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Pensions dashboards

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Summary

A pensions dashboard is a digital interface that enables people to see all their lifetime pension savings in one place. Dashboards seek to provide better access to pensions information so that individuals can make better decisions about their retirement plans.

Background to pensions dashboards

Recent labour market and pension reforms have made the need to improve access to information more pressing. Pensions have become more complex and individuals have taken on greater responsibilities for saving and investing for their retirement years.

In 2016 the Financial Conduct Authority (FCA) said a dashboard was needed. It said the data for this should ideally be retrieved directly from providers, be updated in real time and contain projections of pension income based on different scenarios. A [Pensions Dashboard Prototype Project](#) later showed that it would be possible to build such a dashboard in the UK.

In [Budget 2016](#) the Government said it would ensure that industry designed, funded and launched a pensions dashboard by 2019. This deadline was not met.

Developing pensions dashboards

DWP published the findings of a feasibility study on 3 December 2018 and launched a consultation. In April 2019, the Government's response to this confirmed that:

- Industry would design and develop its own dashboards. The new financial guidance body – now the [Money and Pensions Service \(MaPS\)](#) - would convene a delivery group to help ensure that this happened safely and securely.
- Multiple dashboards would improve consumer choice but should exist alongside a non-commercial dashboard hosted by MaPS, offering an impartial service to those who prefer it, or who may not be targeted by the market.
- The Government would legislate to require pension schemes to provide individuals data (with their consent) via pensions dashboards. This would follow the creation of “a robust delivery model with the appropriate governance.”
- There might be merit in exempting some schemes from compulsory participation, such as Small Self-Administered Schemes (SSAS) and Executive Pension Plans (EPP).
- The Government would work with the industry delivery group to integrate the State Pension into pensions dashboards.

MaPS Pensions Dashboards Programme

The MaPS Industry Delivery Group (now called the Pensions Dashboards Programme) began operating in autumn 2019. Its [October 2020 progress update report](#), included an indicative timetable for implementation. It is planned that, pension schemes and providers would begin to be compelled to connect to the service from 2023.

Funding for pensions 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.” This funding had continued. The Government's consultation response said that dashboards “should be free at the point of use for consumers.” The Government also concluded that the digital architecture and governance for dashboards as well as a non-commercial dashboard will be funded by the Financial Services Levy and General Levy on pension schemes in addition to some central government funding.

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The [Pensions Dashboards Impact Assessment](#) includes cost estimates for three scenarios with different data requirements and coverage to highlight the potential range of impacts on the pensions industry. Under these scenarios, estimated one-off implementation costs range from £200m to £580m over 10 years and ongoing costs range from £245m to £1.48bn over 10 years.

Legislating for dashboards: *Pensions Schemes Bill 2019-21*

On 7 January 2020, the Government introduced the [Pensions Scheme \[HL\] Bill 2019-21](#). **Part 4 of the Bill** contains provisions, which provide a framework to support pension dashboards. **Clauses 118 and 119** would amend the *Pensions Act 2004* by inserting new sections in Part 4 (financial planning for retirement) of that Act. The Government amended [the Bill](#) at Report Stage in the Lords to insert a requirement for MaPS to provide a pensions dashboard service ([HL Deb 30 June 2020 c673](#)). In addition, two Opposition amendments were agreed to that would:

- Exclude financial transactions from the Pensions Dashboard ([Amendment 52 to Clause 118](#)); and
- 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 ([Amendment 63 to clause 122](#)).

Both were overturned on division at Commons Committee stage ([PBC Deb 3 November 2020 c56 and 73-4](#)). They were debated again at [Report Stage on 16 November](#) (c101 [Neil Gray], c106 [Jonathan Reynolds] and c111 [Guy Opperman]). A date for the Lords to consider the Commons' amendments has not yet been announced. Information about the progress of the Bill is on the [Parliament website](#).

1. Background

1.1 What is a pensions dashboard?

Pensions savings built up through someone's working life – through both state and/or private/workplace pensions – cannot normally be viewed all in one place. Pensions dashboards are a digital interface that would let someone see all their pension pots together. The Money and Pensions Service describes a pensions dashboard as:

...a digital tool intended to revolutionise how people engage with their pensions throughout their life [by providing] easy access to key information about what pensions they have, who manages them and what they are worth.¹

1.2 Why develop a pensions dashboard?

The financial choices taken at retirement can be highly complex. In 2016, consumer champion *Which?* published research showing half of people over-50 don't know the value of their pension. Further, *Which?* said consumers are worried about value of their pensions.²

The changing nature of the labour market and pension reforms are only likely to make these decisions more complex. The Government now estimates that people will have eleven jobs during their careers³ and auto-enrolment is likely to increase the number of people reaching retirement with multiple pension pots.⁴ This means individuals must now take on greater responsibility for saving and investing for their retirement years.

Responding to these issues and anticipated changes, the Financial Conduct Authority (FCA) recommended the development of a pensions dashboard in its Retirement Income Market Study in December 2014:

In the longer term, we recommend the development of a 'Pensions Dashboard' which would enable consumers to view all their lifetime pension savings (including their state pension) in one place. It should set out individuals' entitlements including all of their accumulated DC pension savings, and allow consumers to view all of their other sources of retirement income (such as defined benefit and state pension entitlements) in one place. We are aware that this idea has been raised in the past and we recognise the challenges in implementation and cost for such a project. However it has been successful in other countries, and we believe that the case for introducing it in the UK is getting stronger. As people increasingly have multiple pension pots and other sources of retirement income, there is a greater need for this tool.⁵

The FCA cited evidence from the Netherlands showing this type of intervention had "encouraged consumer engagement with pensions by

¹ MaPS, [Pensions Dashboard](#), [accessed: 18 Dec 2016]

² Joe Elvin, [Half of over-50s don't know value of their pension](#), *Which?*, 8 Mar 2016

³ Department for Work and Pensions, [Thousands more make contact with long lost funds](#), 8 May 2014

⁴ Joe Elvin, [Half of over-50s don't know value of their pension](#), *Which?*, 8 Mar 2016

⁵ FCA, [Retirement Income Market Study: interim report](#), December 2014, p92

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making them more tangible and visible”⁶ However, pensions dashboards alone are unlikely to ensure people at retirement make informed, active decisions. Advice and support from pensions providers, Government and financial services will need to work with the information on the dashboards for the desired better retirement outcomes to arrive.

