

Pensions Dashboards: where are we now?

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Shannon Diggory, Senior associate

You could be forgiven for thinking the pensions industry is resistant to change. After all, it took until 2018 for a case to be brought before a court which decided what schemes should do about guaranteed minimum pension (GMP) benefits accrued in the 1990s. However, take a step back and you will see a different picture.

In the space of a decade there has been a transformation in the way in which pension savings are made and accessed, with automatic enrolment leading to millions of individuals saving for their retirement for the first time, along with new retirement options available for defined contribution (DC) benefits. Change may not be lightning fast but big ships turn slowly and the pensions industry is an extremely large and complicated one.

Given that complexity, it is with some trepidation that we have all witnessed the recent pace of the Pensions Dashboards Programme – a Government initiative to establish an online platform where members of the public can access information about all of their pension provision, including their State pension, in one place. Whilst pensions dashboards have been in development behind the scenes for a while now, with the largest schemes likely to be required to connect to this online platform as soon as April 2023, many key documents are yet to be published and the legislation itself is far from final.

Given this tight timing, in this article, we explain what steps trustees and managers of occupational pension schemes should be taking now to get ready.

The proposed legal framework

The framework for pensions dashboards can be found in the Pension Schemes Act 2021, with the detail of what will be required of occupational pension schemes to be set out in regulations.

In January 2022, the Department for Work and Pensions (DWP) published a consultation on dashboards, including draft regulations. That consultation closed in mid- March 2022 and, as at the date of writing, a response is expected over the summer. The FCA has also consulted on corresponding rules for FCA-regulated pension providers in respect of personal and stakeholder pensions.

The regulations will help flesh out some of the detail on:

- what a commercial provider must do in order for their pensions dashboard service to be recognised as a "qualifying pensions dashboard service"

- what will be expected of trustees and managers of schemes which are in scope of the regulations
- how compliance with the regulations is to be enforced.

Much of the technical and practical detail will be set out in standards issued by the Money and Pensions Service (MaPS), the majority of which are yet to be published.

In this article we focus on the non-commercial dashboard provided by MaPS, but providers will also be able to run commercial dashboard services, so long as they meet the relevant requirements.

Which schemes and members are in scope?

The dashboard requirements will apply to all registrable UK-based occupational pension schemes, including public service pension schemes. Only schemes with 100 or more relevant members are caught by the draft regulations (although smaller schemes can voluntarily connect to the dashboard if they so wish).

Under the current draft of the regulations, “relevant member” includes all members except pensioners, so schemes will not need to provide data on their pensioners, nor are they included when working out a scheme’s staging date.

How dashboards will work – a refresher

There are a number of elements that will make dashboards work – referred to together in the recent DWP consultation as the “digital architecture”, and also commonly known as the “dashboards ecosystem”. The digital architecture is made up of the following elements, each of which MaPS is responsible for delivering:

Element	Responsibilities
Consent and Authorisation Service	Receiving “find requests” from individuals and obtaining those individuals’ consent
Identity Service	Verifying individuals’ identities
Pension Finder Service	Distributing find requests to all pension schemes
Governance Register	Overseeing the whole digital architecture

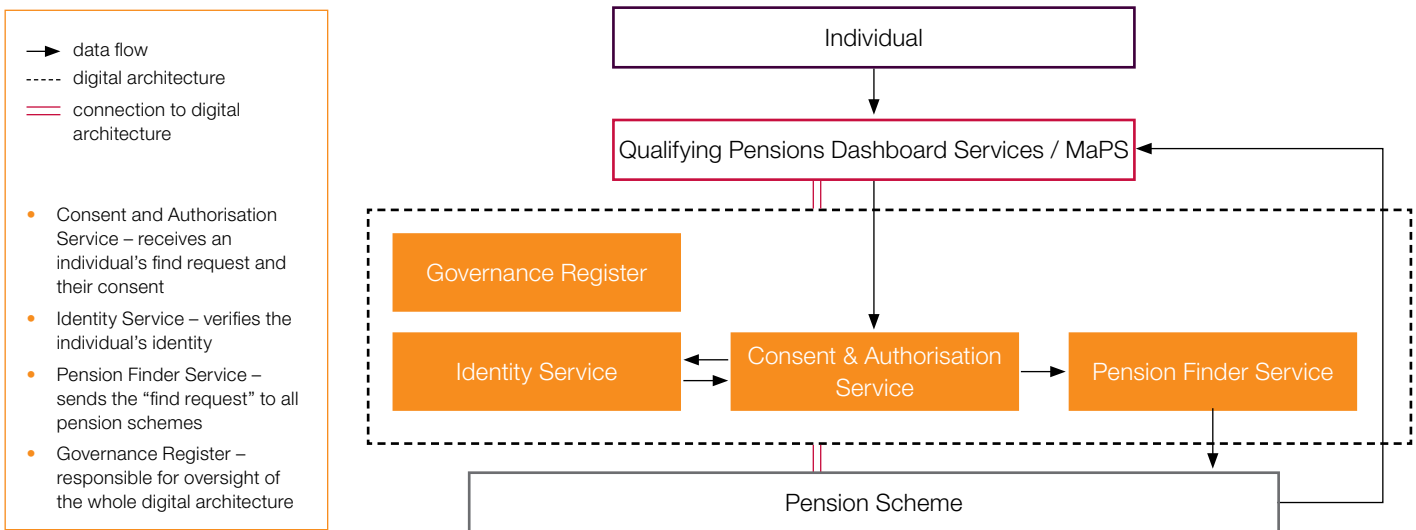
Schemes will need to connect to the digital architecture by their staging date (more on that below). Connection will need to be done in a manner which is compliant with the connection, security and technical standards set by MaPS.

