Department
for Work &
Pensions

Pensions Dashboards

Working together for the consumer

Cm 9719

Pensions Dashboards

Working together for the consumer

Contents

Foreword

This government is supporting industry to deliver a private pensions revolution. In just five years, the proportion of eligible employees participating in a workplace pension rose from 55 per cent, in 2012, to 84 per cent in 2017. This increase has been especially marked for young people. Among those eligible employees aged 22 to 29 years, participation increased from 35 per cent to 79 per cent over the same period. Automatic Enrolment, launched in 2012, has driven this, creating millions of new savers with nearly 10 million eligible employees having been automatically enrolled. Since April 2018, these savers will now be contributing at least 5 per cent of their eligible income into their private pensions pot, inclusive of employer contribution. Next year this will rise to 8 per cent, including employer contributions. This is a transformation of our savings culture.

And we know more can be done to help people – young and old – get the most of their growing pensions. People lack confidence when faced with decisions about their finances, and engagement with pensions is low. A quarter of people aged 55 and over who are not retired say they do not know the size of their pension savings. Eight in 10 people with a defined contribution pension have not given much thought to how much they should be paying into it to maintain a reasonable standard of living when they retire[1].

Pensions dashboards will offer people access to their information from multiple pensions at a time of their choosing. In the internet age, people expect information at their fingertips. When it comes to crucial information such as pensions, people should have access to accurate and useful information, which alongside guidance or advice will allow them to make the best choices for their investments and retirements. Harnessing the power of technology to give people easier access to their information will help them be more informed when planning their retirement – one of the most important financial decisions in a person's life. They will need to be intuitive to use, and speak to the different needs of the 22 million individuals with private pensions wealth. This is why we have committed to facilitating industry to deliver dashboards.

For users, this means harnessing the innovation, ideas and expertise of industry to provide a choice of dashboards. At the same time, safeguarding the data and protecting consumers will be paramount. For taxpayers, this means industry foots the bill.

But government will facilitate this, as we said we would, which is why we are putting forward ideas in this report – from intensive engagement with industry – and consulting on our approach.

In the absence of a clear industry lead, we propose that there is a role for the new Single Financial Guidance Body (SFGB) to convene and oversee an industry delivery group to enable successful implementation. Under this model, we expect the SFGB to appoint an independent chair who will bring together a range of key players from industry, FinTech and consumer organisations in a similar approach to Open Banking. The SFGB will launch services to the public from January 2019.

We believe that these proposals can be supported by everyone across industry and political parties. But most of all, we believe it is an approach that will deliver the best outcome for consumers – innovation, choice and safeguarded data. Over time, industry led pension dashboards will transform retirement savings and pensions forever.

Guy Opperman MP
Minister for Pensions and Financial Inclusion

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[1]   Financial Conduct Authority, Data Bulletin March 2018. Available here: https://www.fca.org.uk/publication/data/data-bulletin-issue-12.pdf

General information

About this consultation

Purpose of the consultation: This consultation is to seek views on a range of questions relating to the creation of pensions dashboards.

Issued: 03 December 2018
Respond by: 28 January 2019
Territorial extent: This consultation applies to England, Wales and Scotland. It is envisaged that Northern Ireland will make corresponding legislation.

How to respond

An online questionnaire will be available through Citizen Space, a link to which will be provided on this consultation's page on the GOV.UK website. This is our preferred method for receiving responses. Responses and enquiries can also be sent to the email address or postal address set out below.

Pensions Dashboard team
Department for Work and Pensions
Level 1
Caxton House
Tothill Street
SW1H 9HA

Email: pensionsdashboard@dwp.gsi.gov.uk

Your response will be most useful if it is framed in direct response to the questions posed, though further comments and evidence are also welcome.

Additional copies

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Confidentiality and data protection

Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information legislation (primarily the Freedom of Information Act 2000).

If you want information that you provide to be treated as confidential please say so clearly in writing when you send your response to the consultation. It would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded by us as a confidentiality request.

Executive summary

Introduction

1. This publication responds to the Department for Work and Pensions' commitment to undertake a feasibility study looking into the key issues surrounding the delivery of pensions dashboards and report on its findings. It also outlines a set of proposals on which the Department wants to hear your views. This will be used to inform how government can best facilitate industry to deliver dashboards.

2. A pensions dashboard is a service which will let people access their pension information in a single place online, in a clear and simple form. Putting individuals in control of their data, it will bring together their pensions information from multiple sources, which can then be accessed at a time of their choosing.

3. The government has committed to facilitating industry to lead the creation of pensions dashboards to deliver the best of industry innovation. Government is prepared to legislate to compel pension schemes to provide their data for dashboards, and to take steps to provide State Pension data via dashboards.

4. Industry is best placed to design, develop and own dashboards. However, government will help to convene a delivery group, comprising experts, industry and government, to facilitate implementation of the technology that will enable dashboards to operate. We propose that this group is convened and stewarded by the Single Financial Guidance Body (SFGB), which will help to ensure that industry safely and securely deliver their part in making dashboards happen. Government will also work with the regulators and industry to help ensure that industry meets its responsibilities to protect consumers.

5. We believe that multiple dashboards will improve choice for consumers, allowing them to use the dashboard that most meets their needs. However, these should exist alongside a non-commercial dashboard hosted by the SFGB, offering an impartial service to those who prefer it, or who may not be targeted by the market.

6. Putting individuals in control of how and when they access their data can help to increase awareness and understanding of saving for retirement. The technology involved in making dashboards, and the innovation that it will support, should act as an enabler to help increase consumer engagement, offering individuals a greater sense of ownership of their pensions. As dashboards are used to enable people to make informed choices, supported by guidance or advice, they can encourage more effective planning for retirement.

Background

7. The concept of a pensions dashboard has existed for some time but industry on its own has made limited progress in its delivery. Reflecting this, the Financial Conduct Authority (FCA) recommended in its Financial Advice Market Review in 2016[2] that government should challenge industry to make a pensions dashboard available to consumers by 2019. This view was echoed by government in its Budget that same year.

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[2]   Financial Conduct Authority, 'Financial Advice Market Review', 2016. Available here: https://www.fca.org.uk/publication/corporate/famr-final-report.pdf

8. Following the Budget announcement in 2016, an industry-led Pensions Dashboard Project Group[3] was set up, sponsored by HM Treasury and managed by the Association of British Insurers (ABI). In April 2017, the group demonstrated a prototype for a dashboard, showing that the technology behind it can work. The industry Project Group continued independently of government with a research phase, publishing its findings in a report[4] in October 2017. This made a number of recommendations, including the need for a government-backed delivery authority to proceed. Since then there have been further publications concerning the pensions dashboard, including a report from Which?[5], in February 2018.

9. The Minister for Pensions and Financial Inclusion, Guy Opperman MP, announced in October 2017 that the Department for Work and Pensions (the Department) would take lead policy responsibility for a pensions dashboard. Subsequently, the Minister for Work and Pensions (Lords), Baroness Buscombe, outlined to Parliament the Department's plans for a feasibility study to look at areas including:

    ●   what would be of most use to individuals in order to help them plan effectively for their retirement;

    ●   safeguarding consumer interests;

    ●   different delivery models; and

    ●   the participation of pension schemes.