⁶ FCA, [Retirement Income Market Study: interim report](#), December 2014, p71

2. Developing pensions dashboards

In March 2015, the FCA 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.⁷ 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. It said HM Treasury should:

[...] challenge the industry to make a pensions dashboard available to consumers by 2019, bringing together industry and consumer representatives to help them set directions and drive progress.⁸

The FCA further stated that the dashboard would be:

[...] a consumer-friendly digital interface that would display information about all of an individual's savings in one place. This data would ideally be retrieved directly from providers and would not require lengthy data input by the individual. The dashboard could update in real time and contain projections of pension income based on different scenarios.⁹

In [Budget 2016](#), the Government said it would ensure the industry designed, funded and launched a pensions dashboard by 2019.¹⁰ This deadline was not met. As [discussed below](#), in October 2020, the Pensions Dashboards Programme said it expected compulsory participation for pension schemes and providers to start in 2023.¹¹

2.1 Development

Prototype project

In September 2016, the Government announced that a prototype would be ready by March 2017.¹² On 21 December 2016, the ABI said six firms had been chosen as technology development partners. The project was being managed by the ABI on behalf of HM Treasury.¹³

The project designed and developed a prototype, demonstrating that:

[...] it is possible to build the 'plumbing' to connect multiple pension schemes to dashboards and for people to see their pensions in one place; that a dashboard infrastructure can be delivered and a data standard for sharing information can be agreed; and that the industry can work successfully with FinTech providers to make this happen.¹⁴

⁷ FCA, [Retirement Income Market Study: final report](#), March 2015, para 1.12

⁸ FCA, [Financial Advice Market Review – Final Review](#), March 2016, p48

⁹ FCA, [FAMR Final Report](#), March 2016, p. 47

¹⁰ HM Treasury, [Budget 2016](#), HC 901, March 2016

¹¹ [Pensions Dashboards Programme: progress update report](#), October 2020, p11

¹² [Pensions Dashboard prototype to be ready by spring 2017](#), 11 September 2016

¹³ [Pensions Dashboard project announces FinTech pioneers](#), 21 December 2016

¹⁴ Pensions Dashboard Project, [Reconnecting people with their pensions](#), October 2017

On 2 April 2017, Economic Secretary to the Treasury, Simon Kirby, said he had been impressed at progress to date:

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.¹⁵

Further information is on the [Pensions Dashboard Prototype Project](#) website.

Feasibility study

In October 2017, Work and Pensions Minister, Baroness Buscombe, said the Government would carry out a feasibility study.¹⁶ In her statement she set out the aims of the study.

The study took longer than expected to be published. Ambitions to report by March 2018¹⁷ slipped to the 2018 summer recess¹⁸. In February 2018, the Pensions Minister, 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.¹⁹

These delays led to speculation that the Secretary of State was considering abandoning plans for a national pensions dashboard.²⁰ However, these fears proved unfounded when the Government published the findings of its [feasibility study](#) on 3 December 2018, confirming it planned to support an industry-led, Government facilitated approach.²¹ Key decisions set out in the feasibility study were that:

- Industry would design and develop its own dashboards. The Single Financial Guidance Body (SFGB) (now called the [Money and Pensions Service](#) or MaPS) 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. These should exist alongside a non-commercial

¹⁵ [Pensions Dashboard will fundamentally change how people access their pensions – Simon Kirby](#), 12 April 2017

¹⁶ [HL Deb 24 October 2017 c878](#)

¹⁷ [HC Deb 22 January 2018 c45](#)

¹⁸ [PCB Deb 1 February 2018, c23](#); [HC Deb 22 January 2018 c45](#)

¹⁹ [PCB Deb 1 February 2018, c23](#); [HC Deb 22 January 2018 c45](#)

²⁰ [Work and Pensions Committee press release](#), 18 July 2018.

²¹ DWP, [Pensions dashboards: Working together for the consumer](#), Cm 9719, December 2018

dashboard hosted by the SFGB, offering an impartial service to those who prefer it, or who may not be targeted by the market.

- The Government would legislate to require pension schemes to provide individuals data (with their consent) via pensions dashboards. It would legislate for this when parliamentary time allowed and 'following the creation of a robust delivery model with the appropriate governance.'
- There might be merit in exempting some schemes from compulsory participation, such as Small Self-Administered Schemes (SSAS) and Executive Pension Plans (EPP).
- The Government would work with the industry delivery group to integrate the State Pension into pensions dashboards.

Box 1: Aims and objectives for pensions dashboards

The [feasibility study](#) proposed the following aims and objectives for the dashboard:

16. The widely shared aim of dashboards is to enable citizens to securely access their pensions information online all in one place and at a time of their choosing, to support better planning for retirement.
17. As a minimum, pensions dashboards can help to:
 - increase individual awareness and understanding of their pension information and estimated retirement income;
 - build a greater sense of individual control and ownership of pensions;
 - increase engagement, with more people taking advantage of the available advice and impartial guidance;
 - support the advice and guidance process by providing people with access to their pensions information at a time of their choosing;
 - reconnect individuals with lost pension pots, benefitting the individual and industry; and
 - enable more informed user choices in the decumulation phase (the point when a decision is made by a saver on how to access their savings) by making it easier to access the information on which to base these decisions.
18. Industry will determine the longer-term potential of pensions dashboards, such as improved consumer choice through innovation and potentially increased competition.
19. As a minimum, the design principles that underpin pensions dashboards and the infrastructure that sits behind them should:
 - put the individual at the heart of the process by giving people access to clear information in one place online;
 - ensure individuals' data are secure, accurate and simple to understand – minimising risks to the user and the potential for confusion; and
 - ensure the individual is always in control over who has access to their data.²²

²² DWP, [Pensions dashboards: Working together for the consumer](#), Cm 9719, December 2018, p7-8

Consultation

The Government launched a consultation alongside the publication of its feasibility study. The consultation document posed questions, to which responses were requested by 28 January 2019.²³

Initial responses were positive. The ABI said:

After years of helping to develop the pensions dashboards concept, we're pleased to see the project moving forward with industry consensus, cross-party support and the endorsement of key consumer groups, despite the current political climate. The most vital piece of the jigsaw is to make it a legal requirement for all providers to share the necessary data to deliver the comprehensive service savers deserve, and we shouldn't be letting any schemes off the hook.²⁴

The then Director of policy at Royal London, 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.²⁵

The Pensions and Lifetime Savings Association said it was supportive of the dashboard and felt the government had listened to industry views.²⁶

Consultation response

In its [response to the consultation in April 2019](#), the Government set out its approach to developing the pensions dashboard. It said the initial phase of work to develop pensions dashboards is "intended to be a foundation, providing consumers with clear information, before considering the scope for future industry developments."²⁷ To implement this, the Government said:

- It would legislate to compel pensions schemes to make consumers' data available to them through their chosen dashboard. This requirement would be phased in. The suitable piece of legislation would be decided upon in due course, and in view of parliamentary time.
- The Single Financial Guidance Body (SFGB) should lead the delivery of the initial phase of the project by establishing an industry delivery group accountable to the Department (made up of stakeholders from across the industry, consumer groups, regulators and government) in 2019 with priorities to:
 - Create a clear and comprehensive roadmap for delivering the digital architecture to enable multiple dashboards to be developed to sit alongside a non-commercial offering.