From a data protection and cyber security perspective, trustees will be pleased to hear that there will not be a centralised, temptingly hackable database containing pension information for a huge proportion of the UK population. Instead, at a high level, the process will work as follows:

- **Step 1** – a member enters their information onto the MaPS dashboard
- **Step 2** – dashboard connects to digital ecosystem
- **Step 2** – the Consent and Authorisation Service checks the individual's identity with the Identity Service
- **Step 3** – the Pension Finder Service sends a “find request” to all pension schemes
- **Step 4** – each pension scheme acknowledges receipt of the find request

- **Step 5** – each pension scheme assesses whether they have a match for the relevant individual
- **Step 6** – if there is a match, the pension scheme must register a unique identifier with the Consent and Authorisation Service
- **Step 7** – the Consent and Authorisation Service issues that unique identifier to the dashboard
- **Step 8** – the individual can then log on to the dashboard and use the unique identifier to request and view their pensions information.

The data flows and interaction of the different elements of the digital architecture are illustrated in the diagram below.



What should trustees be doing now?

1. Understand your staging date

Under the draft regulations, the DWP has proposed the following staged approach to compliance with the new requirements:

- large schemes (1000 or more relevant members) – a staging period from April 2023 to September 2024. Master trusts, personal and stakeholder schemes are expected to be among the first to connect, followed by DC schemes used for automatic enrolment
- medium schemes (100 to 999 relevant members) – October 2024 to October 2025.

Small and micro schemes (those with under 100 relevant members) are not specifically covered by the draft regulations but the DWP expects to stage these schemes from 2026.

An important early step for all trustees is to take a moment to work out their scheme's expected staging date. To do so, they will need to determine the number of relevant members in the scheme as at the scheme year end date falling between 1 April 2020 and 31 March 2021 inclusive. For hybrid schemes, the analysis is more complex but, broadly speaking, this assessment needs to be undertaken in respect of both defined benefit and DC members, and the earlier staging date will be the one which applies.

Trustees should then check this figure against the table in Schedule 2 of the draft regulations to see what their expected date is. It is important to note that the staging dates could be different in the final form of the legislation, so trustees should make sure they check for any changes when the final regulations are published later this year. Being aware of a scheme's staging date is

fundamental for building the necessary actions into the scheme's business plan in the run up to connecting to the dashboard ecosystem.

2. Liaise with your administrator on the preparatory actions they are taking

Trustees should approach their administrator to understand how they are proposing to connect to the dashboard ecosystem. Key questions include:

- Are they proposing to develop their own software for this purpose or to utilise a third-party integrated software provider?
- Have they carried out any testing of this software and, if so, what were the results?
- Where does the scheme sit in terms of timing of staging date in comparison to the administrator's other clients, will it be one of the administrator's first or will others lead the charge?
- Are contractual changes required to document both the preparatory work and ongoing compliance? Does the administrator propose to levy any additional charges for this?
- How do they propose to resource the increased workload arising from receiving potentially thousands of "find requests" per day and having to respond within short timeframes?

The other aspect for trustees to discuss with their administrator is working on scheme data quality to ensure it is dashboard ready. Many schemes will have recently undertaken similar projects, both as a result of increased focus on scheme data by the Pensions Regulator and in readiness for GMP equalisation.

3. Build knowledge and understanding

Dashboards is a topic that it is easier to get to grip with in stages. For many, it will involve getting to grips with technical areas, particularly in the fields of information technology and security and, of course, a wealth of new acronyms.

Trustees should consider attending external training and/or arranging internal training to build a foundation of understanding of the requirements. They can then drill down into the distinct areas that dashboards will impact upon – for example, data requirements, risk management or contractual liability – as and when the legislative and regulatory picture becomes more settled.

4. Keep a watching brief on future changes

There is an expectation within the industry that the legislation and anticipated staging timetable will now not change significantly but the full range of MaPS standards, along with MaPS and TPR guidance, which are to sit alongside regulations are currently an unknown quantity. Trustees should monitor developments in this area, in particular if their scheme is one with an earlier staging date, giving them less time to adapt to changes in requirements.

The key point for trustees and managers of occupational pension schemes is to understand that this is a project which cannot be left off the agenda any longer. This is an initiative which is happening very quickly for the pensions industry, and with a high degree of complexity involved. Pensions dashboards are coming for all of us – and we need to be ready for them.

