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Pensions dashboards

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Pensions dashboards enable people to access information about their pensions online. Pensions dashboards are being developed in the UK, which will allow people to access information about pensions held in different schemes, with different providers and the state pension in a single place.

Why are pensions dashboards being developed?

Changes to the labour market and pension reforms are expected to increase the complexity of some decisions people need to make about their pensions. In 2012, the Department for Work and Pensions estimated that people would work for eleven different employers during their working life. In April 2019 the Government said pensions dashboards would increase people's awareness and understanding of their pensions, help them find lost pension pots, and enable them to make more informed decisions about how they choose to access their pensions.

Who will provide pensions dashboards?

In the UK, private sector organisations with suitable permission will be able to provide their own pensions dashboard service by connecting to a single digital architecture. The digital architecture is being developed by a Pensions Dashboards Programme. The Money and Pensions Service, which is a public body supported by the Department for Work and Pensions, will also develop its own non-commercial dashboard.

Delivering pensions dashboards

The Pension Schemes Act 2021 provided the legislative framework for pensions dashboards. The Pensions Dashboards Regulations 2022 set out the detailed framework for pensions dashboards in England, Wales and Scotland. Corresponding regulations are set out in The Pensions Dashboards Regulations (Northern Ireland) 2023.

The Pensions Minister announced in June 2023 that pension schemes will need to be connected to the pensions dashboards digital architecture by 31 October 2026. This is a year later than the initial last date for connection.

Responsibility for delivering pensions dashboards is spread across several organisations:

- The Pensions Dashboards Programme is responsible for designing and implementing the infrastructure for pensions dashboards.

- The Money and Pensions Service has responsibility for creating a non-commercial pensions dashboard. It was also given responsibility for bringing together the Pensions Dashboards Programme team.

- The Pensions Regulator regulates trust-based occupational pension schemes. It is required to monitor and enforce the legislative requirements relating to pensions dashboards placed on the trustees of these schemes.

- The Financial Conduct Authority regulates providers of contract-based pension schemes. It will also have a role in authorising and regulating the operators of pensions dashboard services and their conduct.

Issues and debate

Some of the key issues which have been debated include:

- One or multiple dashboards: there was significant debate about whether there should be multiple dashboards, or a single one, hosted by a public body. The Government is supporting an industry-led, government facilitated approach with multiple dashboards, including one non-commercial dashboard, hosted by the Money and Pensions Service.

- Protecting consumers: data breaches, scams and fraud are potential risks of pensions dashboards. The Government has said "safeguarding the data and protecting consumers will be paramount". In February 2020, the Government committed to make the provision of pensions dashboards a Financial Conduct Authority regulated activity.

- Making transactions within pensions dashboards: when the Pension Schemes Act 2021 was before Parliament, there was debate about whether they should facilitate transactions. A Lords Opposition amendment which would have prevented this was overturned in the House of Commons. The government said that future enhancements, including transactions, should not be decided until the "initial offer has been tested with users and any behavioural effects are understood."

1   What is a pensions dashboard?

Pensions dashboards enable people to access information about their pensions online.[1] Pensions dashboards are being developed in the UK which will allow people to access information about pensions held in different schemes, with different providers and the state pension in a single place.[2]

1.1   Why are pensions dashboards being developed?

In April 2019 the Government outlined its rationale for developing pensions dashboards in the UK, which it said would:

- increase people's awareness and understanding of their pensions;

- build a greater sense of individual control and ownership of pensions;

- increase engagement;

- support pensions guidance and advice;

- help people find lost pension pots; and

- enable people to make more informed decisions about how they choose to access their pensions.[3]

For example, auto-enrolment, introduced in 2012, requires employers to enrol eligible employees into a workplace pension scheme.[4] Unless those employees opt-out, they and their employer will contribute to the workplace scheme.[5] This means that many people may join a new pension scheme each time they move job, which is likely to increase the number of people reaching retirement with multiple pension pots.[6]

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1   Pensions Dashboards Programme, UK Pensions Dashboards Programme [accessed 5 July 2023]

2   Pensions Dashboards Programme, About us [accessed 5 July 2023]

3   Department for Work and Pensions, Pensions dashboards: Government response to the consultation, 4 April 2019

4   Pensions Act 2008

5   Pensions Act 2008

6   Joe Elvin, Half of over-50s don't know value of their pension, Which?, 8 March 2016

    Commons Library Research Briefing, 17 August 2023

It is expected that changes to the labour market and pension reforms are likely to increase the complexity of some decisions people need to make about their pensions.[7] In 2012, the Department for Work and Pensions estimated that people would work for eleven different employers during their working life.[8] More recent estimates suggest people aged 18-24 may expect to have an average of twelve jobs in their lifetime.[9]

There are two main types of pension schemes in the UK. These are:

- Defined benefit schemes which pay a promised pension which is based on factors such as salary and length of service.

- Defined contribution schemes do not provide a guaranteed pension and instead provide a pot of money which can be used in retirement.