²³ DWP, [Pensions dashboards: Working together for the consumer](#), Cm 9719, December 2018

²⁴ [ABI responds to DWP Pensions Dashboards Feasibility Study Consultation](#), 22 January 2019

²⁵ [Slow rollout of pensions dashboard a 'real concern' – reaction from Steve Webb](#), 6 December 2018

²⁶ [Industry welcome dashboard feasibility report but strong governance 'essential'](#), Professional pensions, 5 December 2018

²⁷ DWP, [Pensions Dashboards Government response to the consultation](#), **CP 75**, April 2019

- Work with industry on setting data standards to both provide clarity to schemes and to feed the results of user testing into the creation of standards which allow consumer facing dashboards to work.
- Design a robust governance and security framework to enable information to be supplied by schemes to consumers via dashboards.
- Work with industry on their readiness to provide data via dashboards.
- It expected most schemes to be providing data via dashboards within 3 to 4-years and many large Defined Contribution (DC) schemes to be providing data on a voluntary basis from 2019/20. Any exemptions the requirement would take account of the views of the industry delivery group.
- It will continue to work towards including State Pension data in dashboards at the earliest possible opportunity.²⁸

The Single Financial Guidance Body is now called the [Money and Pensions Service \(MaPS\)](#).

2.2 Pensions Dashboards Programme

The Money and Pensions Service (MaPS) set up an industry delivery group (chaired by Chris Curry of the Pensions Policy Institute and comprising of pension industry, financial technology, financial services and consumer representatives) 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.”²⁹ It is also working to creating a non-commercial pensions dashboard – the MaPS dashboard.³⁰

In April 2020, the group (now called the [Pensions Dashboards Programme](#)) published a programme update and said it would do so every six months.³¹ 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.³²

Key challenges 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

²⁸ DWP, [Pensions Dashboards Government response to the consultation](#), CP 75, April 2019

²⁹ Ibid, 3 Jun 2019

³⁰ MaPS website, [Pensions dashboards](#); Richard Smith, [Pensions dashboards: moving forward with working groups](#), 25 Feb 2020

³¹ [Pensions Dashboards Programme Progress Update](#), April 2020

³² [Pensions Dashboards Programme Progress Update](#), April, p. 5

constituent basis. A particularly important issue is the way in which estimated retirement income is shown.³³

In its second progress update in October 2020, it published an indicative phase plan for implementation:

- **Phase one - from 2020:** setting up the programme and seeking approval to commence procurement for supplier(s) for the digital architecture and setting the first iteration of data standards.
- **Phase two - from 2021:** upon the completion of procurement, work closely with chosen supplier(s) to begin building, integration and testing of the digital architecture. Continue to develop design and service standards and select the first dashboard providers for user testing.
- **Phase three - from 2022:** connect volunteer pension schemes and providers to the service, using real data.
- **Phase four - from 2023:** schemes and providers start to be compelled to connect to the ecosystem by law. During this stage, the 'dashboards available point' (when the number of pensions being findable is sufficient for it to be of use to a critical mass of consumers) will be reached.
- **Phase 5 - timing to be determined:** transition to business as usual. This phase assumes a high level of coverage, meaning that the service is running in a steady state and can be transitioned into an ongoing delivery and maintenance arrangement.³⁴

It stressed the complexity of the plan and its dependence on different organisations completing actions at a specific times:

- **DWP** would need to ensure the legislation is in place: for compulsion in relation to occupational pensions; for qualifying dashboard services.
- **HM Treasury** would need to amend the Regulated Activities Order to create a new regulated activity of providing a dashboard.
- **The Financial Conduct Authority (FCA)** would need to make rules so that compulsion applies to personal pensions providers and design a proportionate supervisory regime. It would also need to determine a new and appropriate authorisation approach for firms seeking permission to undertake the new regulated activity, make conduct rules that authorised dashboard providers must comply with and design a proportionate supervision regime.
- **The Pensions Regulator** would take a proactive approach in engaging occupational pension schemes as they prepare to comply with new duties. There would also need to be a proportionate, but robust compliance and enforcement regime in place to deal with any schemes that fail to meet their obligations.
- **Dashboard providers** would deliver the user interfaces – pension dashboards.
- **Pension providers and schemes** would need to ensure that they prepare their data, bringing it to a state of readiness, so that

³³ [Pensions Dashboards Programme Progress Update](#), April 2020, p. 5

³⁴ [Pensions Dashboards Programme – Progress Update Report](#), October 2020, p11

dashboards can match pension entitlements to individual identities and display accurate information to the user about their pensions.³⁵

Many of these activities are inter-dependent. For example, providers would need clarity about the standards they would need to adhere to in order to prepare. The PDP is to publish an initial version of data standards in December 2020.³⁶

Comment

The consumers' organisation, Which? called for quicker progress, saying it was almost five years since the Government had first committed to introducing the pensions dashboard.³⁷ On the other hand, the Pension and Lifetime Savings Association (PLSA) welcomed the timetable as realistic and a "recognition of the significant challenges schemes and providers will face in preparing their data."³⁸ The Association of British Insurers (ABI) said the timeline was "longer than we might have wanted but the project has now made tangible progress and reached key milestones."³⁹

2.3 Pension Schemes Bill 2019-21

Part 4 of the [Pension Schemes Bill 2019-21](#) contains provisions, which provide a framework to support pension dashboards:

- **Clauses 118 and 119** would amend the *Pensions Act 2004* by inserting new sections in Part 4 (financial planning for retirement) of that Act. The inserted sections would give the Secretary of State the power to make regulations to support the provision of pensions information to individuals who use certain pensions dashboard services and to compel pension schemes to provide accurate information to consumers.
- **Clause 120** would introduce Schedule 9 which contains provision for Northern Ireland corresponding to provision made for England, Wales and Scotland set out in clauses 118 and 119.
- **Clause 121** would amend the *Financial Services and Markets Act 2000* to provide for the Financial Conduct Authority to make Regulations relating to information from personal and stakeholder pension schemes.
- **Clause 122** would provide for specific requirements as to the pensions guidance function for MaPS.

