



## **Pensions Dashboards (Prohibition of Indemnification) Bill**

### **HL Bill 92 of 2022–23**

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The House of Lords is scheduled to debate the [Pensions Dashboards \(Prohibition of Indemnification\) Bill](#) at second reading on 3 March 2023. It is a private member's bill first introduced by Mary Robinson (Conservative MP for Cheadle) in the House of Commons on 20 June 2022. Lord Young of Cookham (Conservative) is the bill's sponsor in the House of Lords.

Pensions dashboards are new online services that will allow individuals to see their pensions information in one place online. Once launched, the purpose of the dashboards is to help increase people's understanding of and engagement with their pensions.

Research has shown that knowledge of and engagement with pensions is low amongst some people. A recent study by the Pensions Policy Institute also stated that the number of lost pensions increased by an estimated 73% from 2018 to 2022.

The bill would make it a criminal offence for occupational or personal pension scheme trustees or managers who receive a penalty under the [Pensions Dashboards Regulations 2022](#) to reimburse themselves with pension scheme assets. The regulations set out requirements that need to be in place to enable pensions dashboard services to operate effectively. This includes a power for the [Pensions Regulator](#) to issue financial penalties for breach of the regulations.

The bill received its second reading in the House of Commons on 15 July 2022. It was considered in public bill committee for one day on 26 October 2022. As no amendments were made at committee stage, the bill was reported without amendment and progressed straight to third reading on 20 January 2023. The bill received support from the government and MPs from various parties during its passage through the House of Commons.

## 1. Background to the bill

### 1.1 What are pensions dashboards?

Pensions dashboards are electronic communication services that will enable individuals to see information about their pensions (including the state pension) in one place online.<sup>1</sup> These new services will show a user high-level information about their pensions, including values (both accrued values and projected retirement income) and details of how to contact pension schemes. Users will not be able to transfer or consolidate pension schemes via this service.

### 1.2 Why are dashboards needed?

The UK pensions landscape is complex. A Financial Conduct Authority (FCA) data bulletin from 2018 said consumer knowledge of and engagement with pensions were low.<sup>2</sup> The government has said that dashboards will help to increase the public's understanding of and engagement with pensions information.<sup>3</sup>

The number of people with multiple pension pots has increased since 2016. Research conducted by financial services provider Aegon UK found that 73% of 727 adults in a March 2021 study had multiple pension pots.<sup>4</sup> This compared to 62% of 1,004 adults surveyed in October 2016. Of those surveyed in March 2021, 17% were reported to have lost track of at least one pension pot, with 21% not knowing the total value of their pensions.

The number of lost pensions is estimated to have grown by 73% from 2018 to 2022, according to a study carried out by the Pensions Policy Institute (PPI).<sup>5</sup> A 'lost pension' refers to a situation where a pension scheme provider is not currently in touch with the pension pot owner. Whilst the average size of a lost pot has reduced since 2018, the study found the aggregate value of lost pots has increased from an estimated £19.4bn in 2018 to £26.6bn in 2022.<sup>6</sup>

There are several reasons why pension pots can become lost. This includes individuals moving jobs and ceasing to contribute to their existing pensions, as well as individuals not updating their address with pension providers after moving home. Pension auto-enrolment has also meant that individuals are not required to engage with their pension savings, with some being unaware of their pensions and who manages them. The PPI report listed several potential impacts of lost pots on owners, in addition to reduced income in retirement.<sup>7</sup> For instance, impacts before retirement could include losing potential value from pensions by forgoing opportunities to make more appropriate investments or consolidating pots to take advantage of lower fees.

The PPI said there was industry consensus that pensions dashboards would have a positive impact by

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<sup>1</sup> Pensions Dashboards Programme, '[An overview of the pensions dashboards ecosystem](#)', accessed 6 February 2023.

<sup>2</sup> Financial Conduct Authority, '[Data bulletin](#)', March 2018.

<sup>3</sup> Department for Work and Pensions, '[Pensions dashboards: Working together for the consumer](#)', December 2018.

<sup>4</sup> Aegon UK, '[People losing track of retirement savings shows signs of improvement](#)', 3 May 2021.

<sup>5</sup> Pensions Policy Institute, '[Lost pensions 2022: What's the scale and impact?](#)', October 2022, p 5.

<sup>6</sup> As above, p 9.

<sup>7</sup> As above, p 7.

reuniting savers with their lost pots.<sup>8</sup> However, respondents also said the administrative burden of dashboards would significantly increase following an initial surge in member engagement after the introduction of dashboards.<sup>9</sup> Some respondents also noted that the administrative burden would be added to by an increase in pensions engagement more generally.

### 1.3 How are dashboards being introduced?

The Conservative Party manifesto in 2019 committed to introducing dashboards to help individuals to be “better informed” about their pensions.<sup>10</sup>

Primary legislation was needed to ensure pension schemes would participate in pensions dashboard services. The Pension Schemes Act 2021 (part 4) amended the Pensions Act 2004 to include powers to create secondary legislation to introduce pensions dashboards. It also included powers to legislate to place various obligations on trustees or managers of occupational pension schemes to comply with dashboard services.