While auto-enrolment has significantly increased the proportion of employees with a workplace pension, the number of employees in defined benefit schemes has been declining.[10]

Proportion of UK employees with workplace pension by pension type
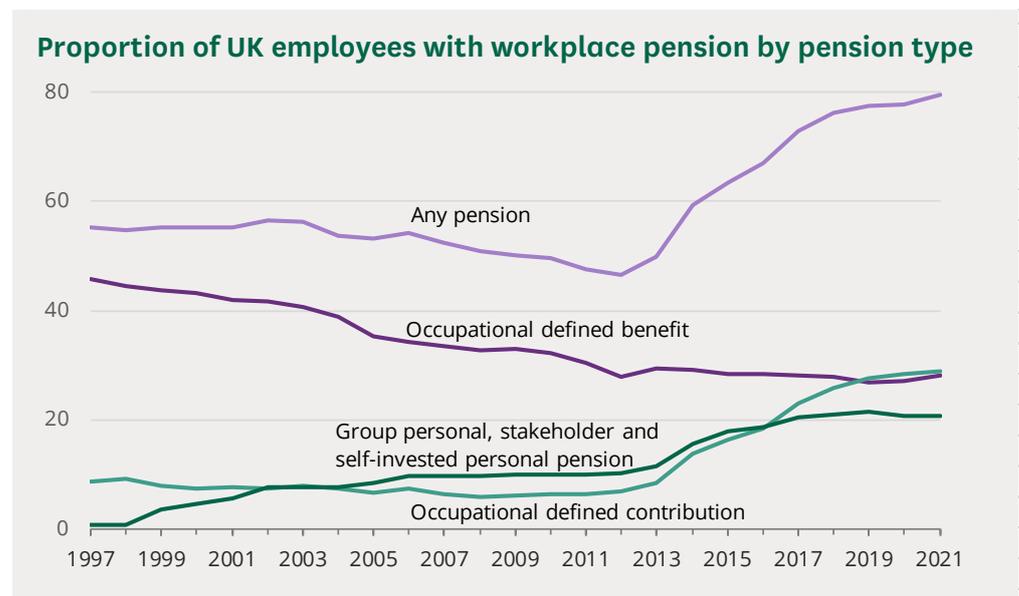
Source: Office for National Statistics, Employee workplace pensions in the UK, 20 April 2022

In a 2021 impact assessment the Government explained that introducing pensions dashboards was necessary because the decision making responsibility on individuals had been increased by auto-enrolment and a shift from pensions which provide a guaranteed income to those which do not.[11]

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[7]   Impact Assessment to the Pension Schemes Act 2021 Annex H: Pensions Dashboard
[8]   Department for Work and Pensions, Small pots working group report, 17 December 2020
[9]   As above
[10] Employee workplace pensions in the UK - Office for National Statistics
[11] Impact Assessment to the Pension Schemes Act 2021 Annex H: Pensions Dashboard

The financial choices taken at retirement can be highly complex. Since April 2015 people with defined contribution pots have had greater choice about how they access their pensions after the introduction of the pension freedoms.[12] In 2016, consumer firm Which? published research showing half of people over-50 don't know the value of their pension.[13] Further, Which? said consumers were worried about value of their pensions.[14]

The Financial Conduct Authority, which regulates financial services firms and financial markets in the UK, said that evidence from the Netherlands showed that pensions dashboard type interventions had "encouraged consumer engagement with pensions by making them more tangible and visible".[15]

1.2   What will UK pensions dashboards do?

In the UK, private sector organisations will be able to provide their own pensions dashboard services, subject to regulation, authorisation and permission, by connecting to a single digital architecture.[16] This is being developed by a Pensions Dashboards Programme. The Money and Pensions Service, which is a public body supported by the Department for Work and Pensions, will also develop its own non-commercial dashboard.[17]

UK pensions dashboards will enable people to see their private and state pensions through a single digital tool.[18]

1.3   Where do pensions dashboards already exist?

Pensions dashboards are already active in several countries, including Australia, Belgium, Denmark, Israel, the Netherlands and Sweden.[19] There is not a uniform approach to pensions dashboards across these countries with differing levels of involvement from governments and the private sector.[20] In 2018, the Department for Work and Pensions said that five of eight countries it

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12   Further information about the pension freedoms is available in the Library briefing Pension flexibilities: the 'freedom and choice' reforms

13   Joe Elvin, Half of over-50s don't know value of their pension, Which?, 8 March 2016

14   As above

15   Financial Conduct Authority, Retirement Income Market Study: interim report, December 2014, p71

16   Department for Work and Pensions, Pensions dashboards: Government response to the consultation, 4 April 2019

17   Money and Pensions Service, Pensions Dashboards [accessed 6 July 2023]

18   Pensions Dashboards Programme, UK Pensions Dashboards Programme [accessed 5 July 2023]

19   Department for Work and Pensions, Pensions Dashboards, Working together for the consumer, December 2018

20   As above

had looked at had a single industry supported non-commercial dashboard.[21] However, it also noted that only positive outcomes were reported in the examples with multiple dashboards.[22]

[21] Department for Work and Pensions, Pensions Dashboards, Working together for the consumer, December 2018