Alongside the Bill, the Government published a [Pensions Dashboards impact assessment](#).

³⁵ Ibid p13-14

³⁶ Ibid p6

³⁷ [Online pensions dashboard delayed until 2023, Financial Times, 28 October 2020](#)

³⁸ [PLSA welcomes pensions dashboard's realistic timeline](#), 29 October 2020

³⁹ [ABI reacts to the timeline for the development of the pensions dashboard project](#), 28 October 2020

Debate in the Lords

The Bill was published in the House of Lords on 7 January 2020, where the Delegated Powers Committee and the Lords Constitution Committee have considered and reported on provisions in the Bill (See box 2).⁴⁰ The Lords Constitution Committee report on the Bill:

- Regretted the inclusion of “skeletal provisions” in the Bill that provide for regulation-making powers in respect of new online pensions dashboards.
- Recommended the Government explain who the nominated persons to be granted powers to require the pensions dashboard service to comply with standards, specifications or technical requirements might be and through what mechanisms they will be accountable to Parliament.⁴¹

[Second Reading of the Bill](#) was on 28 January 2020. Peers considered amendments tabled to Part 4 of the Bill during Committee stage sittings on [26 Feb](#) and [4 Mar](#).

[Report stage](#) on 30 June 2020 saw Government and Opposition amendments to the Bill:

- The Government tabled [Amendment 62](#) (alongside consequential amendments) to Clause 122 of the Bill inserting a requirement for MaPS to provide a pensions dashboard service.⁴²
- The Opposition successfully made two amendments to the Bill that would: (i) Exclude financial transactions from the Pensions Dashboard⁴³; and (ii) 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.⁴⁴

Debate in the Commons

The Bill had its Second Reading in the Commons on 7 October 2020. There was cross-party support for the introduction of Pensions Dashboards. Opposition parties argued for retention of the Lords’ 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).⁴⁵

Winding up the debate, Pensions Minister, 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

⁴⁰ Delegated Powers and Regulatory Reform Committee, [Pension Schemes Bill \[HL\]](#), 4th Report of Session 2019–21, HL 17

⁴¹ Constitution Committee, [Pension Schemes Bill \[HL\]](#), 2nd Report of Session 2019-21 - HL 22, 13 Feb 2020, para 15-18

⁴² HL Deb 30 June 2020 [c673](#)

⁴³ [Amendment 52 to Clause 118](#)

⁴⁴ [Amendment 63 to clause 122](#)

⁴⁵ [HC Deb 7 October 2020 c915](#) [Jonathan Reynolds], c957 [Jack Dromey], c911 [Neil Gray]

the system was not open to abuse.⁴⁶ The Government was committed to there being a public dashboard from the start but thought that a variety of dashboards would help to evolve the project, as customers had different needs and some already had a relationship with a provider.⁴⁷

At Committee Stage on 3 November 2020, the Lords' Opposition amendments were overturned.⁴⁸

The issues were debated again at Report Stage. For the SNP, Neil Gray said he did "not understand the Government's determination to plough on without taking stock, without analysing the risks and without ensuring that savers do not suffer detriment from shifting so quickly to commercial dashboards and financial transactions."⁴⁹

Shadow Work and Pensions Secretary, Jonathan Reynolds, said:

We all agree that the pensions dashboard, when it arrives, will be an incredible opportunity for people to see all their pensions information in one place for the first time, but safeguards must be built in to prevent hasty decision making and consumer exploitation. The last thing we want is for people to make bad choices, prompted, for example, by market disruptions or unscrupulous operators, until they are more accustomed to that level of access. We believe that we can tackle both those things by giving the public dashboard a protected head start and keeping commercial transactions off the dashboard until further legislation is introduced in line with our amendments.⁵⁰

Responding to the debate, Pensions Minister, Guy Opperman welcomed the cross-party support for dashboards but said the Government would continue to resist the introduction of the Lords' amendments:

I resist the amendments in respect of transactions. We have discussed at great length the likelihood of the need for individuals to have a greater say on their pensions. Why would we seek to exclude consolidation going forward? Transactions are not clearly defined in the amendments; they could prevent dashboards from providing useful modelling tools that could inform people of the potential benefits of increasing their contributions. As I made clear to colleagues making the case for the amendments, the consumer association Which? has come out comprehensively against them. It states in its submission on Second Reading:

"we do not agree that the introduction of commercial dashboards should be delayed, or that the transactions should be banned."

It then goes into more detail:

"there is a need to protect consumers from the risk of commercial dashboards... However, this must be done via the introduction of consumer protections and regulatory oversight rather than a blanket ban."

The point is also made strongly that the Opposition amendments risk us being left with a dashboard that does not do as much as

⁴⁶ Ibid c959

⁴⁷ Ibid c962; '[Government establishes cross-sector working group to help address multiple small pension pots](#)', DWP press release, September 2020

⁴⁸ [PBC Deb 3 November 2020 c56 and 73-4 \(divisions 2 and 8\)](#)

⁴⁹ [HC Deb 16 November 2020 c101 and 103](#)

⁵⁰ Ibid c106

initially anticipated, resulting in consumers not being as engaged. That could represent a huge missed opportunity. It is crucial that dashboards are both safe and fully functioning to give consumers the most choice and the most exposure to innovation. Therefore, with respect, I will resist the dashboard amendments. [...]

As to the restrictions on multiple dashboards for one year, I made the point in Committee that in creating dashboards we need to go where the consumer is rather than forcing the consumer to come to us. That surely is the essence of this issue: it will increase engagement with pensions, and we should reach people where they are. We should not seek to constrain options available but ensure that all opportunities are properly regulated, safe to use and secure.⁵¹

For more detail, see sections [3.1](#) and [3.5](#) below.

⁵¹ Ibid c111

3. Issues

3.1 One or multiple dashboards

An issue of debate has been whether there should be multiple dashboards, or a single one, hosted by a public body. The Government has said it would support an industry-led, government facilitated approach with multiple dashboards, including one non-commercial dashboard, hosted by the SFGB (the MaPS dashboard).

