9 July 2021

Pensions Dashboards: staging call for input

Pensions Dashboard Programme

Response from the Pensions Management Institute to PDP's Call for Evidence.

Introduction

PMI is the professional body which supports and develops those who work in the pensions industry. PMI offers a range of qualifications designed to meet the requirements of those who manage workplace pension schemes or who provide professional services to them. Our members (currently some 6,000) include pensions managers, lawyers, actuaries, consultants, administrators and others. Their experience is therefore wide ranging and has contributed to the thinking expressed in this response. Due to the wide range of professional disciplines represented, our members represent a cross-section of the pensions industry as a whole.

PMI is focused on supporting its members to enable them to perform their jobs to the highest professional standards, and thereby benefit members of retirement benefit arrangements for which they are responsible.

1. We will be sharing the content of your responses with DWP, TPR and FCA to feed into the government's policy development. Please confirm you are happy to be identified when we are sharing.
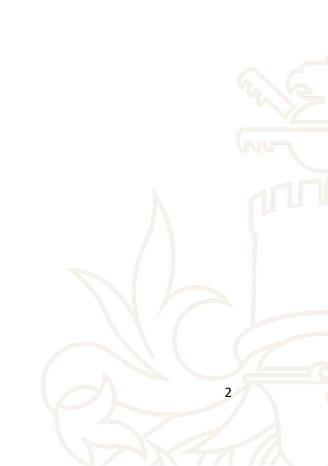
Yes	✓
No	

2. Please tell us the name of the organisation on whose behalf you're responding.

The Pensions Management Institute

3. Please select which category/categories of respondent best describes you.

Other (professional body)

4. Based on the information, how long do you estimate you will need to be ready to connect, and why? From what point in your working assumptions does the lead time start (eg draft regulations, regulations laid before parliament, or approved)?

N/A

5. If different from your response to Q4, how long would it take you be able to provide all the required view data?

N/A

6. Would response time be material to onboarding ie would longer response times for ERI or accrued value information (rather than real-time) facilitate earlier staging? If so, what sort of response time would make a difference?

N/A

7. What further information, if any, do pension providers need to get ready for dashboards?

We believe there is a need for greater clarity about Expected Retirement Income (ERI) and how the ecosystem is going to comply with Data Protection requirements and be compatible with providers' Application Programming Interface (API) for effective planning around sharing data and verifying members.

8. Do you have any further evidence on consumer needs and/or the acceptability of a dashboards service displaying partial information for a limited time?

There has to date been extensive discussion if the dashboard should launch with just a 'find only' facility or wait until it is also possible to display members' accrued pension savings as well.

We strongly believe that it would not serve consumers' interests to delay the implementation of the dashboard until it became possible to display the values of accrued pension savings. If the industry were pushed to try to achieve this level of complexity in too short a timescale and failed to achieve what consumers (maybe unreasonably) expected, the whole project would lose credibility from the start that it may never recover - and the industry would be blamed, even if it has only passively accepted the terms placed upon it. At least "find-only" would be a good start and if that is delivered solidly participants could move on from there to something more sophisticated, based upon considered evidence both on consumers' perceived needs and what is practically achievable, which will no doubt involve necessary compromises along the way.

9. Do you see any barriers to early staging?

Any requirement to display ERI would be the biggest barrier to early staging. There is a real risk that this could confuse the consumer but, more significantly, the technological challenges in providing this information would be extremely onerous.

Additionally, resource is currently a huge issue for the pensions industry and finding the time to address this challenge would divert administrators and their advisers from other vital work.

Of course, were the initial version of the dashboard a 'find only' model (as recommended in our answer to question 8) this issue would not arise.

10. This question particularly applies to data providers, what is your appetite for staging early? Are there things PDP could do to encourage you to onboard earlier?

N/A

11. Do you agree with our recommendation to prioritise occupational schemes with 1,000+ members and FCA regulated providers in the first two years?

'1000+ members' should refer to active and deferred members only. Members should be classified as those that have a liability to pay out and schemes should be measured on that size of that membership.

12. Do you agree Master Trusts should be the first to stage? Do you have any further evidence that speaks to their deliverability?

It is logical that Master Trusts be the first to stage given the nature of these schemes. They should be more accessible for members with no complex benefit structures to consider. This is not the case for defined benefit (DB) schemes. Also, following the recent approval process, these schemes should be in excellent condition with very few legacy issues.

13. Do you agree that non-commercial master trusts should stage as part of the next cohort? In the absence of a legal definition of non-commercial, is 20 000 members a suitable proxy to differentiate them from Master Trusts competing in the AE space?

We agree that this would be appropriate.

14. Do you agree FCA regulated pension providers should be among the first to stage? Do you have any further evidence that speaks to their deliverability?

We agree that it would be appropriate for FCA registered schemes to be among the first to stage.

15. Taking into account any existing plans to consolidate systems, and the potential to use an ISP (in-house or external), what specific challenges, if any, do FCA regulated providers of personal pensions face in getting all or part of their business dashboard-ready? Please provide evidence of the nature and scale of those challenges and how these challenges might be overcome.

We are not aware of any challenges specific to FCA regulated schemes.

16. Do you agree that DC schemes used for AE should be the second cohort to stage? Do you have any evidence that speaks to the deliverability of this?

We agree that defined contribution (DC) schemes used for automatic enrolment (AE) should be within the second cohort.

