



Submitted via email only pensionsdashboard@dwg.gov.uk

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SPP response to Pensions dashboards: further consultation

We welcome the opportunity to respond to this consultation.

Q1. Do you agree that 90 days is a reasonable period between the DAP formally being announced, and the DAP itself?

We are cautious about commenting solely on the 90-day period for formally announcing the DAP when there are so many other issues that are equally important in the run up to the DAP. Our response therefore covers a range of connected issues.

Notice of DAP

The consultation document states that there is intended to be “significant communications between the Government, MaPS, and industry in the lead up to any announcement” and concludes that “at the point at which the DAP is announced, it should not come as a surprise”. This is very reassuring, and in line with what we would want to see. However, it falls well short of any commitment as to how and when that communication will take place.

On timescales, our view is that the industry should be aware of an “anticipated DAP” at least 12 months in advance, so that actions can be taken to ensure that the industry (whether dashboard providers or pension providers) is ready. The need for this sort of notice is outlined in later sections, providing the perspective of a dashboard provider and an administrator.

Provided that 12 months’ notice is given of the anticipated DAP, having final confirmation 90 days in advance may be argued as achievable, although our strong preference would be at least 6 months, to ensure that final arrangements can be made in the knowledge that the date is now fixed. An alternative to a 6-month confirmation would be a requirement that any final 90-day confirmation could not bring that anticipated DAP forward. For example, if an anticipated DAP was set as 30 June 2024, a subsequent 90-day notice could not be given that it was 31 March 2024 – the formal confirmation could only be the anticipated DAP or later.

An equally important point is who would be made aware of the anticipated DAP, and how. Communication between the Government, MaPS and industry takes place in many different forums, with different levels of exposure. For example, if MaPS advised the Joint Industry Forum, the SPP, or individual pensions industry bodies, of an anticipated DAP we would not see that as sufficient. We

would expect a widespread announcement of the anticipated DAP, such that all providers would be aware of the date, regardless of the organisations or committees that they are a part of, and to ensure a level playing field for all parts of the industry.

Incremental DAPs

The consultation mentioned the possibility of incremental DAPs, but doesn't indicate whether that is being considered. Our view is that incremental DAPs may be very helpful for all parties – for administrators, for dashboard providers, for member experience, and potentially for MaPS.

First, we make it clear that it would be crucial that such an incremental DAP approach avoided being costly, complex or potentially counter-productive. We think that this could be achieved if access was linked to an essential data item – the individual's date of birth – and operated by the central Pensions Finder Service, as described below.

From an administrator and dashboard provider perspective, staging access to dashboards, perhaps by age of the individual, would allow dashboards to be launched to the public in a way that doesn't create unmanageable demand for providers. If millions of savers have access from the same day that could create very large spikes in demand. That presents a risk to the technology, in the same way that we see websites crash when ticket sales are launched. But it also presents a risk to the member experience, for example if administrators cannot cope with peak call volumes, calculation requests, possible match processing etc.

These peaks may, of course be manageable, depending on how popular dashboards are in the early days and weeks. The point is that nobody knows and having incremental DAPs would dramatically reduce this risk.

On the order of access, we don't have a strong view, but have considered two alternatives:

- Giving early access to the youngest members would in some ways be easier. This group are less likely to have complex pension issues, they are more likely to be familiar with the technology, and experience from other countries shows that take-up is likely to be lower, so less likely to overwhelm systems at an early stage
- Giving early access to the oldest members would target those most in need of dashboards, those who are closest to retirement, and are most likely to have lost touch with pensions. However, the take-up in that group is expected to be much higher, giving more risk of excess demand.

As indicated above, we do not have a strong view on where to start but, if incremental DAPs start with the oldest members, then the bands should be smaller (e.g., only dates of birth over 60 initially) compared to if they start with the youngest members (e.g., dates of birth under 35s may be appropriate), to allow for the higher percentage usage in older members.

On timing of incremental DAPs, we do not envisage this needing to take a long time. It may be that new groups of members are given access just 2-4 weeks apart, over a period of perhaps 3-6 months. Given the length of journey we have been on to reach the point of such a system existing, we think that a little more time taken at this point will be worthwhile, to ensure that it works well, and is seen as such by members, the industry and the media.

We understand that there will be concerns about the technology to deal with incremental DAPs. Our view is that the simplest approach would be as follows:

- Public advertising – this would make it clear that dashboard access is being rolled out in steps and present that practical fact in a way that encouraged people to look forward to the next stage of the rollout.
- Dashboard providers – limited changes needed - in advertising their services (alongside public advertising) and registering members, they would need to explain to members when they can start to access pension records. That is no different to the position with a single DAP,

other than the date will differ for different people. Find requests sent to the Pensions Finder Service before the member's DAP had passed would not be processed, in the same way that any requests before the general DAP would not be processed.

- Pensions Finder Service – the incremental DAPs would need to be built into the PFS, which is centrally managed, so easy to control. Only dashboard requests from members who had passed their DAP would be processed (i.e., find request sent on to pension schemes and responses returned to dashboards), other requests from dashboard providers would get nil responses.
- For pension providers – no change needed, they would just only receive find and view requests from members who had passed their DAP.