This issue was addressed during debates on the *Financial Guidance and Claims Bill* in 2017. Former member of the Pensions Commission, Baroness Drake argued that the dashboard should be hosted by the single financial guidance body (SFGB). This was because there was a “huge governance challenge:”

Near-universal coverage raises the governance bar on protecting consumers from bad behaviour by providers, unregulated providers and scammers, when all their pensions and savings data can be identified and drawn down into one place, accessible through a digital identity. Those with a fiduciary duty, such as trustees, will not release their members’ data to the dashboard unless they have confidence in the governance. Moreover, it is necessary to address providers that are reluctant to put all relevant data on to the dashboard, such as for customers holding higher-charge legacy pension products.⁵²

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.”⁵³

At the time, there was cross-party agreement that part of the SFGBs (now the Money and Pensions Service) remit should be to provide a pensions dashboard as part of its pensions guidance function. Further, the Work and Pensions Select Committee was opposed to there being multiple dashboards. In its April 2018 [report on the pension freedoms](#), it said the dashboard should be hosted by the SFGB, explaining:

The case for multiple dashboards hosted by self-interested providers is far less convincing. This would add complexity to a problem crying out for simplicity. [...] We recommend that the Government introduces a single pensions dashboard, hosted by the forthcoming new single financial guidance body, funded by the industry levy and in place by April 2019.⁵⁴

The Committee also wanted to see rapid progress and “at least 80% of all DB pensions are visible on the dashboard by April 2019, with the remainder to follow.”⁵⁵

In its response to the committee, the Government said users expressed a preference for government involvement in a dashboard.⁵⁶ Subsequently,

⁵² [HL Deb 19 July 2017 c1708](#)

⁵³ [HL Deb 19 July 2017 c1708](#)

⁵⁴ Work and Pensions Committee, [Pension Freedoms](#), **HC 917**, April 2018, para 49

⁵⁵ Work and Pensions Committee, [Pension Freedoms](#), **HC 917**, April 2018, para 50

⁵⁶ [Government response to the Work and Pensions Select Committee Report on Pension Freedoms](#), HC1231, 22 June 2018

(4 Sept 2018), the Government announced that the dashboard would be industry-led and facilitated by government.⁵⁷ Shadow Pensions Minister Jack Dromey commented that:

Passing it onto the private sector means there is no guarantee of compliance from all providers, no indication of whether the State Pension will be included and centralises huge amounts of financial information for the private sector to access.⁵⁸

The Government's pensions dashboard feasibility study published in December 2018, said there was a role for the new Single Financial Guidance Body to "convene and oversee an industry delivery group to enable successful implementation." It would also host a non-commercial dashboard, alongside which commercial dashboards could operate:

201. Throughout feasibility there has been consistent support for the provision of a non-commercial dashboard supported by government. The Department's user research built on the Pension Dashboard Project's recommendation that 'a non-commercial service, endorsed by the government, must be made available'. The researchers found that people implicitly assume government would provide a dashboard, and that its involvement is seen as important to support trust in an online environment.

202. As key stakeholders have commented, multiple dashboards in the private sector would complement a government-sponsored offer, which should still be available for those who prefer it, or who may not be targeted by the market. [...]

204. The industry delivery group will need to consider how best to implement commercial dashboards alongside the non-commercial one. Which? and others across industry have suggested that a gradual expansion, starting with a single, non-commercial dashboard, is likely to reduce the potential for confusion and help to establish consumer trust.

205. The evidence would suggest that starting with a single, non-commercial dashboard, hosted by the Single Financial Guidance Body, is likely to reduce the potential for confusion and help to establish consumer trust.⁵⁹

The [Pension Schemes Bill 2019/21](#) would establish a framework for commercial and non-commercial dashboards: Clause 118 would provide that a 'qualifying dashboard service' must meet requirements set out in regulations, Clause 122 would require MaPS to provide a dashboard service.

Phasing introduction

There have also been questions raised around what should happen, and in what order. The [PLSA want a single dashboard](#) hosted by MaPS and thinks that other dashboards should only be allowed to operate once a full consumer protection regime is in place.⁶⁰

⁵⁷ [HCWS933 Pensions Update: written statement, 4 September 2018](#)

⁵⁸ [Jack Dromey responds to Written Statement on the Pensions Dashboard, 4 September 2018](#)

⁵⁹ DWP, [Pensions Dashboards. Working together for the consumer](#), CM 9719, December 2018

⁶⁰ PLSA, [Pension Dashboard](#), January 2019

Opposition Peers made an amendment to the *Pensions Schemes Bill [HL] 2019-21* at Report Stage in the Lords that would have required the MaPS dashboard to have been up and running for a year, and the Secretary of State to have reported to Parliament on its operation and effectiveness, before non-commercial dashboards could be introduced.⁶¹

At Committee stage, Baroness Drake argued that leading with a non-commercial dashboard could reduce some of the risks of the project. It was important to get a level of confidence before you put “25 million people’s data out into a network of commercial services.”⁶²

Responding, Earl Howe said that the Government’s view was that “the potential to offer multiple dashboards at launch maximises the possible reach of this policy from the outset and could help to meet the differing needs of the many people using them.”⁶³

Returning to the issue at Report Stage, Baroness Drake argued that there were “sufficient examples in the real world, public and private, where live operation reveals fault lines and unanticipated consequences.” The amendment would help the Government to exercise its duty of care to millions of consumers.⁶⁴ Responding, Earl Howe said the proposed amendment would simply “restrict people’s access to their own information through a route of their choosing.” He reiterated the Government’s commitment that “the Money and Pensions Service dashboard will be available from day one, alongside dashboards offered by other organisations.”⁶⁵ Baroness Drake’s amendment was accepted on division by 270 votes to 238.⁶⁶ This became [clause 122 \(3\)](#) of Bill 165.