10. In September 2018, the Minister for Pensions and Financial Inclusion announced in a Written Statement[6] to Parliament that an industry-led dashboard, facilitated by government, will harness the best of industry innovation. This report sets out the Department's findings from its feasibility work, and invites contributions that will help to inform how government can best facilitate an industry-led delivery. It seeks the views of as wide a range of people and organisations with an interest in pensions dashboards as possible, in particular pension providers, administrators, consumer bodies, financial services and technology suppliers/intermediaries.

Summary

Pensions and the individual: a changing landscape

11. The experiences of people saving for a pension in the UK are changing. An increasing shift to defined contribution (DC) pensions is placing increased responsibility on the individual to plan and make decisions about their retirement. People are tending to live longer and, with the changing nature of the labour market, are more likely to take on a multitude of different jobs, or become self-employed.

12. The government has introduced a number of changes to help people save and support effective planning for their retirement. With the introduction of Automatic Enrolment in 2012, participation in workplace pensions has been transformed. At the end of October 2018, almost 10 million workers have been automatically enrolled into a workplace pension. Yet despite the success of Automatic Enrolment, there are still around 12 million people thought to be under-saving for their pension and savers are not engaged fully with their savings.

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3   Members of the Pensions Dashboard Project Group, managed by the ABI were: Aon, Aviva, Fidelity, HSBC, Legal & General, LV=, Nest, Now: Pensions, the People's Pension, Phoenix Group, Prudential, Royal London, Scottish Widows, Standard Life, Willis Towers Watson, Zurich, and the Pensions and Lifetime Savings Association.

4   Association of British Insurers, Pensions Dashboard Project, 'Reconnecting people with their pensions', October 2017. Available here: https://www.abi.org.uk/globalassets/files/subject/public/lts/reconnecting-people-with-their-pensions-final-10-october-2017.pdf

5   Which?, 'The pensions dashboard: how can we make sure it works for consumers'. Available here: https://www.which.co.uk/policy/money/2409/the-pensions-dashboard-how-can-we-make-sure-it-works-for-consumers

6   Pensions Update: Written statement HCWS933. Available here: https://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2018-09-04/HCWS933/

13. The responsibility to engage individuals in saving and planning for retirement does not rest in any one place. Pension providers, employers, the advice and guidance community and government all have a role to play. The potential difficulty in engaging with information about various savings can lead people to lack a sense of ownership of their pension pots, or knowledge about pension rights. All this adds complexity, as people can struggle to understand what their cumulative savings mean for them in retirement. It may also increase the risk of more pension pots being lost or people losing track of what they have.

14. The Pension Freedoms, introduced in 2015, have provided many scheme members with greater flexibility and choice with what to do with their savings. Government has taken steps to improve the provision of effective pensions information, guidance and advice at the point when an individual needs it. The Check Your State Pension service was introduced in 2016, which enables people to find out about their State Pension age, entitlement and how they can increase it, while the Pension Tracing Service helps people to trace lost workplace pensions. The launch in January 2019 of a new Single Financial Guidance Body will build on the existing provision and will make it easier for people to access free and impartial information and guidance on pensions, money and advice on debt.

15. The private pensions industry is complex, with around 40,000 different pension schemes managed by 4,500 administrators and thousands of employers doing their own in-house administration. The provision of straightforward pensions information via dashboards will require all schemes to ensure their data and systems are ready to enable this. With the freedom then to innovate, in response to the demands of consumers, industry can maximise its chances of increasing engagement and help more people to plan effectively for their retirement.

Aims and Objectives

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.

Architecture, data and security

20. A dashboard service must operate in a way that balances industry innovation with data security. Industry will pull together the technical infrastructure to make this happen. The Department has explored the various elements that enable dashboards to function and some of their key features.

21. The industry-led delivery group responsible for implementing dashboards will decide on the final detailed architectural model. However, for government to legislate to enable dashboards, there are certain architectural principles which the Department believes should, as a minimum, underpin the technology. These are outlined in Chapter 4. Essentially, in developing this infrastructure, industry must adhere to the rights of the individual and principles as set out in the Data Protection Act 2018[7] (which reflects the General Data Protection Regulation (GDPR)). This includes the individual's right to data portability and principles of accuracy, storage, access and security.

Meeting the users' needs

22. Putting the consumer at the heart of dashboards is about enabling people to access their information online, at a time of their choosing, in a way that is accurate, secure and simple to understand.

23. Chapter 5 discusses how industry can meet different users' needs by harnessing its potential to innovate. This includes how government can act to best safeguard consumers' interests while also minimising the impact on schemes.

Providing a complete picture

24. The Department has listened to views from across the sector that compulsion is needed to maximise scheme participation within a reasonable timeframe. This means that pension schemes would be required in legislation to provide that person's data (with their consent) via pensions dashboards. Government will act to deliver this legislation when parliamentary time allows and following the creation of a robust delivery model with the appropriate governance.

25. There may also be merit in exempting some schemes from compulsory participation in a dashboard, while leaving it open for these schemes to join on a voluntary basis. For example, there are certain types of micro-schemes such as Small Self-Administered Schemes (SSAS) and Executive Pension Plans (EPP) whose members would be significantly less likely to need to use a dashboard. The Department is interested in views on this.

State Pension Data

26. Regardless of their pensions wealth, for many people, the State Pension will form a significant part of their retirement income.

27. It will be the responsibility of the industry delivery group, working with government, to ensure that the necessary data standards and security are in place in order to allow State Pension data to connect to the service. Government will work with the industry delivery group to integrate the State Pension into pensions dashboards. Subject to the delivery timetable, a link for Check Your State Pension can be made available for an interim period. This is an existing digital service that has provided more than 10 million online estimates since its introduction in 2016.

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[7]   See Data Protection Act 2018 here: http://www.legislation.gov.uk/ukpga/2018/12/notes/division/3/index.htm

Implementing dashboards

28. The Department found that a number of pension schemes/providers would want to participate in the dashboard service on a voluntary basis, as soon as is practical. The proposed architectural model, underpinned by the Data Protection Act 2018 (GDPR), would allow this. Defined contribution schemes such as Master Trusts would represent a good opportunity to maximise coverage over a relatively short period of time. The current Master Trust market consists of 90[8] schemes covering almost 10 million memberships, more than a quarter of total workplace pension memberships.

29. Other schemes will need longer lead-in times in order to prepare their data and implement required changes to their systems. For example, Public Sector Pension Schemes, Defined Benefit (DB) and DB/DC Hybrid schemes will require longer lead-in times to ready their data prior to on-boarding.