As a minimum, we would encourage the DWP to include provision for incremental DAPs in the next version of the draft regulations, so that it is possible to take such an approach, even if a subsequent decision is to stick with a single DAP in practice.

Linking together incremental DAPs and timescales, in the event of incremental DAPs being adopted, we would envisage that the 90 day (or 6 month) formal notice of the DAP, and the suggested 12 month notice of the anticipated DAP, would apply by reference to the earliest of the incremental DAPs, but with that one announcement/notification setting out the full schedule of incremental DAPs (i.e. not a separate announcement and final confirmation for each of the incremental DAPs).

Administrative issues with a short notice DAP

We think the practical administrative challenge to a 90-day notice period is serious. It is a mistake to think that there are lots of spare resource within pensions administrative functions either within in-house teams or at third party administrators. Businesses are run to tight margins and within specific contractual obligations that set current resourcing. There is no spare 'fat' in the system and existing resources are fully employed on current work needs, including dealing with new joiners, leavers, retirements and deaths. It would be unfair if normal processes (some of them very important) were to be disrupted by the introduction of pensions dashboards.

This means that meeting the new legal requirements will require specific additional resource to cope with the necessary extra work arising around:

- Responding to member questions about what they have been told by the dashboards they have logged onto
- Addressing the challenge of possible matches given their scheme's dataset
- Providing the necessary estimated retirement income/accrued pension figures where the hard reality is that computerisation of these figures is not realistic or deliverable
- Responding to individual's questions and concerns about information that does not appear on the dashboards but which the individual thinks should appear
- Answering enquiries about pensions that have been created by dashboards
- Updating records from members who get in touch
- Dealing with extra work processes arising from pensions dashboards such as members asking for more benefit information or looking to transfer their pensions or looking to start taking their benefits.

As alluded to earlier, the point needs to be grasped that even if only a small proportion of members need assistance and potentially support then, with many millions of memberships, this has the potential to create a very significant demand on resources. The pressure increases if the DAP is all at once rather than being incremental.

Any planning needs to have regard to the practicalities of actually continuing to administer pension arrangements and the fact that, if there is an overload, limited resources will have to be pulled away from 'business as usual' administration to satisfy regulatory compliance with dashboards legislation.

The need to budget carefully and not to have resources wasted by premature employment means that projects can only be reliably committed once there is reasonable certainty that they will be needed at a known fixed time, and that expenditure will not be wasted. People employed for no immediate purpose can become demotivated and leave.

Once the uncertainty is removed the process will involve:

- advertising for new positions
- allowing time for expressions of interest
- reviewing potential candidates
- selection for interviews
- interview meetings and record keeping
- decision to offer employment
- confirmation of employment with the selected candidates
- the necessary completion of relevant documentation
- due diligence on and vetting of the potential employees
- waiting for potential recruits to leave their existing employment given any notice periods
- induction of new employees into the organisation
- training and familiarisation of those new employees in their role (including the regulatory obligations that apply specifically to those who work in financial services)
- upskilling them to perform their tasks to the necessary standard
- testing and evaluating employees to ensure that arrangements will operate to standard.

We anticipate that the civil service will have its own appreciation about how long it takes to cater for an increase in workload by additional new recruitment where that new workload arises from a new process function.

To this we would add that recruiting for new employees is now more difficult, both due to a tighter labour market with shortages in many skill sets and because fewer people are likely to see themselves choosing a career in defined benefit pensions (due to the continuing secular decline in the sector).

We believe that six months is the minimum reasonably practicable timescale for this process to take place, although nine months would be the preferred timescale in the administrative arena.

If this is not provided for then there is the risk that many members will be affected as services (e.g., retirements, processing of death claims and bereavement cases) are disrupted in catering for a new legal obligation. There is also the risk that delivery of pensions dashboards becomes ragged and is deemed to be chaotic, which would be contrary to the policy intention.

Qualifying Pensions Dashboard Services (QPDS)

A number of the points made above on administration issues also apply to the delivery of QPDS as a new service with new personnel.

We note that there is no reference to how the DWP's consideration of the DAP will work with the FCA's process for authorising QPDS. To ensure fairness, there should be an equal opportunity for providers who wish to be a QPDS to have received authorisation by the DAP.

Therefore, it is important that the DWP and FCA work together to agree the DAP. To ensure that some providers are not given an unfair advantage over another provider, it would be helpful for the DWP to confirm their timescales for DAP and for the FCA to confirm publicly that applications received before 'X date' will be concluded prior to the DAP.

Based on content within the FCA's [website](#), they typically require 6 months to review applications, and may take up to 12 months.

Q2. Do you have any comments on the proposed powers to disclose information?

We see the logic and the necessity for the exchange of information between the MaPS and the Pensions Regulator and have no objection to the proposed powers.

Response ends

Yours faithfully

Mark Bondi

Chair, Legislation Committee, SPP

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