With these powers, the government introduced the Pensions Dashboards Regulations 2022 (‘the dashboard regulations’).<sup>11</sup> These created the framework within which pensions dashboard services will operate. They set out requirements for occupational pension schemes to cooperate with the Money and Pensions Service (MAPS). MAPS is an arms-length body of the Department for Work and Pensions (DWP) with responsibility to provide advice, information and guidance on financial matters. Additionally, they set the requirements that organisations wishing to provide a dashboard would need to meet to become a qualifying pensions dashboard service.

The dashboard regulations contain a ‘staging profile’ which sets deadlines for when different types and sizes of pension schemes must be connected to pensions dashboards. These are staggered deadlines, with larger schemes required to connect earlier than smaller ones. The first staging deadline requires large master trust schemes<sup>12</sup> with 20,000 or more members to be connected by 31 August 2023.

Additionally, the dashboard regulations set out a compliance and enforcement regime. This gives the Pensions Regulator powers to take appropriate enforcement action for breach of the dashboard regulations.<sup>13</sup> This includes the power to issue penalty notices to scheme trustees or managers who breach the dashboard regulations (such as failing to connect to the MAPS). For a single breach, the Pensions Regulator can issue a penalty notice up to £5,000 where the trustee or manager is an individual, and up to £50,000 if the person is a body corporate.

Once the government is satisfied that the dashboards can support widespread public use, the secretary of state will announce when dashboard services will be made publicly available.<sup>14</sup> This announcement will be at least six months in advance of the launch date.

<sup>8</sup> Pensions Policy Institute, [‘Lost pensions 2022: What’s the scale and impact?’](#), October 2022, p 1.

<sup>9</sup> As above, p 8.

<sup>10</sup> Conservative Party, [‘Conservative Party manifesto 2019’](#), November 2019, p 35.

<sup>11</sup> UK Parliament Statutory Instruments, [‘Pensions Dashboards Regulations 2022’](#), accessed 6 February 2023.

<sup>12</sup> A master trust pension scheme provides a workplace pension that can be used by unrelated employers and their employees. They are also known as ‘multi-employer pension schemes’.

<sup>13</sup> [Explanatory memorandum to the Pensions Dashboards Regulations 2022](#), p 4.

<sup>14</sup> [HC Hansard, 20 January 2023, col 703.](#)

## 2. What the bill would do

The bill's purpose is to increase protection for pension savers. It would do this by making it a criminal offence for occupational or personal pension scheme trustees or managers who receive a penalty under the dashboard regulations to reimburse themselves with pension scheme assets. The Pensions Act 2004 ('the 2004 act') already makes it a criminal offence for trustees or managers of occupational or personal pension schemes to reimburse themselves for financial penalties provided for in other areas of pensions legislation, including automatic enrolment.

The bill contains two clauses. These would make provision as follows:

- **Clause 1(1)** would prohibit occupational or personal pension scheme assets from being used to reimburse trustees or managers for penalties imposed under the dashboard regulations. It would do this by adding section 238G of the 2004 act (power to issue penalty notices for breach of the dashboard regulations) into section 256(1)(b) of the same act, which applies in England, Wales and Scotland. If a trustee or manager had been reimbursed out of the assets and knew, or had reasonable grounds to believe, they had been reimbursed, they would be guilty of an offence. On summary conviction, they would be liable to a fine not exceeding the statutory maximum. If convicted on indictment, they could receive a maximum two-year prison sentence, or a fine, or both.
- **Clause 1(2)** would create the same prohibition for Northern Ireland. It would do this by adding article 215G of the Pensions (Northern Ireland) Order 2005 to article 233(1)(b) of that order. As pensions are a devolved matter, this provision would engage the legislative consent motion process in the Northern Ireland Assembly.<sup>15</sup>
- **Clause 2** would extend section 1(1) of the bill to England, Wales and Scotland, and section 1(2) to Northern Ireland. Clause 1(1) would come into force on a day specified by the secretary of state in regulations. Clause 1(2) would come into force on a day specified by the Department for Communities in Northern Ireland in an order.

## 3. House of Commons stages

Mary Robinson (Conservative MP for Cheadle) first introduced the bill in the House of Commons on 20 June 2022. The bill received its second reading on 15 July 2022 and was considered in public bill committee for one day on 26 October 2022. Following this, the bill was reported without amendment and had its third reading on 20 January 2023. The bill received widespread support from both the government and MPs from various parties during its passage through the House of Commons.

### 3.1 Second reading

Introducing the bill at second reading, Mary Robinson said the bill's intention was to deter "rogue" trustees or managers who received a financial penalty under the dashboard regulations from using savers' pension pots to pay the penalty.<sup>16</sup> Noting that this concept was not new, she highlighted

<sup>15</sup> Northern Ireland Assembly, '[Legislative consent motions](#)', 14 October 2020.