[22] As above, p26

2 Development of pensions dashboards and legislation

2.1 Development and feasibility study 2015-2018

In March 2015, the Financial Conduct Authority, which regulates financial services and markets in the UK, said it was in discussions with Government to explore the most effective and efficient way to develop pensions dashboards, with a view to implementation in the "next few years".[23] In 2016, the FCA returned to the idea in its Financial Advice Market Review, as part of a package of measures to encourage consumer uptake and awareness of advice.[24] It said HM Treasury should "challenge the industry to make a pensions dashboard available to consumers by 2019".[25]

In the 2016 Budget the Government said it would ensure the pensions industry designed, funded and launched a pensions dashboard by 2019.[26] This deadline was not met. As discussed in section 2.7 in this briefing below, the deadline for schemes to connect to the dashboards digital architecture will be 31 October 2026.[27]

Prototype project

In September 2016, the Government announced that a prototype would be ready by March 2017.[28] On 21 December 2016, the Association of British Insurers, which was managing the project on behalf of HM Treasury, said six firms had been chosen as technology development partners.[29]

The project designed and developed a prototype, demonstrating that it was possible for people to view multiple pensions in one place.[30] On 2 April 2017, the then Economic Secretary to the Treasury, Simon Kirby, said he had been impressed at progress:

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[23]   Financial Conduct Authority, Retirement Income Market Study: final report, March 2015, para 1.12

[24]   Financial Conduct Authority, Financial Advice Market Review – Final Review, March 2016

[25]   As above, p48

[26]   HM Treasury, Budget 2016, HC 901, March 2016

[27]   HCWS836

[28]   HM Treasury, Pensions Dashboard prototype to be ready by spring 2017, 11 September 2016

[29]   Association of British Insurers, Pensions Dashboard project announces FinTech pioneers, 21 December 2016

[30]   Pensions Dashboards Project, Reconnecting people with their pensions, October 2017

> With a few clicks I could access an example dashboard which showed what pension pots our test user had, how much money was in them, and an estimate of his income at retirement.[31]

Feasibility study

In October 2017, the then Work and Pensions Minister, Baroness Buscombe, said the Government would carry out a feasibility study.[32]

The study took longer than expected to be published. Ambitions to report by March 2018 slipped to the 2018 summer recess. [33] In February 2018, the then Minister for Pensions and Financial Inclusion, Guy Opperman, said the delays were because of the complex issues to resolve:

> There are a considerable number of complexities with the dashboard: the retention of a huge amount of different types of data, whether from state pension data or private pensions; who has access to that data; who controls it; and whether that is something that should be done by the Government, as ultimately the most trusted provider—regardless of whether one trusts or does not trust any particular Government—or by a relatively independent quango such as the single financial guidance body. There is an issue about what body would take it forward and hold the data, and the extent to which the data is accessible, to whom and in what way.[34]

These delays led to speculation that the Secretary of State was considering abandoning plans for a national pensions dashboard.[35] However, the Government published the findings of its feasibility study on 3 December 2018, confirming it planned to support an industry-led, Government facilitated approach.[36]

Key decisions set out in the feasibility study were that:

- Industry would design and develop its own dashboards. The Money and Pensions Service (which was called the Single Financial Guidance Body until April 2019) would convene a delivery group to help ensure that "industry safely and securely deliver their part in making dashboards happen."

- The Government thought multiple dashboards would improve consumer choice, allowing them to use the dashboard that most met their needs. The Money and Pensions service would impartially provide a non-commercial dashboard.

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[31] [Pensions Dashboard will fundamentally change how people access their pensions – Simon Kirby](#), 12 April 2017
[32] [HL Deb 24 October 2017 c878](#)
[33] [HC Deb 22 January 2018 c45](#) and [PCB Deb 1 February 2018, c23](#); [HC Deb 22 January 2018 c45](#)
[34] [PCB Deb 1 February 2018, c23](#); [HC Deb 22 January 2018 c45](#)
[35] Work and Pensions Committee, [Committee publishes ABI view on pensions dashboards](#), 18 July 2018.
[36] Department for Work and Pensions, [Pensions dashboards: Working together for the consumer](#), Cm 9719, December 2018

- The Government would legislate to require pension schemes to provide individuals' data (with their consent) via pensions dashboards.

- Some schemes may be exempted from compulsory participation, such as Small Self-Administered Schemes and Executive Pension Plans.

- The Government would work with the industry delivery group to integrate the State Pension into pensions dashboards.[37]

2.2   2018 Consultation

Consultation

In December 2018, the Government launched a consultation alongside the publication of its feasibility study.[38] The consultation document posed questions, to which responses were requested by 28 January 2019.[39]

Initial responses were positive. The Association for British Insurers said that it was "pleased to see the project moving forward with industry consensus, cross-party support and the endorsement of key consumer groups".[40] The then Director of policy at Royal London and former pensions minister, Steve Webb, said there was much that was positive about the plans including the planned inclusion of state pension data, compulsion on most schemes to supply data, the potential to share data with an adviser and an industry-wide funding base for the project, but he was concerned about the slow rollout.[41] The Pensions and Lifetime Savings Association said it was supportive of the plans and felt the government had listened to industry views.[42]

Consultation response

In its response to the consultation in April 2019, the Government set out its approach to developing pensions dashboards.[43] It said the initial phase of work to develop pensions dashboards is "intended to be a foundation,