30. Our expectation is that industry should start to supply data to a dashboard, on a voluntary basis, from 2019. The existing legislative framework does allow for this. However, our international research found that legislation played a crucial role in ensuring that all schemes supply data to dashboards in a reasonable timeframe. We will seek to legislate to facilitate industry in delivering dashboards, including compelling schemes to provide their data for dashboards, when parliamentary time allows. This will result, we expect, in the industry-led dashboard facilitated by the SFGB being introduced from 2019.

31. The final timeline for onboarding will need to be agreed by industry through the delivery group, involving regulators and government following more detailed work. However, we expect that the majority of schemes will be on-boarded within three to four years from the first dashboards being available to the public. The Department will seek to legislate in a way that supports a phased approach to on-boarding over a reasonable timeframe agreed by industry.

A single Pension Finder Service

32. The single Pension Finder Service (PFS) is a key element of the technical infrastructure behind dashboards (as set out in Chapter 4). In the context that government will seek to compel schemes to supply their data to the PFS, it is the Department's view there should only be one PFS that fully aligns to the architectural principles as set out also in Chapter 4. While the Department recognises the commercial opportunities created by multiple dashboards, it believes that there should only be a single PFS which, as a matter of principle, is run on a non-profit basis and with strong governance. The industry delivery group will need to decide how best to deliver a PFS and how it can adapt to changes in approach over time.

Protecting the consumer

33. It is essential that industry innovation, and a degree of commerciality, builds people's trust in pensions. The user research in Chapter 3 demonstrates how data security, reliability and consistency in the way information is presented will be essential factors in building credibility and trust in the service.

34. It is also essential that commercial organisations' use of dashboard information is adequately regulated so as to maintain a high standard of conduct among all participating firms. With this in place, the consumer will have a clear form of redress if a firm should fall below this standard.

35. The Department, working with industry and the regulators including the FCA, 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.

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8   As of 1 November 2018, The Pensions Regulator, 'The current master trust market: latest facts and figures'. For the latest report: http://www.thepensionsregulator.gov.uk/doc-library/research-analysis.aspx#s26953

Accessing dashboard services

36. Those seeking pensions information are already supported by the information that individual pension providers are required to send to their members, through for example annual benefit statements, and this will continue. The online pensions dashboard is intended to build on existing information provision (both online and offline) by bringing it together in one place. Currently, the proposed architectural model does not include an offline solution for users. Through a multiple dashboard approach, there is an opportunity for industry to maximise engagement with everyone. Accessibility should be carefully considered by the industry-led delivery group, however, and the Department welcomes views on this in this consultation.

Facilitating delivery

37. In the absence of a clear industry lead, pensions dashboards and the technology that enables them will need a clear governance structure to enable successful delivery. This ensures that all parties understand their roles, responsibilities and accountabilities, and helps to facilitate effective decision making.

38. A majority of members of this governance should come from outside government, to oversee implementation. A chair should be appointed to bring together a small but representative delivery group of key decision makers from across the broader industry, including consumer organisations.

39. The government recognises a role for itself to ensure that the delivery group comes into being. We have concluded that the SFGB is ideally placed to convene and oversee the industry delivery group. Considerations for governance are discussed further in Chapter 6.

Costs and funding

40. In the Autumn Budget 2018, government committed funding for 2019/20 to help fulfil its role in facilitating industry to make dashboards a reality.

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.

Next steps

43. Through December, the Department intends to run a series of engagement roundtables aimed at hearing views from different stakeholders including pensions and financial service providers, public sector pension schemes, consumer groups and other interested parties. These activities will inform our approach to facilitate an industry-led delivery strategy.

44. A full list of consultation questions can be found at Annex C. The consultation will last eight weeks and the government will respond within twelve weeks of its closure.

List of questions for consultation

Wider benefits of a dashboard

I.   What are the potential costs and benefits of dashboards for:

  a)   individuals or members?;

  b)   your business (or different elements within it)?

Architecture, data and security

II.   Do you agree with:

  a)   our key findings on our proposed architectural elements; and

  b)   our proposed architectural design principles?

  If not, please explain why.

Providing a complete picture

III.   Is a legislative framework that compels pension providers to participate the best way to deliver dashboards within a reasonable timeframe?

IV.   Do you agree that all Small Self-Administered Schemes (SSAS) and Executive Pension Plans (EPP) should be exempt from compulsion, although they should be allowed to participate on a voluntary basis?

V.   Are there other categories of pension scheme that should be made exempt, and if so, why?

Implementing dashboards

VI.   Our expectation is that schemes such as Master Trusts will be able to supply data from 2019/20. Is this achievable? Are other scheme types in a position to supply data in this timeframe?

VII.   Do you agree that 3-4 years from the introduction of the first public facing dashboards is a reasonable timeframe for the majority of eligible schemes to be supplying their data to dashboards?

VIII.   Are there certain types of information that should not be allowed to feature on dashboards in order to safeguard consumers? If so, why? Are there any other similar risks surrounding information or functionality that should be taken account of by government?

IX.   Do you agree with a phased approach to building the dashboard service including, for example, that the project starts with a non-commercial dashboard and the service (information, functionality and multiple dashboards) is expanded over time?

X.   Do you agree that there should be only one Pension Finder Service? If not, how would you describe an alternative approach, what would be the benefits and risks of this model and how would any risks be mitigated?

Protecting the consumer

XI.   Our assumption is that information and functionality will be covered by existing regulation. Do you agree and if not, what are the additional activities that are not covered?

Accessing dashboard services

XII.   Do people with protected characteristics, or any customers in vulnerable circumstances, have particular needs for accessing and using dashboard services that should be catered for?

Governance

XIII. The Department has proposed a governance structure which it believes will facilitate industry to develop and deliver a dashboard. Do you agree with this approach? If not, what, if anything, is missing or what workable alternative would you propose which meets the principles set out in this report?

Costs and funding

XIV. What is the fairest way of ensuring that those organisations who stand to gain most from dashboard services pay and what is the best mechanism for achieving this?

General

XV. Do you have any other comments on the proposed delivery model and consumer offer?

Chapter 1 – Pensions and the individual: a changing landscape

Pensions and the individual

45. The experiences of people saving for a pension in the UK are changing. The responsibility for making decisions is shifting increasingly towards the individual as the proportion of those in defined contribution (DC) schemes increases, largely driven by the introduction of Automatic Enrolment (AE). This larger reliance on defined contribution schemes means that, for the individual, it is less clear what their income will be at retirement than if their entire pension was a defined benefit (DB)[9] arrangement. With increased responsibility there is increased risk for the individual and more decisions to be made.

46. People are tending to live longer and, with the changing nature of the labour market, are more likely to take on a multitude of different jobs, or become self-employed. On average, an individual might work for 11 employers during their working life[10]. For many, this could lead to a very different relationship with their pension saving from the one often experienced by previous generations, working in a more long-term and stable career.

47. The government has introduced a number of changes to help people save and support effective planning for retirement. Automatic Enrolment (AE) has already succeeded in transforming pension participation with millions more of today's workers saving into a workplace pension. At the end of October 2018, almost 10 million workers have been automatically enrolled into a workplace pension. This is helping to make saving into pensions a social norm again, yet despite the success of AE there are still around 12 million people under-saving for their pension.