<sup>16</sup> [HC Hansard, 15 July 2022, col 657.](#)

similar prohibitions already in force across other areas of pensions legislation.<sup>17</sup>

On behalf of the government, Guy Opperman, then parliamentary under secretary of state for work and pensions, said the government supported the bill.<sup>18</sup> Referring to a commitment to make pensions safer, the minister said the bill would provide a deterrent to “prevent rogue trustees or managers from exploiting the pension assets for which they are responsible”.<sup>19</sup>

Karen Buck, shadow work and pensions minister, spoke in support of the bill on behalf of the Labour Party. She said her party agreed with the principle that pension scheme trustees must be responsible for any failure to meet their legal requirements.<sup>20</sup>

### 3.2 Public bill committee

The bill received similar echoes of support during its public bill committee.<sup>21</sup> One issue raised was the legislative consent motion needed from the Northern Ireland Assembly.<sup>22</sup> To date, a consent motion has not been obtained because the Northern Ireland executive has not yet been restored.<sup>23</sup> However, during the public bill committee, then Parliamentary Under Secretary of State for Work and Pensions Alex Burghart said that consent had been obtained “in principle” from Northern Ireland:

[The Northern Ireland Assembly] has thus far failed to elect a speaker, so it is not in a position to grant this consent. I am pleased to say that Deirdre Hargey MLA, [the] minister for communities in Northern Ireland, has written to the Department for Work and Pensions and confirmed that she would, in principle, be content to seek agreement for the provisions in the bill to extend to Northern Ireland. That was, however, conditional on the agreement of a functioning executive, but there will be further opportunity for this issue to be considered by the assembly if the current impasse in Northern Ireland is resolved before the bill has completed its journey through Parliament.<sup>24</sup>

The timescale for launching the pensions dashboard services was also raised.<sup>25</sup> Nick Smith (Labour MP for Blaenau Gwent) asked the government when it anticipated that the pensions dashboards would be launched to the public. In response, the minister said the government expected the public to have access to dashboard services by “the middle of 2024”.

<sup>17</sup> [HC Hansard, 15 July 2022, col 658.](#)

<sup>18</sup> [As above, col 660.](#)

<sup>19</sup> [As above, col 663.](#)

<sup>20</sup> [As above, col 659.](#)

<sup>21</sup> [HC Hansard, 26 October 2022, cols 1–10.](#)

<sup>22</sup> [As above, col 9.](#)

<sup>23</sup> Northern Ireland has not had a functioning government since the Northern Ireland Assembly elections took place in May 2022. To restore the government, the first step needed is for Northern Ireland Assembly members to elect a speaker on a cross-community basis. Further reading: Institute for Government, ‘[Northern Ireland: Functioning of government without ministers](#)’, 14 November 2022.

<sup>24</sup> [HC Hansard, 26 October 2022, col 9.](#)

<sup>25</sup> [As above, col 8.](#)

### 3.3 Third reading

At third reading on 20 January 2023, Mary Robinson welcomed the support the bill had received from the government and members of various parties during its passage through the House of Commons.<sup>26</sup>

On behalf of the government, Parliamentary Under Secretary of State for Work and Pensions Laura Trott restated the government's support for the bill. On timescales, the minister said the government hoped to see the first pension schemes connecting to the dashboards infrastructure "in the coming months".<sup>27</sup> On public access, the minister said the government had set out a broad framework of relevant matters that would be considered before the secretary of state would announce when the dashboards would go live to the public. Considerations would include "the level of [dashboard] coverage, ensuring safety, security and reliability of the service, and testing the user experience". Overall, the minister said the government would continue to support the bill during its passage through the House of Lords.

Matt Rodda, shadow minister for work and pensions, reiterated the Labour Party's support of the protection that the bill would provide to pension savers.<sup>28</sup> However, he questioned why the government had not included such provisions in the dashboard regulations. Several members also asked the government about timescales for the launch of the pensions dashboard services.

### 4. Read more

- Department for Work and Pensions, '[Explanatory notes to the Pensions Dashboards \(Prohibition of Indemnification\) Bill](#)', 23 January 2023
- Department for Work and Pensions, '[Delegated powers memorandum to the Pensions Dashboards \(Prohibition of Indemnification\) Bill](#)', 24 January 2023
- Financial Times Adviser, '[Pension dashboard](#)', accessed 3 February 2023
- The Pensions Regulator, '[Pensions dashboards: Initial guidance](#)', updated 20 July 2022
- Financial Times Adviser, '[Govt backs dashboards bill against 'rogue trustees'](#)', 19 July 2022

<sup>26</sup> [HC Hansard, 20 January 2023, col 692.](#)

<sup>27</sup> [As above, col 702.](#)

<sup>28</sup> [As above, col 700.](#)

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