended consequences mitigated,
- The right rules and regulations are in place, and
- The service has enough coverage of pension providers/schemes and enough information about those pensions so that it has been proved to meet a user need and be useful to a significant majority of people,

Will the service be made publicly available to any individual who wants to use it.

The indicative timeline is:



Voluntary onboarding – the PDP will continue to work towards the voluntary onboarding of providers to the dashboards ecosystem. They anticipate a two-stage voluntary onboarding approach. The first stage will involve working with system and ISP providers to connect into the dashboard ecosystem and test using synthetic data.

- 5.2 The second stage will be the voluntary onboarding of live schemes and arrangements using real data.

6.0 Staging

- 6.1 For practical reasons, pension providers will connect to the ecosystem over a period of time, rather than all at once. Given the sheer volume of providers involved, connection dates need to be staged to ensure a smooth implementation and mitigate operational risks. The approach needs to achieve a balance between being deliverable, taking into account the practical constraints and circumstances within the industry and regulators, the capacity of the pensions dashboards digital architecture and achieving the widest possible coverage as soon as possible, to enable people to find and view their pensions.

- 6.2 On 27 May 2021, the PDP launched a Call for input on staging. The purpose of the call for input is to gather feedback and insight from pension schemes that will inform Government policy on staging. The PDP is recommending that all public service pension schemes should be onboarded in the initial wave – a two-year period starting from April 2023. Attached (Appendix A) is the response from the Local Government Association (LGA). Questions 22 and 23 of the call for input relate specifically to public service pension schemes and the impact the McCloud judgment may have on their dashboard readiness.

7.0 Conclusion

- 7.1 Legislation is in place to compel pension providers to make individuals' data available to them via dashboards.
- 7.2 The pressures of the McCloud remedy and GMP equalisation and the requirement to stage early will only add to current pressures for administering authorities.
- 7.3 In order to meet the challenging timescales for the PDP programme, administering authorities will need to identify any data gaps and take action to improve data quality to ensure that they are ready to supply the right information to the dashboards once they are live.

8.0 Recommendation

It is recommended that the Pension Board note the report.

9.0 Appendices

Appendix 1 – LGA Response to call for input