The Government tabled an amendment to remove this Lords amendment at Commons Committee stage.⁶⁷ SNP Spokesperson Neil Gray described this as “probably the greatest area of contention in the Bill”. He said:

It is not just the SNP, Labour or other Oppositions parties that have concerns, but a great number of stakeholders. The Pensions and Lifetime Savings Association says that “the Government should ensure the first pensions dashboard will be a single, non-commercial product hosted by the Money and Pensions Service (MAPS) and that no other dashboard should go live until a full consumer protection regime is in place.”⁶⁸

Responding, Pensions Minister, Guy Opperman said people should have the freedom to choose to access information in the way they felt most comfortable. The pensions industry held an in-depth knowledge of its customer base and this was an opportunity for consumer-focused innovation. Allowing multiple dashboards was “the most effective way

⁶¹ Clause 122 (3)

⁶² [HL Deb 26 Feb c176-8GC](#)

⁶³ *Ibid* c183

⁶⁴ [HL Deb 30 June 2020](#)

⁶⁵ [HL Deb 30 June 2020 c669](#)

⁶⁶ [Division 2286](#)

⁶⁷ [Amendments tabled as at 29 October 2020](#), amendment 8

⁶⁸ [PBC Deb 3 November 2020 c68; Amendments tabled as at 29 October 2020](#), amendment 3

to drive consumer engagement and really begin to put people in control of their savings.”⁶⁹ The Government’s amendment was accepted on division by nine votes to seven.⁷⁰

3.2 Participation by schemes and providers

According to MAPS, there are 52m adults in the UK who could use a pensions dashboard service to find and view their pensions information. These individuals will need to be connected with up 43,000 providers and schemes to search for their pensions.”⁷¹

In its April 2018 report on pension freedoms, the Work and Pensions Committee said there was “broad agreement” that the success of dashboards was dependent on them including information on the full range of pensions.” There was also growing evidence that compulsion would be needed:

50. For a dashboard to succeed in its objectives, it needs to include the full range of pensions: state, DC and DB. While we acknowledge the challenges faced by some DB schemes in getting their systems in order, it is essential that they participate. We recommend the Government mandate all pension providers to provide necessary information to the pensions dashboard. To enable smaller legacy DB schemes sufficient time to comply, we recommend that Government consult with TPR on an implementation timetable. This should ensure that at least 80% of all DB pensions are visible on the dashboard by April 2019, with the remainder to follow.⁷²

The Government said that user research and international evidence had presented a strong case for comprehensive coverage and compulsion. It agreed that this should be phased-in to allow those schemes that needed it, sufficient time to get their data in order.⁷³

In its feasibility study in December 2018, the Government said it would legislate to mandate participation and that it would consider exemptions for certain types of schemes, such as Small Self-Administered Schemes and Executive Pension Plans.⁷⁴

Clause 119 of the [Pension Schemes Bill 2019/21](#) would enable the Secretary of State to make regulations imposing requirements on pension scheme trustees to provide pensions information to a qualifying dashboard service.⁷⁵

According to the indicative phase plan produced by Pensions Dashboards Programme, compulsory participation will start to apply from 2023.⁷⁶

⁶⁹ Ibid c59

⁷⁰ [PBC Deb 3 November 2020 c73-4](#), division 8

⁷¹ [Pensions Dashboards Programme: Progress Update Report](#), April 2020, p. 7

⁷² Work and Pensions Select Committee, [Pension Freedoms](#), HC 917, April 2018

⁷³ [Government response to Committee’s Ninth Report of 2017-19](#), June 2018

⁷⁴ DWP, [Pensions Dashboards – working together for the consumer](#), Cm 9719, December 2018, para 164-5 and 179-80

⁷⁵ [Pension Schemes Bill 2019/21- Explanatory Notes](#), para 546

⁷⁶ [Pensions Dashboards Programme Progress Update Report](#), October 2020

3.3 Information to be provided

The Pensions Dashboards Programme (PDP) 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 DB entitlements:** for active members this could be as at latest annual statement; for deferred members this could be deferred pension at leaving revalued to date (within the last 12 months)
- **For DC entitlements** this could be the Standard Money Purchase Illustration (SMPI) projected retirement income that appeared on the last annual statement.

A priority element of its work is the development of data standards.⁷⁷ One of the key challenges is to specify the minimum information that should be displayed about each pension.⁷⁸ 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.⁷⁹ The PDP published its initial data standards on 15 December 2020.⁸⁰ It said there was more work to do on how users would be able to view their estimated retirement income (ERI). It will publish a final set of implementable data standards once it has a supplier for the digital architecture on board.⁸¹

Under section 118 of the [Bill](#), a “qualifying pension dashboard service” means one which satisfies prescribed requirements, which may, in particular, relate to what ‘relevant’ or other information is to be provided, how and in what circumstances. Relevant information means information of a prescribed description relating to State Pensions and to occupational and personal pensions.⁸²

In debate on the Bill, Pensions Minister, Guy Opperman, said the Government intended that the State Pension would be “part of the original provision of the dashboard.” DWP 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.”⁸³

At Commons Committee stage, Opposition MPs raised questions about the information that would be provided from occupational and personal pensions in relation to:

- The scheme’s performance against environmental, social, and corporate governance (ESG) targets;⁸⁴
- Costs and charges.⁸⁵

Responding, Mr Opperman said he wanted dashboards to start with simple information. Costs and charges would be part of dashboards in

⁷⁷ [Pensions Dashboards Programme Progress Update](#), April 2020, p18

⁷⁸ [Pensions Dashboards Programme: progress update report](#), October 2020, p23

⁷⁹ Ibid p28

⁸⁰ Pensions Dashboards Programme, [Data Standards Guide](#), 15 December 2020

⁸¹ [‘Data Standards – a big step forward for pensions dashboards’](#), 15 December 2020

⁸² Clause 118

⁸³ [PBC Deb, 3 November 2020, c41](#)

⁸⁴ Ibid c45 [Seema Malhotra]

⁸⁵ Ibid c58 [Seema Malhotra]

the future, the question was when and how.⁸⁶ The Government's consultation on simpler benefit statements had proposed:

- Including a line in the simpler annual statement template on costs and charges with a clear signpost to the more detailed assessment of this information elsewhere which schemes are already required to provide; and
- Signposting to the information on the pension scheme's investment strategy, including whether the member's pension is invested individually or on a pooled basis, and with due regard to Environmental Social Governance (ESG) and climate change.⁸⁷

In response to Jonathan Reynolds' argument at Report Stage on 16 November that pensions dashboards should present information about costs and charges, Mr Opperman said:

the Government intend, and have legislated, that costs and charges should be part of dashboards in the future, just like they will be in the simpler statement. That is legislated for in clause 119(2), and it is appropriate that we proceed with that only once the dashboard delivery group has consulted in a proper way.⁸⁸

3.4 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:

With greater availability of pensions data there may be extra risks such as a loss of privacy and data breaches, which could increase the risk of fraud and scams. New digital services might also have business models with conflicts of interest that could lead to inappropriate recommendations being made to consumers. Persuading people to use pensions dashboards will require them to have access to the service, the skills to use it, motivation as to why it is a good thing and trust that nothing will go wrong.⁸⁹

The [Government's 2018 consultation](#) said "safeguarding the data and protecting consumers will be paramount" in the development of dashboards.⁹⁰ The Government further said it would work with industry and the regulators to develop an appropriate regulatory framework:

213. The Department, working with industry and the regulators including the Financial Conduct Authority, will ensure that appropriate and robust controls are in place. This will utilise existing legislation and regulatory frameworks wherever possible. If new activities are identified that are not covered by existing regulation, the Department will seek to amend legislation as necessary. Industry is responsible for meeting its responsibilities to protect consumer data in line with the legislation.