48. With a changing labour market and the subsequent impact of AE, we expect people will be enrolled into more pension schemes than before[11]. Currently the 22 million individuals with private pensions wealth have an average of around two un-accessed pension pots[12]. This is expected to increase as AE matures, with individuals having more deferred pension pots than ever before[13].

49. Overall, workplace pension participation increased from 55 per cent of eligible employees in 2012 to 84 per cent in 2017. This meant that, in 2017, 17.7 million eligible employees were participating in a workplace pension and annual pension contributions were £90bn. The largest increases in workplace pension saving have been seen within the private sector. Since 2012, private sector participation has risen by 39 percentage points to 81 per cent of private sector eligible employees participating (12.9 million) in 2017. We have gained significant ground on participation among younger workers and low earners. Workplace pension participation by 22 to 29 year olds

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[9]   Defined benefit (DB) pensions offer a guaranteed level of retirement income based on the years an individual has worked for their employer and the salary they've earned. The retirement income from a Defined contribution (DC) pension is dependent on a range of factors including investment performance and individual choices on how they make use of the overall pot.

[10] Modelling based on individuals with full working histories who are aged 16 to 25 in 2007 (the year the simulation started) https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/214585/cp-oct10-full-document.pdf

[11] Department for Work and Pensions, 'Automatic Enrolment Review 2017: Analytical Report', December 2017. Available here: https://www.gov.uk/government/publications/automatic-enrolment-review-2017-maintaining-the-momentum

[12] Information from TPR suggests there are around 50 million active and deferred pension pots. The Wealth and Assets Study shows there are around 22 million individuals with an unaccessed pension: table 6.8, July 2014 to 2016 https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/datasets/pensionwealthwealthingreatbritain

[13] DWP estimates suggest that by 2050 there will be 50 million dormant pension pots with 12 million having fewer than £2,000 in them: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/184963/gov-response-small-pots-automatic-transfers-consultation.pdf

increased from 35 per cent of eligible employees in 2012 to 79 per cent in 2017. Workplace pension participation by women also increased between 2012 and 2017, rising from 58 per cent of eligible employees to 84 per cent.

50. By defaulting individuals into saving through AE and harnessing their natural inertia, we are helping people save. However, whilst millions more people are now saving, they are not necessarily engaged with saving, and the default process means that they do not need to be. That means they may not be taking greater personal responsibility to plan, or save more, for their retirement. A quarter of people aged 55 and over and not retired say they do not know the size of their pension savings while 8 in 10 people with a defined contribution pension have not given much thought to how much they should be paying into it to maintain a reasonable standard of living when they retire[14].

51. The Department's review of AE,[15] recognised the complexity of engagement, but that effective engagement can reinforce an individual's savings behaviour and support the social normalisation of saving. The review recognised the barriers to engagement, and the reality of people's busy lives, and found that there is no single 'silver bullet' that will create engagement. Rather, interventions may have a cumulative effect and they need to be well designed. Evidence suggests that the key to successful engagement is for the design approach to be simple, personalised, accessible and timely.

52. The responsibility to engage individuals in saving and planning for retirement does not rest in any one place. Pension providers, employers, the advice and guidance community and government all have a role to play. The challenge is for the key principles referred to above to be reflected in the work that they do, recognising as part of this that there is still a long way to go before people can access and understand simple and consistent information about their pensions[16]. An industry initiative to simplify annual benefit statements is an example of how the principles of better engagement can be put into practice[17].

Information, guidance and advice

53. The potential difficulty of accessing information about various savings can lead people to lack a sense of ownership of their DC pension pots, or knowledge about their DB pension rights. All of this adds complexity, as people can struggle to understand what their cumulative savings position means for them in retirement. It may also increase the risk of more pots being lost, adding to the estimated[18] £400m that is currently unclaimed. Reflecting the fact we are living longer and thinking differently about work and retirement, the Pension Freedoms, introduced in 2015, have provided many scheme members with greater flexibility and choice with what to do with their savings.

54. The Department previously estimated (in 2012[19]) that by 2050, there could be as many as 50 million 'dormant' workplace DC pension pots, where dormant means that the pot is not being contributed to. These pots are otherwise known as deferred (or unaccessed) pots and are not equivalent to lost pots. A recent briefing note[20] from the Pensions Policy Institute highlights the difficulty in estimating the number of 'lost' pension pots and their value.

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[14]   Financial Conduct Authority, Data Bulletin March 2018. Available here: https://www.fca.org.uk/publication/data/data-bulletin-issue-12.pdf

[15]   Department for Work and Pensions, 'Automatic Enrolment Review 2017: Maintaining the Momentum', December 2017. Available here: https://www.gov.uk/government/publications/automatic-enrolment-review-2017-maintaining-the-momentum

[16]   2CV and Money Advice Service, 'Pensions Dashboard Research', September 2017. Available here: https://masassets.blob.core.windows.net/cms/files/000/000/837/original/Final_2CV_report_MAS_branded_for_website__23.10.2017.pdf

[17]   For more information see here: https://www.professionalpensions.com/professional-pensions/news/3064783/pensions-minister-launches-simpler-annual-statement

[18]   Experian estimates there is £400m unclaimed assets in pensions and other life insurance products.

[19]   Dormant pension pots: a projection of their future number and value (DWP ad-hoc statistical release), July 2012. Available here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/222994/dormant_pension_pots.pdf

[20]   Pensions Policy Institute 'Lost Pensions: what's the scale and impact?' Briefing Note 110, September 2018. Available here: http://www.pensionspolicyinstitute.org.uk/briefing-notes/briefing-note-110---lost-pensions---what%27s-the-scale-and-impact

55. Government has taken steps to improve the provision of effective pensions information, guidance and advice at the point when an individual needs it. The Check Your State Pension service was introduced in 2016, which enables people to find out their state pension age and entitlement, and how they can increase it. In 2005, the Pension Tracing Service was introduced to help people trace their lost work place pension. This service launched a digital self-serve option in 2016. In 2017/18 the digital service undertook circa 1.2m traces.

56. The introduction of the new Single Financial Guidance Body (SFGB) builds on existing provision from the Money Advice Service (MAS), The Pensions Advisory Service (TPAS) and Pension Wise. Launching to the public early 2019, this new, single body will make it easier for the individual to access free and impartial information, guidance and advice on pensions, money and debt, all in one place. It is a free and impartial service offering information and guidance on pensions and money issues as well as advice on debt. It will also coordinate the UK's Financial Capability Strategy and other strategic activities.

57. Research has shown that going through the guidance process is likely to increase a person's financial capability and raise awareness of financial advice[21]. However, take up of guidance (and financial advice) could be higher. As highlighted in the Financial Conduct Authority's (FCA) Financial Advice Market Review[22], people often find it difficult to access their data from financial institutions. This not only impedes an individual's ability to make informed decisions, as they are unable to view and bring together information about their financial picture, it can also make the task of providing advice or guidance more difficult. Without adequate information, guidance and advice, people can be more exposed to potentially inappropriate investments and scams, which can have a devastating impact on the individual.