17. Do you agree that non-commercial Master Trusts not included in cohort one should join cohort two?

Please refer to our answer to question 13.

18. Do you agree with the rationale for requiring mixed benefit schemes with DC sections used for AE to be part of cohort two? Do you have any evidence on the impact of this? How far does this differ from current disclosure practice ie issuing annual benefit statements? What is the scale of the population impacted?

We believe that it would be appropriate for all schemes used for AE – regardless of scheme design – to stage at the same time.

19. Do you agree the largest DB schemes should be staged from Autumn 2023 and all DB schemes with 1 000+ members should be staged within the first wave (within two years from April 2023)? Do you have any evidence that speaks to the deliverability of this?

We are concerned that this proposal would adversely affect schemes whose membership consists of a small number of deferred members as they would have to bear the costs of being dashboard-ready but might have only limited financial resources available. However, this would be less of a problem if only a finder service were to be provided.

20. What are the specific challenges for DB schemes in connecting to dashboards? Which data elements are challenging, and why? Please provide any supporting evidence.

The connectivity details are still very limited. As has been noted widely in the industry, the provision of reliable ERI information is going to be extremely difficult.

21. When is the earliest in 2023 the largest DB schemes (over 50 000 members) could reasonably be expected to comply? Why? Please provide any supporting evidence.

It is impossible to generalise. A question such as this would have to be addressed on a case by case basis.

22. Do you agree that all public service schemes should be staged as early as possible within the first wave? Do you have any evidence that speaks to the deliverability of this?

We agree that this would be appropriate.

23. What specifically are the challenges presented by the McCloud Judgement for public service schemes in terms of dashboard readiness? What is the earliest that public service schemes could reasonably be expected to connect?

The McCloud styled benefits of public service schemes will add another level of complexity for members to try to understand, as will other ERI issues.

24. Do you agree that all remaining DC schemes with 1000+ memberships should be staged by the end of the first wave (within two years of April 2023)? Do you have any evidence that speaks to the deliverability of this?

We agree that this would be appropriate. However, please note the concerns raised in our answer to question 11 concerning how the size of a scheme's membership should be determined.

25. Do you have any additional evidence on the ability of medium schemes to participate in pensions dashboards?

When the historic management of medium schemes is considered, the administration systems might not be in a position to cope with the new technology and trustee boards may not have the funds to invest – particularly given other industry initiatives such as GMP equalisation. These schemes would significantly benefit from a find service only as the ERI requirements would not need to be addressed for many years to come.

26. Do you have any evidence about the potential impact on savers of deferring medium schemes until the bulk of large schemes have staged?

Deferring medium sized DB schemes will have very little impact on savers as most are closed to future accrual and have limited interaction with members. Evidence from

administrators shows limited engagement with trustees from members of such schemes.

27. Do you agree that small and micro schemes should form a third wave, after large and medium schemes? If so, when would be a reasonable timeframe for staging these schemes, and why?

We agree that small micro schemes should form the third wave as the work to connect will far outweigh the benefit for members and represent a disproportionate workload.

28. Do you have any evidence about the potential impact on savers (eg lost pots) if small and micro schemes were delayed until after 2025?

There is no evidence to show that savers would be impacted but if the dashboard were a find only service this would enable schemes of all sizes to consider onboarding more effectively and sooner.

29. Do you have any evidence of practical obstacles to our recommended sequencing and timing for staging?

The practical issues are the provision of ERI (as mentioned above) and dealing with the significant increase in member communications once members have connected to the dashboard. This would be happening during a time of very limited resource in the industry as administrators would be managing staff shortages (due COVID), working on GMP rectification then equalisation and other project work for schemes moving to de-risk.

30. How well do our recommendations meet the policy objectives and staging principles?

We believe that there are a number of issues which have not yet been fully addressed.

31. Do you have any evidence on where lost pots are most likely to be located and the impact, therefore, of our staging recommendations on reconnecting savers with lost pots?

We believe that after a decade of automatic enrolment, most lost pots will be in the DC market. This may include some old contracting out policies and most schemes have a few members who need to be traced in order to allow benefit crystallisation.

32. Do you have any evidence on equalities impacts of staging and impacts on under-pensioned groups?

No comment.

33. As a data provider do you intend to connect your data via an ISP type solution? If not, what is your intended alternative?

N/A

34. As a pension provider will you work with your existing software provider or seek an alternative ISP provider?

N/A

35. If you are a software provider we would like to ask you a few more questions to further understand how your organisation is preparing for staging. Please choose Yes if you are happy to answer the four additional questions. Please choose No if you are not a software provider or you are a software provider not wanting to answer more questions:

36. [Software providers] As an existing software provider do you intend to extend your ISP offering beyond your existing client base?

N/A

37. [Software providers] Are you considering developing and providing an ISP solution as a new entrant into the market? What sectors of the market do you envisage providing ISP solutions to?

N/A

38. [Software providers] What is the anticipated lead time for bringing ISP solutions to market?

N/A

39. What factors will influence the pace at which ISP providers can connect clients to the dashboards ecosystem? What can be done to accelerate market coverage to better facilitate connectivity for data providers?

N/A

40. PDP would like to carry out additional research with organisations who will be providing pension information for users to view on dashboards. We want to further understand what will be involved for you to successfully onboard with the pensions

dashboards ecosystem and respond to these requests. If you're happy to be contacted about this, please include details of the people we can reach out to here:

N/A