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[37] Department for Work and Pensions, Pensions dashboards: Working together for the consumer, Cm 9719, December 2018

[38] As above

[39] As above

[40] Association of British Insurers, ABI responds to DWP Pensions Dashboards Feasibility Study Consultation, 22 January 2019

[41] Royal London, Slow rollout of pensions dashboard a 'real concern' – reaction from Steve Webb, 6 December 2018

[42] Professional Pensions, Industry welcome dashboard feasibility report but strong governance 'essential', 5 December 2018

[43] Department for Work and Pensions, Pensions Dashboards Government response to the consultation (PDF), **CP 75**, April 2019

providing consumers with clear information, before considering the scope for future industry developments."[44] To implement this, the Government said:

- It would legislate to compel pensions schemes to make consumers' data available through their chosen dashboard. This requirement would be phased in.

- The Money and Pensions Service should lead the delivery of the initial phase of the project by establishing an industry delivery group accountable to the Department with priorities to:

    - Create a clear and comprehensive roadmap for delivering the digital architecture to enable multiple dashboards to be developed alongside a non-commercial offering.

    - Work with industry on setting data standards.

    - Design a robust governance and security framework for information supplied by schemes to consumers through dashboards.

    - Work with industry on their readiness to provide data for dashboards.

- It expected most schemes to be providing data via dashboards within 3 to 4-years and many large defined contribution schemes to be providing data on a voluntary basis from 2019/20.

- It would continue to work towards including State Pension data in dashboards at the earliest possible opportunity.[45]

2.3   Establishing the Pensions Dashboards Programme

The Money and Pensions Service (MaPS) set up an industry delivery group to be responsible for "developing the required data standards, technology and governance to enable data to be made available via multiple dashboards delivered by the industry, as well as one delivered by MaPS."[46] The industry delivery group was chaired by Chris Curry of the Pensions Policy Institute and its members were from the pension industry, financial technology, financial

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44   As above (PDF)
45   Department for Work and Pensions, Pensions Dashboards Government response to the consultation (PDF), **CP 75**, April 2019
46   As above (PDF), 3 Jun 2019

services and consumer representatives. MaPS is also working to creating a non-commercial pensions dashboard – the MaPS dashboard.[47]

In April 2020, the Pensions Dashboards Programme published a programme update and said it would do so every six months.[48] It explained that:

- Given the scale and complexity of the UK pensions industry, there would be a staged approach to onboarding schemes;

- Initially, the information on the dashboards would be no more than is already provided in annual statements.[49]

The key challenges it identified included:

- Sourcing a secure online identity verification service;

- Finding a way to match individuals with their pension records;

- Specifying a consistent set of data standards so that all of an individual's pensions information can be displayed on a constituent basis. A particularly important issue is the way in which estimated retirement income is shown.[50]

In its second progress update in October 2020, the Pensions Dashboards Programme published an indicative phase plan for implementation:

- **Phase one - from 2020:** setting up the programme, start procurement for supplier(s) for the digital architecture and setting the first iteration of data standards.

- **Phase two - from 2021:** work with chosen supplier(s) to begin building, integration and testing the digital architecture. Continue to develop design and service standards.

- **Phase three - from 2022:** connect volunteer schemes and providers using real data.

- **Phase four - from 2023:** schemes and providers start to be compelled to connect to the ecosystem by law.

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47   Money and Pensions Service, Pensions dashboards [accessed 10 July 2023]; Money and Pensions Service, Pensions dashboards: moving forward with working groups, 25 February 2020
48   Money and Pensions Service, Pensions Dashboards Programme Progress Update (PDF), April 2020
49   Money and Pensions Service, Pensions Dashboards Programme Progress Update (PDF), April 2020, p5
50   As above (PDF)

- **Phase 5 - timing to be determined:** transition to business as usual where the service is running in a steady state for ongoing delivery and maintenance.[51]

It stressed the complexity of the plan and its dependence on different organisations completing actions at a specific times.[52] Many activities would be interdependent. For example, providers would need clarity about the standards they would need to adhere to in order to prepare.[53] As covered in section 2.7 of this briefing below the programme reset in 2023 means that there will be changes to this phasing.

2.4 Pension Schemes Act 2021

Part 4 of the Pension Schemes Act 2021 provided the legislative framework for pensions dashboards.[54] This included powers to create secondary legislation which would ensure pension schemes participate in pensions dashboards.[55]

Debate in the Lords

The Bill was published in the House of Lords on 7 January 2020. Report stage on 30 June 2020 saw Government and Opposition amendments to the Bill:

- The Government tabled an amendment introducing a requirement for MaPS to provide a pensions dashboard service.[56]

- The Opposition successfully made two amendments to the Bill that would:

  - Exclude financial transactions from the Pensions Dashboard.[57]

  - Require the MaPS dashboard to be up and running for a year, and for the Secretary of State to lay a report to Parliament on the operation of that service before other commercial dashboards could be launched.[58]

Debate in the Commons

In the Commons there was cross-party support for the introduction of pensions dashboards. Opposition parties argued for retention of the Lords'