58. As highlighted by the Department's review of AE, the evidence suggests there is no single tool or form of communication that will transform engagement on its own. However, using technology as an enabler, through a pensions dashboard, is one of a number of ways we can build engagement and support better planning for retirement.

59. Dashboards are an enabling tool that can support the aim of increasing people's engagement in pensions by offering people straightforward access to their pensions information. They are an opportunity to put the individual in control of how and when they access their data.

60. Dashboards also reflect principles of improving outcomes for people as set out in the EAST (easy, accessible, social, timely) framework[23]. For example, dashboards could potentially make the behaviour of 'accessing pension information' easier, and more timely, and thereby facilitate more informed decision making. It will give people straightforward access to their pensions information in a simple and clear manner at a time of their choosing, providing the individual with greater control. By helping people understand what they have, they are better able to take responsibility for it. Dashboards can be accessed at any time and will likely be used when someone needs the information to hand. This could influence people at key moments in their lives, such as moving job, home or making financial decisions. It has been shown that reaching people at these more significant moments is more effective at changing behaviour than at other times[24].

61. By supporting better planning for retirement, a dashboard can help to smooth a person's transition between saving for a pension (which is driven by inertia) and making informed decisions at retirement (when there is increased flexibility and choice).

[21] International Longevity Centre (ILC-UK), 'The value of financial advice', July 2017. Available here: https://ilcuk.org.uk/the-value-of-financial-advice/.

[22] Financial Conduct Authority, 'Financial Advice Market Review', March 2016. Available here https://www.fca.org.uk/publication/corporate/famr-final-report.pdf

[23] The Behavioural Insights Team (2014) 'EAST: Four Simple Ways to Apply Behavioural Insights'. Available here: https://www.behaviouralinsights.co.uk/publications/east-four-simple-ways-to-apply-behavioural-insights/

[24] Pensions Policy Institute, ' Consumer engagement: the role of policy through the lifecourse', July 2017. Available here: http://www.pensionspolicyinstitute.org.uk/publications/reports/consumer-engagement-the-role-of-policy-through-the-lifecourse

A changing landscape

62.   The new State Pension, introduced in April 2016, has simplified the State Pension system and allowed government to introduce the Check Your State Pension service online, making it clear to people what State Pension they will get, and when they will get it. However, for those with private pension savings, accessing information about them at a time when they choose to, and making sense of what it means, can be a real challenge.

63.   The private pensions industry is fragmented and complex. There are in the region of 40,000 private pension schemes of which about three-quarters are occupational DC schemes with between two to 11 members, the majority of which are member directed. Of the remainder, there are around 6,000 DB, hybrid (schemes which combine aspects of DC and DB) or public sector schemes and a further 4,000 other DC schemes including personal pensions[25] (see figure 1). Managing these schemes are around 4,500 different administrators including thousands of employers doing their own in-house administration[26].

Figure 1: Estimated breakdown of UK private pension schemes by type

- Small DC schemes (between 2-11 members)
- DB, hybrid or public sector schemes
- Other DC (including personal pensions schemes)
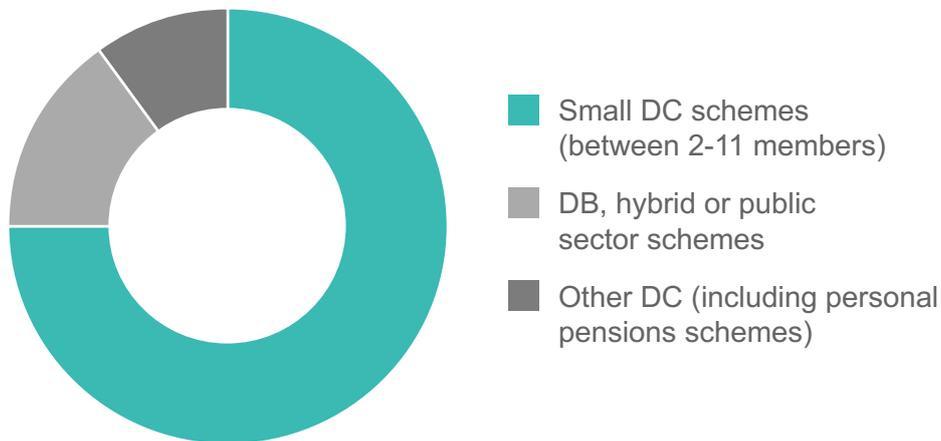
64.   Together, these schemes contain tens of millions of 'pension pots' for people. Over time, we have seen a shift away from DB towards a larger reliance on DC pensions due to employers no longer wishing to bear the burden of investment and longevity risk. In 1997, 46 per cent of eligible employees were contributing to DB schemes with 10 per cent in DC schemes. By 2017 this had changed to 28 per cent of eligible employees in DB schemes and 43 per cent in DC schemes[27] (see figure 2).

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[25]   Internal analysis of TPR data from an extract received in January 2018, data from month March, 2017.

[26]   As above, data from TPR.

[27]   DC schemes include Group Personal Pensions and Group Stakeholder Pensions. Public sector also included. Data from Office for National Statistics, 'Annual Survey of Hours and Earnings pension tables, UK: 2017 provisional and 2016 revised results', Figure 1, March 2018. Available here: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/workplacepensions/bulletins/annualsurveyofhoursandearningspensiontables/2017provisionaland2016revisedresults

Figure 2: Proportion of employees with work place pensions by type of pension, 1997 to 2017

Occupational defined benefit ——— Occupational defined contribution
——— Group personal and group stakeholder ——— Any pension
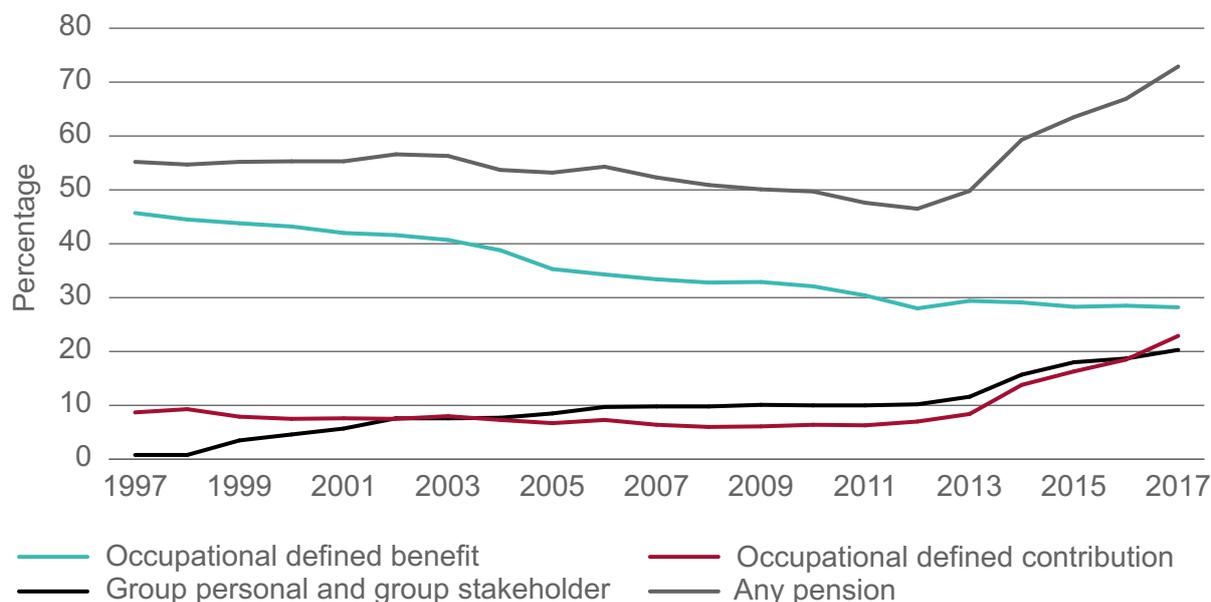
Automatic enrolment introduced October 2012

