

Non-Executive Report of the: Pensions Committee Thursday, 10 March 2022	 TOWER HAMLETS
Report of: Corporate Director, Resources	Classification: Open (Unrestricted)
Public Service Pensions Schemes: Pensions Dashboards	

Originating Officer(s)	Miriam Adams
Wards affected	(All Wards);

Executive Summary

This report provides an overview of the introduction of a national Pensions Dashboard, emanating from a Government led project requiring the pension industry to design and own the dashboard. The Pension Scheme Act 2021 received Royal Assent on 11 February 2021, and provides the legal framework to support pension dashboards, including powers to compel schemes to provide member information.

The Money and Pensions Service (MaPS), an arm's-length body sponsored by the Department for Works and Pensions, has established the Pensions Dashboards Programme (PDP) team to work closely with its chosen suppliers to design the digital

infrastructure to safeguard data and protect consumers. DWP has now released a consultation on the regulations to put these provisions into place.

Recommendations:

The Pensions Committee is recommended to:

1. Note the requirement to improve the reliability of data in accordance with the Pensions Dashboards Programme data standards guide in order to supply the correct information to the dashboards and ensure compliance with the statutory staging timeline to onboard schemes.
2. Note the critical bottleneck the scheme faces in respect of council employee data.

1. REASONS FOR THE DECISIONS

- 1.1 This is a regulatory requirement and there will be penalties for non-compliance which could be up to £5k for individuals (£50k otherwise). TPR might impose them on a 'per request' basis.

2. ALTERNATIVE OPTIONS

- 2.1 There are no alternatives to this report. It is good practice to provide the Pensions Committee and Pensions Board with regulatory updates to enable informed decision making.

3. DETAILS OF THE REPORT

Background

- 3.1 In 2019, the UK government established the Money and Pensions Service (MaPS), which brought together the Money Advice Service, the Pensions Advisory Service and Pension Wise. These are also government-backed bodies created to improve awareness of pension assets, pension regulations and the options as you approach retirement. The Pensions Dashboard Programme was launched in April 2020 and work is still in progress.
- 3.2 The Pension Schemes Act 2021 (the Act) provides a framework to support pensions dashboards, and in particular gives new powers compelling schemes to provide information.
- 3.3 Schemes with more than 1,000 members (excluding pensioners) will start to connect with dashboards between October 2023 and April 2024. Pensions dashboards will be online platforms providing one place for individuals to access pensions information from multiple sources, including on their State Pension.
- 3.4 The Government hopes that this will give individuals a better understanding of their pensions and support their retirement planning. As required under the Act, the Money and Pensions Service (MaPS) will develop and host its own pensions dashboard. Currently, the aim is that an individual will submit a request to find their pensions information (confirming their identity and giving the relevant consent). A 'pension finder service' then sends this 'find request' to all pension schemes: if a pension scheme finds a match with this individual it will confirm this with the dashboard service and, if the individual then requests to view their information, the dashboard will pull the individual's data directly from the pension scheme

Requirements for Public Service Pension Schemes

- 3.5 The draft regulations propose that pension schemes must connect to the digital architecture (which includes being able to respond to find and view requests) within prescribed timescales as set out below. Schemes must identify whether information held in the 'find request' matches with an individual's pension and, if it does, return a pension identifier. Schemes should have discretion over which data elements they use to search their records for a match, but will need to minimise the risks of either not returning pensions matches or returning incorrect matches.

- 3.6 Schemes will need to have regard to any guidance issued by the Pensions Regulator (TPR) on matching. In December 2021, the Pensions Administration Standards Association (PASA) published initial guidance on the data conventions for matching their records. Schemes must then return 'view data' to individuals. Much of the proposed view data is already provided by schemes under the Disclosure Regulations.

However, certain 'administrative data' must also be provided such as information about the scheme and the administrator, and where relevant, the individual's employment. Certain 'signpost data' must also be provided where relevant, via website addresses. It is not clear at this point whether requirements will also include the Investment Strategy Statement in the LGPS. Schemes will also have to provide 'value data' quantifying the member's benefits. The Tower Hamlets Pension Fund now has its own website which is expected to support further the requirement to provide scheme specific data.

- 3.7 The guidance underlying the present money purchase illustrations (which we think will impact on members with Additional Voluntary Contributions) is to be amended to reflect and build on these new requirements—this will not be expected until October 2023, so the annualised values will not need to be provided until then.
- 3.8 Defined benefit arrangements must show the accrued deferred benefit at the illustration date (or revalued to that date for a deferred member). Active members will also need to see a projected benefit at retirement but based on current salary.
- 3.9 There will be some exemptions from providing this information –it is proposed that pensioners are out of scope. The draft regulations propose timescales for schemes to provide this information to the dashboard. Administrative data and signpost data should be provided immediately. Value data should also be provided immediately if it relates to information already prepared in a recent benefit statement and otherwise within 10 days (or 3 days if the information only includes defined contribution (i.e. AVCs) information)

Requirements for pensions dashboard services

- 3.10 The current understanding is that organisations other than MaPS will be able to develop and host dashboards if they meet requirements set out in the draft regulations. They will be known as Qualifying Pensions Dashboard Services if they meet all the requirements, including authorisation from the Financial Conduct Authority, compliance with relevant standards and connection to the specified digital architecture. Dashboards must also show an individual's State Pension: as a 'current amount' and 'forecast amount'. Reporting and enforcement action.
- 3.11 The DWP proposes that schemes will need to report information such as the number of find requests received, how many positive matches were notified to MaPS, and how many possible matches arose (and how soon these were

resolved into full matches, or whether they resulted in a nonmatch or remained unresolved). They would also report on the number of view requests received, and the time taken to respond to each one.