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[51]   Pensions Dashboards Programme, Progress Update Report (PDF), October 2020, p11
[52]   As above (PDF), p13-14
[53]   As above (PDF)
[54]   Pension Schemes Act 2021, part 4
[55]   As above
[56]   HL Deb 30 June 2020 c673
[57]   Amendment 52 to Clause 118
[58]   Amendment 63 to clause 122

amendments to require a publicly-run dashboard to have been in force for a year before commercial dashboards were introduced and for careful consideration and parliamentary scrutiny before dashboards were able to facilitate transactions (such as pension pot consolidation).[59]

The then Minister for Pensions and Financial Inclusion, Guy Opperman, said the Government was keen that there should be a detailed authorisation regime and that there were suitable restraints in place to ensure that the system was not open to abuse.[60] The Government was committed to there being a public dashboard from the start but thought that a variety of dashboards would help as customers had different needs and some already had a relationship with a provider.[61]

At Committee Stage on 3 November 2020, the Lords' Opposition amendments were overturned.[62]

Further detail on the Act is available in the Library briefing Pension Schemes Bill 2019-21.

2.5 Pensions dashboards Regulations 2022

The Pensions dashboards Regulations 2022, which came into force on 12 December 2022, set out the detailed framework for pensions dashboards in England, Wales and Scotland.[63] Corresponding regulations are set out in The Pensions Dashboards Regulations (Northern Ireland) 2023.[64]

The regulations require occupational pension schemes with 100 or more members (excluding pensioners) to cooperate with the Money and Pensions Service to connect to pensions dashboards.[65] The regulations allow the Pensions Regulator to issue penalty notices of up to £5,000 for individual pension trustees or managers (up to £50,000 for a corporate body) for a single breach of the dashboard regulations.[66]

The regulations also set out the data that must be included in pensions dashboards and staging dates for when pension schemes must have connected to the dashboard digital infrastructure.[67] The first staging date would have required large master trusts with 20,000 or more members to be

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59 HC Deb 7 October 2020 c915 [Jonathan Reynolds], c957 [Jack Dromey], c911 [Neil Gray]
60 As above c959
61 HC Deb 7 October 2020 c962; Department for Work and Pensions Government establishes cross-sector working group to help address multiple small pension pots, 22 September 2020
62 PBC Deb 3 November 2020 c56 and 73-4 (divisions 2 and 8)
63 The Pensions Dashboards Regulations 2022
64 The Pensions Dashboards Regulations (Northern Ireland) 2023
65 The Pensions Dashboards Regulations 2022
66 As above
67 As above

connected by 31 August 2023.[68] The last set of medium size schemes would have been required to connect by 31 October 2025.[69]

2.6 Pensions Dashboards (Prohibition of Indemnification) Act 2023

The Pensions Dashboard (Prohibition of Indemnification) Act 2023 received Royal Assent in May 2023.[70] The Act was introduced as a Private Members Presentation Bill in the House of Commons. The Act made it a criminal offence for pension scheme trustees who receive a penalty under the pensions dashboard regulations to reimburse themselves from the pension scheme's assets.[71] The Act passed through both Houses without amendment.[72]

2.7 Statements

March 2023 Ministerial statement

In a March 2023 Ministerial statement the Pensions Minister, Laura Trott, said that additional time would be required to deliver pensions dashboards and that the first connection deadline in the pensions dashboard regulations of 31 August 2023 would not be met.[73] Given the delays she announced that there would be a "reset of the Pensions Dashboards Programme".[74]

June 2023 Ministerial statement

The Pensions Minister announced in June 2023 that new regulations would be laid to change the staging dates for connection to the pensions dashboards.[75] The new regulations, the Pensions Dashboards (Amendment) Regulations 2023, which came into force on 9 August 2023, removed the staging deadlines and replaced them with a single connection deadline of 31 October 2026. This is a year later than the initial last date for connection.[76]

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[68] As above

[69] As above

[70] Pensions Dashboards (Prohibition of Indemnification) Act 2023

[71] Pensions Dashboards (Prohibition of Indemnification) Act 2023

[72] Pensions Dashboards (Prohibition of Indemnification) Act 2023 publications

[73] HCWS594

[74] HCWS594

[75] HCWS836

[76] HCWS836

3   Delivering pensions dashboards

3.1   The Pensions Dashboards Programme

The Pensions Dashboards Programme is responsible for designing and implementing the infrastructure for pensions dashboards.[77] In March 2023 the Pensions Minister announced that the programme would be reset to establish a new achievable timeline for delivery.[78]

The programme publishes progress update reports and a programme timeline on its website.[79]

The programme has been consulting on and published four sets of draft standards and a code:

- Data standards which set out the data schemes will receive and need to return through the digital architecture for pensions dashboards.[80]

- Technical standards which set out what pension providers, pension schemes and dashboard providers will use to interface with the technical architecture or each other.[81]

- Reporting standards which set out the information that both pension and dashboard providers need to supply to the Money and Pensions Service and the Pensions Regulator.[82]

- Design standards which, after consultation, will set out requirements about the how pensions dashboards should be presented, including messages which need to be displayed.[83]

- Code of connections which sets out the security, service and operational standards required to connect to the pensions dashboards digital architecture.[84]