65. Automatic Enrolment has resulted in an explosion of memberships in Master Trust schemes, rising from 270,000 in 2012 to nearly 10 million in 2017[28]. Most (94 per cent) of eligible employees who are enrolled into occupational defined contribution schemes are enrolled into Master Trusts. The majority of these will be in one of the largest four. These four account for at least 12 million memberships according to their accounts in 2018[29].

66. We have seen DC occupational schemes with more than 12 members continue to consolidate in recent years with volumes more than halving since 2009[30]. The government has laid regulations, which came into force in April 2018, to remove barriers to further consolidation among DC occupational schemes. Further work is also underway to facilitate consolidation in the wider pensions market. DC Master Trust schemes are being required to be authorised by The Pensions Regulator (TPR). Those who do not apply for authorisation or where the application fails will be required to transfer their members to another Master Trust scheme and wind up. In addition, the recent White Paper on DB schemes[31] sets out proposals on consolidation within this section of the market.

67. The rules that apply to DB schemes in particular, are varied and complex. For example, the type and level of pension, and when it can be paid, will depend on the rules of the relevant scheme.

68. The provision of straightforward pensions information via dashboards will require all schemes to ensure their data and systems are ready to enable this. With the freedom then to innovate in response to the demands of consumers, industry will maximise its chances of increasing engagement and help more people to plan effectively for their retirement.

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[28] The Pensions Regulator, 'DC trust: presentation of scheme return data 2017 http://www.thepensionsregulator.gov.uk/doc-library/dc-trust-presentation-of-scheme-return-data-2018.aspx
[29] Internal analysis on data Sourced from the accounts of NEST, The People's Pension, Now:Pension and Smart
[30] Table 1.2 in The Pensions Regulator, 'DC trust'.
[31] Department for Work and Pensions 'Protecting Defined Benefits Pensions Schemes' March 2018 https://www.gov.uk/government/publications/protecting-defined-benefit-pension-schemes

Chapter 2 – Aims and objectives

Aims for a dashboard

69. There are many ways to tackle low levels of understanding and engagement and no single tool or form of communication can provide a single solution. The Automatic Enrolment Review in 2017 identified that for engagement to be successful, approaches must be simple, personalised and accessible.

70. The widely shared aim for pensions dashboards is to enable citizens to access their pensions information online, securely and all in one place, thereby supporting better planning for retirement.

Objectives of a dashboard

71. The Department looked at the key consumer outcomes that dashboards can support. 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 (regardless of their pension wealth) 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.

72. Industry will determine the longer term potential of pensions dashboards, such as improved consumer choice through innovation and potentially increased competition.

Design principles

73. The Department also looked at the design principles which should, as a minimum, underpin pensions dashboards and the infrastructure that sits behind them. These are to:

    ● put the consumer 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 the risks to the consumer and the potential for confusion; and

    ● ensure that the individual is always in control over who has access to their data.

Wider benefits of dashboards

74. As already touched upon, pensions dashboards will not help people to achieve better outcomes on their own, but they do have the potential to transform understanding. They sit alongside government and other industry-led initiatives including AE, Pension Freedoms, the introduction of the new SFGB and, for example, the simplification of annual benefit statements.

75. The Department has outlined above the key objectives that dashboards should support, as a minimum, in the interests of consumers. It also notes potential longer term benefits of dashboards for consumers, such as increased consumer choice through innovation and competition. The Department considered also the potential wider benefits of dashboards to industry which may indirectly lead, in some cases, to a benefit for consumers. The Department would welcome views on these as well as understand the likely costs to industry. The potential wider benefits of dashboards may include:

    - As users begin to find lost pots through dashboards, or are reconnected with those they may have lost track of, there will be lower costs to providers to locate the owners of these pots.

    - If dashboards can make pensions easier to understand, they may encourage people to engage more actively with their long term savings. They will also enable increases in financial capability. They will give people easier access to relevant information on their pensions ahead of any advice and guidance, which can then take them up to the 'choose and buy' moment (i.e. just before they make a decision). This could help encourage more people to take up financial advice and encourage growth in the advice market.

    - Essentially, dashboards could support clearer journeys for users, from finding out information about their pensions through to accessing guidance, obtaining advice and making informed decisions.

    - The guidance and advice process can be hampered by the length of time it takes for people to gather their pension information. This information is often then brought to the guidance session as volumes of paper, often with key parts missing. Straightforward access to all of the information online could improve the guidance or advice process, for all parties, and potentially reduce the cost of advice for consumers.

    - As people use dashboards, insights can be gained on what design works for people and dashboards can be adapted accordingly (a test and learn approach). Not only would this help improve the effectiveness of dashboards but can provide lessons for how providers communicate with their customers. Providers may also benefit from increased engagement in their online services as members are signposted via dashboards.

    - Further potential benefits include the fact that dashboards would provide an opportunity for consumers to ensure that the data held by their pension schemes is accurate, thus reducing the risk of errors, which can have a significant impact over a long period of time. It could prompt consumers to update their data by contacting the relevant pension scheme.

    - Improving data and systems in order to join dashboards could also yield additional benefits for schemes by reducing the number of (potentially costly) errors and support other modernisation activities such as automation.

    - As part of a broader, UK-wide approach to data portability (see Chapter 5) a more 'open pensions' infrastructure, used with other forms of open data, like Open Banking, could play a part in driving innovation across the financial services sector, not just pensions.

76. Of course, there may be other benefits; the nature of measuring benefits in the pensions policy landscape is complex. Effective measurement can require the monitoring of the impacts of policies upon cohorts of the population throughout their working age. The ongoing evaluation of the success of dashboards, and its potential impact on consumer outcomes will be important.

Question I

What are the potential costs and benefits[32] of dashboards for:

a) your business (or different elements within it); and

b) individuals or members?

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[32] Business costs and benefit impacts would be appreciated in £ terms or by specifying numbers of staff that might be affected. Actual evidence of expected individual or member outcomes / impacts would be appreciated.