⁸⁶ Ibid c61

⁸⁷ DWP, [Consultation outcome – simpler benefit statements](#), updated October 2020, para 66-8; [HCWS522, 19 October 2020](#)

⁸⁸ [HC Deb 16 November 2020 c112](#)

⁸⁹ Dominic Lindley, [The pensions dashboard - How can we make sure it works for consumers](#), *Which?*, Feb 2018, p.5

⁹⁰ DWP, [Pensions Dashboards – working together for the consumer](#), Cm 9719, December 2018

214. Commercial dashboards should not be available to users until the appropriate regulatory framework is in place. As other countries have shown, taking a phased approach to the introduction of a dashboard service, starting with a single, non-commercial dashboard, should help to build trust among consumers and among scheme providers responsible for their members' data.

215. Other key considerations for the industry-led delivery group concerning governance and effective running of the dashboard ecosystem are:

- to have a clear liability model that all parties have signed up to; and
- a clear process for dealing with complaints.⁹¹

The Pension and Lifetime Savings Association has 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."⁹²

In February 2020, the Government committed to make the provision of pensions dashboards a FCA regulated activity. During the debate on the *Pensions Schemes Bill [HL] 2019-21*, Pensions Minister, Guy Opperman said:

The Financial Conduct Authority will seek to introduce a new regulated activity and amend the *Financial Services and Markets Act 2000 (Regulated Activities) Order 2001*, consulting on rules relating to that activity. That may also include a requirement to signpost users to guidance and to provide information about how to find regulated financial advice. We believe that the best way to do that is through the FCA rules and not in the Bill.⁹³

He also explained how data would be protected:

The first step will be an individual logging on to their choice of dashboard. If that is the first time they have used the dashboard, the next step will be to verify their identity. Once their identity has been verified, information will pass from the pension finder service to connected pension schemes, asking them to match the individual's information. If the pension scheme finds a match, it will confirm that to the pension finder service and then respond to the individual via their chosen dashboard that it holds some data for them. When the individual next logs on to their dashboard, the information from the pension scheme will be viewable by the individual.

The best analogy for how that information becomes viewable on a dashboard is probably the cashpoint idea. Whatever cashpoint individuals use, they can view the current balance of their account on the screen. However, the operator of the cashpoint is not able to see that information, as it is encrypted and only unlocked in combination with one's cash card and a personal identification number. Dashboards will operate in a similar way. The information will be shown on screen but will not be viewable or

⁹¹ DWP, [Pensions Dashboards – working together for the consumer](#), Cm 9719, December 2018

⁹² PLSA, [Written evidence to Pension Schemes Bill Committee](#), 23 October 2020

⁹³ [PBC Deb 2 November 2020 c42-3; HL Deb 26 February 2020 c183GC](#)

collected by the organisation delivering the dashboard. The decryption of the data will happen only after an individual has logged in and asked to have the data presented. I should note that an individual can give delegated access to their information to an independent financial adviser or under Money and Pensions Service guidelines. This delegated access is time-limited and can be revoked at any point.⁹⁴

He said the Government had learned “the lessons from [open banking](#) and the process whereby we took all our various bank accounts and made them accessible under a strict regulatory regime so that our rights were not infringed.”⁹⁵

The PDP is developing a protocol for how user complaints are made, assessed and dealt with.⁹⁶

3.5 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” (Table 2.1, line 18). It said that in the longer term, the costs should be met by the pensions industry:

41. The costs of the governance structure should be met by the pensions industry. The industry should also fund:

- the development and delivery costs of the dashboard infrastructure, such as the PFS and identity verification;
- the development of a non-commercial, consumer-focused dashboard hosted by the SFGB; and
- any new regulatory functions related to dashboards.

42. There may be an opportunity to use existing industry levies to fund the dashboard service in a fair and equitable way.⁹⁷

How much will dashboards cost?

Alongside the *Pensions Schemes Bill [HL] 2019-21*, the Government published an [impact assessment on the Pensions Dashboard](#). This lists the primary costs to industry as being:

1. Familiarisation costs – once the design and implementation plan is agreed, there will be costs for the pensions industry to familiarise with new requirements
2. Implementation costs – we expect material costs for pension schemes and providers to invest in new software/IT architecture to be able to provide data to the dashboard(s)
3. Ongoing costs – to provide data, ongoing governance, and regulatory compliance on an annual basis.⁹⁸

The estimates of these costs, as presented in the Impact Assessment, cover a wide range with:

⁹⁴ [PBC Deb 3 November 2020 c39](#)

⁹⁵ Ibid c70

⁹⁶ [Pensions Dashboards Programme: progress update report](#), October 2020, p29

⁹⁷ DWP, [Pensions Dashboards – working together for the consumer](#), Cm 9719, December 2018

⁹⁸ DWP, [Pension Dashboards Impact Assessment](#), IA No: DWP-001-2019, 5 Feb 2020

- One-off implementation costs of between £200m and £580m over 10 years; and
- Ongoing costs of between £245m and £1.48bn over 10 years.⁹⁹

3.6 Should they facilitate transactions?

In the initial phase, pension dashboards will offer a simple ‘find and view’ function.¹⁰⁰

When the *Pension Schemes Bill 2019/21* was before Parliament, there was debate about when they should facilitate transactions (for example, so as to enable pension pots to be consolidated). A Lords Opposition amendment to the clause 118 would have prevented this, so that new primary legislation would have been needed to allow it.¹⁰¹ Labour Peer, Baroness Drake, was concerned that the introduction of commercial dashboards would make it easier for firms, possibly operating under business models involving high charges on assets, to encourage easy consolidation of pension pots via a mobile app. She argued that there was a risk of consumer detriment and that a decision to allow financial transactions via dashboards needed “separate and clear consideration.”¹⁰² The Government resisted the amendment on the grounds that it risked stifling future innovations that could benefit consumers.¹⁰³ Peers agreed to Baroness Drake’s amendment by 281 votes to 244.¹⁰⁴