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[77]   Pensions Dashboards Programme, About Us [accessed 10 July 2023]
[78]   HCWS594
[79]   Pensions Dashboards Programme, Progress update report [accessed 10 July 2023] and Pensions Dashboards Programme, Programme timeline [accessed 10 July 2023]
[80]   Pensions Dashboards Programme, Data Standards [accessed 10 July 2023]
[81]   Pensions Dashboards Programme, Technical standards [accessed 10 July 2023]
[82]   Pensions Dashboards Programme, Reporting standards [accessed 10 July 2023]
[83]   Pensions Dashboards Programme, Design standards consultation, 1 December 2022
[84]   Pensions Dashboards Programme, Code of connection [accessed 10 July 2023]

The programme is supported by a steering group which acts as a link between the programme, industry and consumers.[85]

3.2 The Money and Pensions Service

The Money and Pensions Service has responsibility for creating a non-commercial pensions dashboard.[86] It was also given initial responsibility for bringing together the Pensions Dashboards Programme team and convening the Pensions Dashboards Programme steering group.[87]

3.3 The Pensions Regulator

The Pensions Regulator regulates trust-based occupational pension schemes.[88] It monitors and enforces the legislative requirements placed on the trustees of these schemes under the Pension Schemes Act 2021 and subsequent regulations.[89]

The Pensions Regulator is able to issue penalty notices of up to £5,000 for individual pension trustees or managers (up to £50,000 for a corporate body) for a single breach of the dashboard regulations.[90] It has published initial guidance for pension schemes on the pensions dashboards on its website.[91]

3.4 The Financial Conduct Authority

The Financial Conduct authority regulates contract-based pension schemes alongside financial service firms and financial markets in the UK.[92] It has a statutory duty to make rules for FCA regulated pension providers to provide information for personal and stakeholder pension schemes to pensions dashboards.[93] It set out these rules in a November 2022 policy statement, which was updated in July 2023 to reflect the new deadline covered in section 2.7 of this paper.[94]

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[85]   Pensions Dashboards Programme, Moving the dials: Pensions Dashboards Programme, 25 July 2019
[86]   Money and Pensions Service, Pensions dashboards [accessed 10 July 2023]
[87]   As above
[88]   Pensions Act 2004
[89]   Pension Schemes Act 2021
[90]   The Pensions Dashboards Regulations 2022, part 4
[91]   The Pensions Regulator, Pensions dashboards: initial guidance, 8 June 2023
[92]   Financial Services and Markets Act 2000
[93]   Financial Conduct Authority, PS22/12: Pensions Dashboards rules for pension providers, 28 July 2023
[94]   As above

It will also have responsibility for authorising and regulating the operators of pensions dashboard services and their conduct.[95] A consultation on the proposed regulatory framework for pension dashboard service firms ran from December 2022 to February 2023.[96] This is covered further in section 4.3 of this briefing.

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[95] Financial Conduct Authority, CP22/25: Proposed regulatory framework for pensions dashboard service firms, 1 December 2022

[96] As above

4   Issues and debate

4.1   One or multiple dashboards

Prior to the Pension Schemes Act 2021, there was significant debate about whether there should be multiple dashboards, or a single one, hosted by a public body. The Government is supporting an industry-led, government facilitated approach with multiple dashboards, including one non-commercial dashboard, hosted by the Money and Pensions Service.

This issue was addressed during debates during the passage of the Financial Guidance and Claims Act 2018.[97] Former member of the Pensions Commission, Baroness Drake, argued that the dashboard should be hosted by the single financial guidance body (now MaPS) due to the challenge of protecting savers "from bad behaviour by providers, unregulated providers and scammers".[98] Baroness Drake also said research had shown consumers had a "clear preference for the single-destination model for the dashboard and an anticipation or implicit assumption that it would be run by the Government or a government-backed service."[99]

In its April 2018 report on the pension freedoms, the Work and Pensions Committee said multiple dashboards "would add complexity to a problem crying out for simplicity." The Committee recommended that a single dashboard should be hosted by the single financial guidance body.[100]

In its response to the committee, the Government said users expressed a preference for government involvement in a dashboard.[101] In September 2018, the Government announced that the dashboard would be industry-led and facilitated by government.[102] The then Shadow Pensions Minister Jack Dromey commented that there was "no indication of whether the State Pension will be included" and the proposal would centralise "huge amounts of financial information for the private sector to access."[103]

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[97]   HL Deb 19 July 2017 c1708
[98]   HL Deb 19 July 2017 c1708
[99]   HL Deb 19 July 2017 c1708
[100]   Work and Pensions Committee, Pension Freedoms, **HC 917**, April 2018, para 49
[101]   Work and Pensions Committee, Government response to the Work and Pensions Select Committee Report on Pension Freedoms, HC1231, 22 June 2018
[102]   HCWS933 Pensions Update: written statement, 4 September 2018
[103]   Labour, Jack Dromey responds to Written Statement on the Pensions Dashboard, 4 September 2023

4.2 Information requirements

The Pensions Dashboards Programme said in April 2020 that, as a starting position the incomes supplied by pension providers and schemes for display on dashboards could be defined as follows:

- For defined benefit schemes active members (those still building up a pension) from their latest annual statement. For deferred members (those are no longer contributing to but are not yet receiving a pension) their pension at leaving revalued within the previous 12 months.