Chapter 3 – Building the evidence

User Research

Introduction

77. In order to inform the Department's thinking on the design of pensions dashboards, a team jointly led by Pension Wise and the Department's Digital Group was set up to understand the potential user needs for the service.

78. The idea that dashboards should offer a meaningful and useful service for people, to enable them to plan better for later life was tested throughout the research. Following a review of existing consumer-based research on the pensions dashboard, the team carried out a further round of qualitative research comprising 35 in-depth interviews.

79. Special thanks go to colleagues from The Pensions Advisory Service (TPAS), The Money Advice Service (MAS) and the Association of British Insurers (ABI) who provided valuable insight from their own services and research.

Existing user research

80. Three existing pieces of research[33] from 2014-2016 were reviewed to provide background and to help inform the structure of the research for the feasibility study. The following common themes emerged:

- the pensions dashboard concept was received overwhelmingly positively. Users immediately recognised the benefits of seeing all their pensions in one place. However, users were not already seeking this service;

- users tended to prefer a single dashboard with a single point of access. This was simplest to understand from a user perspective;

- government involvement was seen as crucial to ensure trust in an online environment;

- users were wary of being sold to or having their data misused;

- the idea of multiple dashboards potentially confused some users, not understanding how, for example, their data can be kept secure or the information presented in a consistent format; and

- users may have a low tolerance for an incomplete dashboard at launch (i.e. not covering all providers/pensions), but good communications and framing around this could help avoid disappointment and raise their acceptance.

The Department's user research

81. In order to ensure that the Department's research covered all potential user-types, participants from a range of backgrounds were recruited. All participants had at least one un-accessed pension. This

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[33] B&CE/YouGov, 'Public attitudes towards a pension dashboard', 2015. Available from: http://bandce.co.uk/wp-content/uploads/2017/04/4451-0315-Dashboard-Report-Final.pdf
OIX Pension Finder Alpha Project, 'Creating a pensions dashboard', May 2016. Available from: https://masassets.blob.core.windows.net/cms/files/000/000/376/original/Creating-a-Pensions-Dashboard_Whitepaper_May-2016.pdf
ABI-managed Pensions Dashboard Project / The Money Advice Service, 'Pensions Dashboard Research' September 2017. Available here: https://masassets.blob.core.windows.net/cms/files/000/000/837/original/Final_2CV_report_MAS_branded_for_website__23.10.2017.pdf

could be either a pension into which they were currently contributing, a deferred one (such as from a previous employer) or both. There was also representation from different age groups, careers, pension types and levels of engagement.

82. The 35 qualitative sessions were conducted across the country[34] and took the form of one hour in-depth interviews. The issues explored included:

- pensions engagement;

- reactions to the concept of a dashboard;

- multiple v. single dashboard models;

- the differences between an industry or public sector-led service;

- the information on a dashboard; and

- the impact of missing data.

Main findings

83. Previous research findings were largely confirmed. These included a strong, if not quite universal, preference among users for:

- a single dashboard with a single point of access (respondents cited data security, trust and simplicity in an area already seen as too complicated as key reasons);

- a government-sponsored dashboard (respondents again cited reasons of data security and trust as well as fear of commercial bias);

- the service to be an information service and not be used to sell products; and

- pension information to be complete from first use.

84. The research also confirmed findings that users:

- tended to view commercial organisations (including pension providers) with some suspicion, but may prefer to use their own bank due to higher levels of familiarity and trust;

- tended to accept identity verification requirements as necessary reassurance that the system would achieve the required level of security; and

- tended not to actively pursue this kind of service, but showed an immediate positive reaction when hearing about the concept.

85. The research further confirmed the longstanding acknowledgement of the broad lack of engagement and understanding of pension provision, and the need for simplicity and convenience of information in what is seen as a confusing field. For older users in particular, having an aggregated view of all pensions was particularly desirable. However, some younger users with less experience of dealing with pensions showed an expectation that such a service would already exist.

User Needs

86. The outcomes of the user research, combined with the research from existing publications, allowed the researchers to create one high level user need underpinning the entire dashboard concept, with a further four user needs influencing the way in which dashboards may be delivered.

<u>High level user need</u>

- "I need to know how much money I'll have to live on when I retire so that I can plan for my future".

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[34] London, Derbyshire, Newcastle, Manchester, Farnham, Edinburgh and Belfast.

Additional user needs

- "I need to be able to see a full picture of all of my pensions otherwise I don't see the benefit of logging on as it will give me less information than I already get from my annual statements".

- "I need to know that the information will be displayed in a clear and easy to understand way, as I am already confused by current pension information and this may put me off from logging on".

- "I need to know that the service is secure and that my information is safe and protected so that I am reassured other people cannot see and access my financial information".

- "I need to know that I am accessing the correct service provided by one impartial and reliable source so that I'm reassured I can trust the guidance and information I am given".

Summary of key findings

a) Currently, there is a limited understanding among individuals of how pensions work. Users are not actively looking for a dashboard but are overwhelmingly positive about the concept when it is introduced.

b) To support engagement, it is important to consider how a dashboard service can meet additional user needs, including trust in the security and impartiality of the service, completeness of the information displayed and simplicity of the service.

c) Users generally preferred the idea of a single, non-commercial and government-sponsored dashboard. However, there are different types of user, including those who would trust a provider they already had a relationship with, such as their bank.

International lessons

Introduction

87. A number of countries have introduced pensions dashboards. The Department was keen to learn from their experiences, both through reviewing the existing information gathered by other organisations and through its own research.

88. In its review of existing research carried out into other countries' dashboards the Department focused on publications from the industry-led Pensions Dashboard Project Group[35] and Royal London[36].

89. To explore further questions and build understanding, the Department also engaged with dashboard representatives from six countries, which currently have pensions dashboards: Belgium[37], Denmark[38], Israel[39], the Netherlands[40], Sweden[41] and Australia[42]. The Department is extremely grateful for their time and willingness to answer our questions.

Contextual differences

90. Before reviewing the evidence gained from the experience in these other countries it is important to acknowledge the differences between the pension systems in place in these countries and our own.

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[35] Association of British Insurers, Pensions Dashboard Project, 'Reconnecting people with their pensions', October 2017. Available here: https://www.abi.org.uk/globalassets/files/subject/public/lts/reconnecting-people-with-their-pensions-final-10-october-2017.pdf

[36] Royal London Policy Paper, 'Pensions dashboards around the world', May 2016. Available here: https://www.royallondon.com/Documents/PDFs/2016/Royal%20London%20Policy%20Paper%205%20-%20Pensions%20Dashboards%20around%20the%20World.pdf

[37] Mypension.be.

[38] Pensionsinfo.dk.

[39] Wobi.co.il – an independent broker/comparison site.

[40] Pensioenregister.nl

[41] Minpension.se.

[42] My.gov.au

Given the complexity and scale of the UK pension system it cannot be directly compared with these other countries.