This was overturned at Commons Committee Stage. Pensions Minister, 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. Dashboard providers would be subject to a robust regime, including Financial Conduct Authority authorisation and supervision.¹⁰⁵

For the Opposition, Seema Malhotra raised concerns about the impact on consumers, who might make unsuitable transfers which they were then unable to reverse.¹⁰⁶ For the SNP, Neil Gray, argued for no transactions to be allowed, at least to begin with.¹⁰⁷ On the other hand, Conservative MP, Rob Roberts, said it would be empowering to the consumer to allow transactions via the dashboard. Regulations were already in place and would undoubtedly be strengthened further down the line.¹⁰⁸ Labour MP Angela Eagle asked how the consumer protection regime would fit in with the evolution and introduction of pensions

⁹⁹ DWP, [Pension Dashboards Impact Assessment](#), IA No: DWP-001-2019, 5 Feb 2020

¹⁰⁰ DWP, [Pensions Dashboards: Government response to the consultation](#), CP 75, April 2019

¹⁰¹ New section 238A (3), [Bill 165](#)

¹⁰² [HL Deb 2 March c194-5GC](#)

¹⁰³ [HL Deb 30 June 2020 c654](#)

¹⁰⁴ [Division 2285, 30 June 2020](#)

¹⁰⁵ [PBC Deb 3 November 2020 c40](#)

¹⁰⁶ *Ibid* c44-5

¹⁰⁷ *Ibid* c46

¹⁰⁸ *Ibid* c49

dashboards, especially if commercial dashboards were to have a transactional capacity.¹⁰⁹

Responding to the debate, the Minister said that pension pot consolidation was one solution to the problems caused by the proliferation of small pots and that:

I passionately believe that, with the suitable guidance and protections that we all want, consolidation is appropriate, and that would be a financial transaction. It should definitely be permissible on an ongoing basis, arising out of information proceeded and obtained by a dashboard. It is absolutely that sort of empowerment that the dashboard will offer, and it is entirely the right thing.¹¹⁰

The Committee voted to remove the Lords' amendment by nine votes to seven.¹¹¹

3.7 Are they a solution to the 'small pots' issue?

Under auto-enrolment legislation, from 2012 employers have been required to automatically enrol all eligible employees into a qualifying pension scheme.¹¹² It is expected to lead to a proliferation of small pension pots as people change jobs multiple times during working life.

The Pensions Policy Institute (PPI) has found that the number of deferred pension pots in the UK Defined Contribution (DC) master trust market was likely to rise from 8 million in 2020 to around 27 million in 2035. This was a problem because small pots could be eroded over time by member charges and could become uneconomic for providers to manage.¹¹³

Pot follows member

Different solutions have been proposed to this, involving either consolidation of small pension pots in aggregator schemes or pensions automatically moving with people from job to job.¹¹⁴ Following consultation,¹¹⁵ the Coalition Government legislated in the [Pensions Act 2014](#) (s33) for 'pot follows member.' In debates on the legislation, the Opposition argued for the alternative 'aggregator model' on the basis that it would be better for automatic transfers to default into a limited number of schemes that met prescribed standards on governance, administrations and cost.¹¹⁶ However, the then Pensions Minister, Steve Webb, was concerned that this would produce a system where large

¹⁰⁹ Ibid c52

¹¹⁰ Ibid c54-6

¹¹¹ Ibid c56

¹¹² [Pensions Act 2008](#), Part 1, s3

¹¹³ PPI, [Policy options for tackling the growing number of deferred members with small pots](#), September 2020

¹¹⁴ DWP, [Meeting future workplace pension challenges: improving transfers and dealing with small pension pots](#), Cm 8184, December 2011

¹¹⁵ [DWP, Government response to the consultation – Improving transfers and dealing with small pension pots, CM 8402, July 2012](#); DWP, [Automatic transfers: consolidating pension savings](#), Cm 8605, April 2013

¹¹⁶ [HC Deb 9 July 2013 c288-300](#)

amounts of pension saving ended up in the hands of a relatively small number of aggregators.¹¹⁷ From the saver's point of view, he argued that the aggregator model could end up with more fragmentation and less engagement than would be the case with 'pot follows member':

[...] when you leave a firm, your pension pot goes somewhere else, to a provider with whom you have no relationship and who possibly you did not choose. You then have a pension with your current provider and probably have other legacy pots too.¹¹⁸

He said the Government's aim was to get to a situation where people moved from one good quality scheme to another.¹¹⁹

However, following the 2015 general election, Pensions Minister in the Conservative Government, Baroness Altmann, announced that the plans had been put on hold to allow the market time to adjust to other reforms underway (such as the implementation of auto-enrolment).¹²⁰

Small pots working group

As discussed [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.¹²¹

It set up a working group to identify a solution to this issue in September 2020.¹²² At the same time, the PPI published a report which looked at potential solutions, one of which involved using pension dashboards to facilitate consolidation. It said dashboards alone could result in relatively low levels of consolidation because they require active engagement from members. However, they could be used to complement one or more additional policy approaches.¹²³

In its report in December 2020, the small pots working group said the proliferation and growth in deferred small pension pots within the auto-enrolment (AE) workplace pensions market presented risks for pension scheme members and providers and the reputation of auto-enrolment. Automatic systems would be needed to complement member-initiated transfers. Two non-mutually exclusive models that should be prioritised for low value small pots – the default small pot consolidation scheme ('default consolidator' including the various design choices) and the automatic pot follows member model. Industry groups should start investigating and addressing the administrative challenges which would be necessary to underpin mass transfer and consolidation systems that could be delivered at scale within the AE market, starting with a focus on Master Trusts.¹²⁴

¹¹⁷ [PBC Deb 9 July 2013 c314](#)

¹¹⁸ Ibid, c316

¹¹⁹ Ibid, c323; DWP, [Quality standards in workplace defined contribution schemes, July 2013](#)

¹²⁰ [HLWS238, 15 October 2015](#)

¹²¹ [PBC Deb 3 November 2020 c56](#)

¹²² 'Government establishes cross-sector working group to help address multiple small pension pots', DWP press release, September 2020

¹²³ Ibid, p 4

¹²⁴ [Small pots working group report](#), December 2020, Executive Summary

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