Report of the Director, West Yorkshire Pension Fund to the meeting of West Yorkshire Pension Fund Pension Board to be held on 23rd March 2022.

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 with the aim to create improved awareness of pension assets and pension options for scheme members.

1.2   The Department of Work and Pensions (DWP) are now consulting on the secondary legislation that underpins how this new approach and pensions dashboard, that will establish this, will operate.

1.3   The objectives for Pensions Dashboards are:

- they will make accessing pensions information, including information on individuals State Pension, easier by allowing people to see what they have in their various pensions at the touch of their smartphone, laptop, or computer
- pensions dashboards will put individuals in control of planning for their retirement
- pensions dashboards will provide an opportunity for engaged individuals to consider taking action to consolidate their deferred small pots

1.4   The proposed legislation has two main parts:

- The MaPS pensions dashboard will connect up to 52 million citizens with their pensions, working with 43,000 providers simultaneously
- The second part will allow commercial and other organisations to develop their own pensions dashboards

1.5   The aim of this second part is to bring opportunities for individuals to reach their pensions via organisations who they may already interact with digitally and therefore provide opportunities to engage individuals who prefer to use tools from these organisations, that they already have a trusted relationship with, such as their bank or employer.

1.6   This consultation, which ran until 13th March, covers both parts. DWP state they will put the final legislation before the house later this year when parliamentary time allows.

2.0   Proposed Regulatory Framework

2.1   As you would expect from quite a technologically advanced legislative and regulatory framework there are a number of Government bodies covering the wider regulations.

2.2   It is proposed that MaPS will set standards covering the legislative requirements for:

- Data
- Technical infrastructure
- Design and reporting including monitoring compliance

- A Code of Connection covering security, service and operational requirements.

2.3   A new regulatory function will be created overseeing this process called the Governance Register. The governance register will work to ensure that the dashboard ecosystem is kept safe and that the required security and performance standards are met.

2.4   The Pensions Regulator (TPR) will continue as WYPF's primary regulator and will also be able to take enforcement action if schemes fail to comply with any of the requirements in these draft regulations. Fines for dashboard-related breaches can be up to £5,000 per individual scheme member breach and £50,000 in other cases.

2.5   Schemes would have a duty to cooperate with requests from MaPS relating to connection to the ecosystem, and would have to report certain information to MaPS, which will be set out in published standards and regulations.

2.6   The regulations have been developed to be consistent with existing data protection requirements, including the UK GDPR. Therefore, this remains the responsibility of the Information Commissioner's Office to investigate any breaches of data protection law and take the action it considers appropriate, in the usual way.

3.0   What Is Required of Pensions Schemes and WYPF

3.1   The date a pension scheme is required to join the MaPS pensions dashboard is set out in the proposed secondary legislation. WYPF's date is no later than November 2023; this is known as a schemes staging date.

3.2   Schemes have a duty to co-operate with requests from MaPS and report information to MaPS. These are set out in the proposed legislation and need to be retained by WYPF for 6 years.

3.3   The Pensions Dashboard Programme will audit a schemes readiness to connect to the ecosystem. For WYPF this audit is October 2023. MaPS has the regulatory power to work with the pension provider and any third party to define and monitor steps to ensure compliance.

3.4   DWP have proposed that it would be for the scheme manager to set their own matching criteria i.e. decide if a scheme members pension record matches an individual requesting pensions scheme information through the ecosystem. Scheme managers need to set a policy for how they will match and what criteria they will use.

3.5   The process of accessing information on dashboards rests on the consent of the individual i.e. scheme member. The nature of an individual's consent must be clear, explicit, understood, and informed. It cannot merely be perceived as a tick box condition of usage.

3.6   The Pensions Dashboard Programme will articulate this more clearly in their UK GDPR publication due to be published in summer 2022. This consent will be held by pension schemes at individual level. There is no central database within the ecosystem that holds personal information or pensions information.

3.7 The Pensions Dashboard Programme are alpha testing the ecosystem in Spring 2022 with a number of providers e.g. Aviva and L&G. We expect a technical update, further standards and guidance following this.

4.0   Conclusion

4.1 The consultation ran from 31st January to 13th March with feedback and final legislation being issued in due course.

4.2 The proposed legislation is very different from that local authority schemes have operated within to date, for example regulators will have a real time 24/7 view of our compliance and performance.

4.3 This draft legislation provides the details required for WYPF to commence project work in order to meet challenging timescales. The McCloud remedy is not a barrier to commencing work on Dashboard.

4.4 This is the first development from the programme of change brought forward by DWP in relation to pensions dashboards.

5.0   Recommendation

It is recommended that the Pension Board note the report.