- For defined contribution schemes this could be the standard valuation, known as the Standard Money Purchase Illustration (SMPI) projected retirement income, that appeared on the last annual statement.[104]

A priority element of its work is the development of data standards.[105] One of the key challenges is to specify the minimum information that should be displayed about each pension.[106] About half of schemes expect to be able to have some of their data ready within 18 months of data (and other technical) standards being set.[107] The Pensions Dashboards Programme published its initial data standards on 15 December 2020.[108]

In debate on the Pension Schemes Act 2021, the then Minister for Pensions and Financial Inclusion, Guy Opperman, said the Government intended that the State Pension would be "part of the original provision of the dashboard."[109] The Department for Work and Pensions was "working with HMRC, which is responsible for that information, so that we can identify the date of state pension age and the amount that people might be expected to receive at the present stage."[110]

At Commons Committee stage, Opposition MPs raised questions about the information that would be provided from occupational and personal pensions in relation to costs and charges, and the scheme's performance against environmental, social, and corporate governance (ESG) targets.[111] Responding, Mr Opperman said he wanted dashboards to start with simple information.[112] Costs and charges should be part of dashboards in the future, the question was when and how.[113]

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104 Pensions Dashboards Programme, Progress Update (PDF), April 2020, p17
105 As above (PDF), p18
106 Pensions Dashboards Programme, Progress update report (PDF), October 2020, p23
107 As above p28
108 Pensions Dashboards Programme, Data Standards Guide, 15 December 2020
109 PBC Deb, 3 November 2020, c41
110 PBC Deb, 3 November 2020, c41
111 PBC Deb, 3 November 2020, c45 and c58
112 PBC Deb, 3 November 2020, c61
113 PBC Deb, 3 November 2020, c61

4.3 Protecting consumers

Alongside the potential for pensions dashboards to help people navigate their retirement and pensions choices, there are associated risks for consumers. A report prepared for Which? in February 2018 explained that the greater availability of data through dashboards increases the risks of data breaches, fraud and scams.[114]

The Government's 2018 consultation said "safeguarding the data and protecting consumers will be paramount" in the development of dashboards.[115] The Government further said it would work with industry and the regulators to develop an appropriate regulatory framework, including a clear liability model and process for dealing with complaints.[116]

The Pension and Lifetime Savings Association called for a full consumer protection regime to be put in place before any dashboard goes live and for "greater clarity from the government that multiple dashboards will not be allowed until a full consumer protection regime is put in place.[117]

In February 2020, the Government committed to make the provision of pensions dashboards a Financial Conduct Authority regulated activity.[118]

How will the provision of pensions dashboards be regulated?

Providing a pensions dashboard service will become a Financial Conduct Authority regulated activity.[119] Other than the Money and Pensions Service, providers will need to authorisation and permission from the Financial Conduct Authority to provide a Qualifying Pensions Dashboard Service.[120]

The Financial Conduct Authority ran a consultation on its proposed regulatory framework between December 2022 and February 2023.[121] It has yet to publish its response.

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[114]   Which?, The pensions dashboard - How can we make sure it works for consumers, February 2018, p5
[115]   Department for Work and Pensions, Pensions Dashboards – working together for the consumer (PDF), Cm 9719, December 2018
[116]   As above (PDF)
[117]   Pensions and Lifetime Savings Association, Written evidence to Pension Schemes Bill Committee, 23 October 2020
[118]   PBC Deb 2 November 2020 c42-3; HL Deb 26 February 2020 c183GC
[119]   Financial Conduct Authority, CP22/25: Proposed regulatory framework for pensions dashboard service firms, 1 December 2022
[120]   As above
[121]   As above

A legislative amendment would need to be made to introduce operating pensions dashboard services as a regulated activity.[122] Firms wishing to operate a pensions dashboard service will be required to:

- be FCA authorised

- obtain the relevant regulatory permissions

- meet the requirements set by the Financial Conduct Authority.[123]

Firms providing pensions dashboard services will be subject to the Financial Conduct Authority's complaints handling requirements and users will have recourse to the Financial Ombudsman Service.[124] Under the Financial Conduct Authority's proposals, these firms will be required to pay a levy to contribute to the budget of the Financial Ombudsman Service from the year in which they are granted permission to provide a pensions dashboard service.[125]

4.4 Funding and costs

Who will pay for the dashboards?

In the Autumn Budget 2018, the Government committed funding for 2019/20 to "help fulfil its role in facilitating industry to make dashboards a reality".[126] It said that in the longer term, the costs should be met by the pensions industry.[127]

How much will dashboards cost?