- 3.12 For breaches of the requirements, TPR would have the option to issue a compliance notice to the scheme manager (or to third parties who have caused a compliance breach).

Standards

- 3.13 The DWP proposes that there will be a range of standards covering the legislative requirements, including: data; design and messaging; technical matters; and reporting. It is expected that MaPS will set these standards, although TPR may set the reporting standards. Timescales for joining dashboards All schemes in scope will have to register with the MaPS Governance Register and must then connect to the dashboard. The current proposed onboarding deadline for Public Service Pension Schemes is 30 April 2024. There will be a limited provision for schemes to request an extension to their staging date, if they had in good faith embarked on a programme to transition data to a new administrator before staging dates were known. Schemes can volunteer to connect to the dashboard early if permitted to do so by MaPS and TPR. Further LGPS regulations is expected.

McCloud

- 3.14 McCloud reform will create challenges for LGPS funds to provide information for the pensions dash boards.
The draft regulations currently allow for Public Service Pension Schemes (excluding the LGPS) to provide more than one pension value to those members impacted by transitional protection. LGPS would not need to report two different values, due to giving an automatic “underpin” approach to the McCloud remedy, rather than an options exercise.

DWP recognises the scale of the work placed on Public Service Pension Schemes in response to the McCloud Judgment, and reflects this in its proposal to stage all Public Service Pension Schemes by the end of April 2024. DWP has also affirmed that it recognises further mitigation may be afforded to Public Service Pension Schemes following this consultation to help Public Service Pension Schemes to successfully onboard to pension dashboards in line with their staging principles. Officers anticipate that additional external consultancy and advice may be required for this project.

- 3.15 Current Time Scales

- June 2023 – large schemes (1,000+ members) and Master trusts have staging deadlines between June 2023 and September 2024 depending on type
- April 2024 – Public service and collective defined contribution schemes
- October 2024 – Medium schemes (100 – 999 members) have deadlines between October 2024 and October 2025
- 2026 – small schemes (99 or fewer members) to comply by 2026.

Preparation For Staging Date

- 3.16 Officers will commence preparing the logistics to ensure the Fund's data is 'dashboard ready' for 2023 once the ongoing work on payroll data is completed. A reassessment of the quality of member data against the PDP data standards guide, in order to identify any gaps and improve the success of data matches to feed into the pension dashboard ecosystem at the relevant staging date will then commence. External support may be required.

4. EQUALITIES IMPLICATIONS

- 4.1 Department for Levelling up, Housing and Communities and Her Majesty's Treasury undertake equality impact assessments with regard to the statutory reform of the public sector pension schemes and the LGPS.

5. OTHER STATUTORY IMPLICATIONS

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:
- Best Value Implications,
 - Consultations,
 - Environmental (including air quality),
 - Risk Management,
 - Crime Reduction,
 - Safeguarding.
 - Data Protection / Privacy Impact Assessment.

Risk Management

- 5.2 The primary source of scheme member data and pay information is via the employer.
- 5.3 There is a risk of censure from the Pensions Regulator (Tpr) for failing to comply with the statutory date to connect to the dashboard's ecosystem. There is also a potential for increased appeals from members who rely on inaccurate data fed into the pension dashboard system to inform retirement planning.
- 5.4 There is a risk that employers in the scheme will not be able to meet fund timescales to provide correct data.
- 5.5 Members may become confused by the presentation of LGPS data on the national dashboards, particularly this may be around differing language to that

already provided to members via Annual Benefit Statements, scheme literature and the Fund's secure online portal.

- 5.6 There is also the risk that if the government mandate that transfer out details should be uploaded to the dashboard it may be seen as encouraging members to transfer out their benefit entitlements to riskier pension provisions, and also may encourage an increase in pension scams.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 There are none arising directly from this report but there will be systems and staffing, external consultants costs that will come to light in due course to manually update active records where employers have provided incorrect data.

7. COMMENTS OF LEGAL SERVICES

- 7.1 Most of the provisions of The Pensions Schemes Act came into force on 1st October 2021. In addition to the arrangements for Funds to upload information to dashboards, the Act amongst other things gives the Pensions Regulator increased regulatory and investigatory powers including the power to prosecute individuals who put pension funds at risk or incur losses. The Pension Schemes Act 2021 provides the legal framework to support pension dashboards, including powers to compel schemes to provide member information. The LGPS already provides deferred and active scheme members with Annual Benefit Statements. Whilst there are no immediate legal implications arising from this report, the Fund will need to ensure compliance with the provisions of the Act on the relevant implementation dates.

Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

- NONE

Local Government Act, 1972 Section 100D (As amended)

List of "Background Papers" used in the preparation of this report

List any background documents not already in the public domain including officer contact information.

- These must be sent to Democratic Services with the report
- State NONE if none.

Officer contact details for documents:

Miriam Adams, Interim Head of Pensions & Treasury, 4248