The Money and Pensions Service has been allocated £91.1 million to deliver the Pensions Dashboards Programme between 2019/20 and 2024/25.[128] By the end of May 2023 the Pensions Dashboards Programme had spent £45.3 million.[129]

In February 2020, the Government published an impact assessment on the Pensions Dashboard. This lists the primary costs to industry as being:

- Familiarisation costs for the pensions industry to understand new requirements

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[122] Financial Conduct Authority, CP22/25: Proposed regulatory framework for pensions dashboard service firms, 1 December 2022

[123] As above

[124] As above

[125] As above

[126] Autumn Budget 2018, Table 2.1, line 18

[127] Department for Work and Pensions, Pensions Dashboards – working together for the consumer (PDF), Cm 9719, December 2018

[128] PQ 193574

[129] As above

- Implementation costs for schemes and providers to invest in new software/IT architecture to provide data to dashboard

- Ongoing costs to provide data, governance, and regulatory compliance.[130]

The estimates of these costs were updated in 2023 with the discounted costs borne by pension providers is estimated at £687.9m over 10 years and the remaining costs (£251m) borne by public administration.[131]

4.5 Making transactions within pensions dashboards

In the initial phase, pensions dashboards will offer a simple 'find and view' function.[132]

When the Pension Schemes Act 2021 was before Parliament, there was debate about whether and when they should facilitate transactions (for example, so as to enable pension pots to be consolidated). A Lords Opposition amendment would have prevented this, so that new primary legislation would have been needed to allow it.[133] This was overturned at Commons Committee Stage. [134] The then Minister for Pensions and Financial Inclusion, Guy Opperman said the Government wanted to allow the service to evolve and that if financial transactions were prevented, the idea of consolidation would be hard to progress with.[135] Dashboard providers would be subject to a "robust regime", including Financial Conduct Authority authorisation and supervision.[136]

In its 2022 report on accessing pension savings, the Work and Pensions Committee said it understood why people were calling for transactions through dashboards.[137] However, it recommended that, due to the need to build trust, "no consideration is given to allowing transactions through dashboards until they are well established."[138] In its response to the Committee's report the government agreed that it was important to establish

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[130] Department for Work and Pensions, Pension Dashboards Impact Assessment, (PDF), 5 February 2020

[131] The Pensions Dashboards (Amendment) Regulations 2023, Impact Assessment

[132] Department for Work and Pensions, Pensions Dashboards: Government response to the consultation (PDF), CP 75, April 2019

[133] New section 238A (3), Bill 165

[134] PBC Deb 3 November 2020 c56

[135] PBC Deb 3 November 2020 c40

[136] PBC Deb 3 November 2020 c40

[137] Work and Pensions Committee, Protecting pension savers—five years on from the Pension Freedoms: Accessing pension savings, 18 January 2022, HC 237 2021-22, para 110

[138] As above

trust in dashboards before transactions were enabled.[139] The government said that future enhancements, including dashboards, should not be decided until the "initial offer has been tested with users and any behavioural effects are understood."[140]

4.6 Small pots

The requirement to auto-enrol eligible employees into a pension scheme is expected to lead to a proliferation of small pension pots as people change jobs multiple times during working life. The Pensions Policy Institute found that the number of deferred pension pots in the UK defined contribution master trusts was likely to rise from 8 million in 2020 to around 27 million in 2035.[141] This was a problem because small pots could be eroded over time by member charges and could become uneconomic for providers to manage.[142]

The government has set up a working group to look at this issue.[143]

Small pots working group

As discussed in section 4.5 in this briefing above, the Government overturned the Lords amendment that would have prevented financial transactions via pensions dashboards. This was because pension pot consolidation via dashboards was part of a potential solution to the 'small pots' issue.[144] In its consultation on the draft Pensions Dashboard Regulations 2022, the Government reconfirmed its commitment that initially dashboards would not "be able to offer any functionality which enables transactions, such as consolidating pension pots or transferring pensions, to take place."[145]

The government set up a working group to identify a solution to this issue in September 2020.[146] At the same time, the Pensions Policy Institute published a report which looked at potential solutions, one of which involved using pensions dashboards to facilitate consolidation.[147] It said dashboards alone could result in relatively low levels of consolidation because they require

[139]   Work and Pensions Committee, Protecting pension savers–five years on from the pension freedoms: Accessing pension savings: Government and the Financial Conduct Authority Responses to the Committee's Fifth Report, 27 April 2022, HC 1270 2021-22

[140]   As above

[141]   Pensions Policy Institute, Policy options for tackling the growing number of deferred members with small pots, September 2020

[142]   As above

[143]   Department for Work and Pensions, Small pension pots working group, 17 December 2020

[144]   PBC Deb 3 November 2020 c56

[145]   Department for Work and Pensions, Pensions dashboards: consultation on the draft Pensions Dashboards Regulations 2022, 15 July 2022

[146]   Department for Work and Pensions, Government establishes cross-sector working group to help address multiple small pension pots, 22 September 2020

[147]   Pensions Policy Institute, Policy options for tackling the growing number of deferred members with small pots, September 2020

active engagement from members.[148] However, dashboards could be used to complement one or more additional policy approaches.[149]

In July 2023, the Department for Work and Pensions opened a consultation which proposes a small number of schemes acting as consolidators for deferred small pots.[150]

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[148] Pensions Policy Institute, Policy options for tackling the growing number of deferred members with small pots, September 2020

[149] As above, p 4

[150] Department for Work and Pensions, Ending the proliferation of deferred small pension pots, 11 July 2023

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