91.   As highlighted in Chapter 1, in the UK there are 40,000 private pension schemes administered by around 4,500 administrators (with many more employer in-house administrators). By comparison, Denmark for example has around 75 providers and Holland has an estimated 200 pension funds maintained through 15-20 pension providers and insurers. However, despite these significant differences, there are important lessons in other countries' experiences that can inform the approach taken in this country.

Findings

Usage (including single and multiple dashboards)

92.   Increased usage was sometimes linked to having full coverage of pension schemes. For example, in Denmark, which has an industry-owned, non-commercial dashboard, they found that the number of unique users increased significantly once all providers had come on board. They now have around a third of the working age population using their dashboard with around 1.3m unique users in 2017 (compared with around 240,000 in 2007). It was also suggested by some countries that usage of the dashboard was generally improved where data could be applied to other financial services, such as mortgage or life insurance applications.

93.   In five of the eight[43] countries looked at there was a single 'non-commercial' dashboard endorsed (if not directly run or owned) by government. However, we came across some evidence that having multiple dashboards can encourage usage. In Israel, where multiple dashboards are allowed, the market-leading dashboard, 'Wobi', has been used by 60 per cent of the adult population.

94.   In Denmark, they allow users to send information direct to authorised third parties, via their single, industry-owned dashboard. This is often used by individuals to, for example, verify their income in retirement to support life insurance or mortgage applications. In the Netherlands, information cannot be sent direct to third parties via the dashboard, as it was agreed by its independent governance board not to have any direct commercial association. In these and other examples, users can generate copies of their information, which they themselves can forward to third parties.

95.   The countries we spoke to often highlighted the care they took in ensuring the information presented on a dashboard was simple to understand and accurate. In Australia, user research showed that people often just want to know the basics and whether they are 'on track' in terms of provision for their retirement. In Israel, the leading provider 'Wobi' emphasised the need to design an engaging product for consumers, in order to encourage take-up. They recommended focussing on the key information that people want and avoid using technical pensions language.

Achieving full coverage

96.   As highlighted in our user research, attaining sufficient coverage on dashboards in order to meet user expectations will be key to their success. The need to legislate in order to compel schemes to participate and achieve full coverage on dashboards within a relatively short timeframe was found to be important in the international research. Five of the eight countries introduced or used existing legislation to ensure pension providers participated in a dashboard. Also, according to the industry-led Pensions Dashboard Project Group, the remaining three felt in hindsight that compulsion was 'absolutely necessary…to gain critical mass as quickly as possible'.

97.   The research highlighted that without compulsion it took a significant amount of time, over a decade, to deliver a complete dashboard. What was highlighted in our user research was that the consumer expects to see all of their pensions. Full scheme coverage may not be necessary to meet this

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[43]   In addition to the six countries we spoke with, the industry led Pensions Dashboard Project's country research included Finland and Norway.

expectation in the vast majority of cases. The question of full coverage and government's role in legislating to achieve this is discussed further in Chapter 5.

98. It was also evident from the international research that care should be taken not to introduce compulsion too quickly. Other countries recognised that pension providers need sufficient time to prepare before sharing their members' data via a dashboard. This has been echoed by schemes in the UK.

Scheme participation

99. Even in some of the countries with relatively small populations, a gradual or phased approach to introduction seems to have been the norm. In Sweden, a dashboard was launched in 2004 with eight insurance companies participating and has gradually expanded to the point where now more than 30 companies are involved, covering the vast majority of its pensions market.

100. Where legislation was used to compel scheme participation, a phased approach to 'on-boarding'[44] was necessary. For example, in the Netherlands, they went 'live' with a complete dashboard after using legislation to bring schemes on board over a four year period.

101. It would not be realistic to have all providers in the UK brought onto the dashboard service from the outset given the practical implications from a delivery perspective and the variable states of readiness of different pension schemes. Those countries who adopted a phased approach highlighted the benefits, as it enabled them to test and learn, and build trust and confidence among both consumers and industry. Our own experience of the successful introduction of AE, which started in 2012 and was progressively rolled out over six years starting with the largest employers, also supports the idea of a phased approach to a major initiative.

Delivery and Funding

102. In most countries, government has played an important role in the development of their pensions dashboard service, although the level of government involvement has varied. For example, the Israeli government led the procurement of a 'data clearing house' and provided underpinning legislation before opening the development of consumer-facing dashboards to the market. By contrast, in Belgium and Australia their dashboards were set up by the government and remain under government control. In both the Netherlands and Denmark, their dashboards are non-commercial services developed and led by the industry.

103. Funding was also mixed with most (if not all) of the development costs put forward by the respective governments in Australia, Belgium, Israel (infrastructure only) and Sweden. Industry funded both the infrastructure and the dashboard itself in Denmark and the Netherlands.

104. In the countries we spoke with, on-going costs are largely borne by industry, calculated and paid for using various methods including general levies or provider contributions based on usage of the dashboard.

Governance

105. Government's role in each country was often to ensure fair stakeholder representation in the governance arrangements and to at least ensure appropriate regulation was in place to protect consumers. Government was in most cases represented in managing the day-to-day running of the service, but its role as a decision-maker varied. Decisions were often made by consensus among key stakeholders or by an independent chair. As one country reflected, consensus did mean not everyone necessarily agreed, but they accepted decisions in order to keep things moving.

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[44]   The process of adding schemes onto the dashboard ecosystem.

Outcomes and benefits

106. We were keen to understand more about tangible benefits and results from other countries. There was limited evidence of the impact the pension dashboards have had on customer engagement or tracking outcomes for users, but what we did find was largely positive.

107. In Denmark it was found that making it easier for the user to share their pensions information with third parties (either directly or by generating a printout) has encouraged more providers to offer modelling tools. It was felt that this has helped to inform financial planning discussions with consumers.

108. Enabling users in Denmark to send information direct to approved third parties has led to a smoother customer journey, while the provision of information in a standardised format has eased transaction processes, potentially reducing costs.

109. In Sweden a survey is carried out every two years to measure pensions engagement between dashboard users and non-users. As part of this they explore whether people believe they have enough information to make informed pension decisions. Between 2005 and 2015 the number of dashboard users who said they have enough information to make pension decisions increased from 5 per cent to 48 per cent, compared to 13 per cent of non-dashboard users in 2015[45]. The Swedish representative reported that the government-sponsored nature of their dashboard has helped to build trust among consumers that the service is there to help them.

110. In Australia they have found that the dashboard, accompanied by regular media campaigns, is helping to reconnect people with otherwise potentially lost pension pots.

111. In Israel, among users of the Wobi dashboard service[46] it was estimated there had been around a 25 per cent increase in savings during the last few years. In addition it was estimated some 10 per cent of these customers had transferred retirement accounts[47]. It was also suggested that pension providers were able to significantly reduce their costs for new business acquisitions through analysis of dashboard use and what decisions people make.

Summary of key findings

112. While the UK pensions landscape is very different in scale and complexity to these other countries, there are some important observations to be made, including:

    a)   most countries delivered a single, government-sponsored / non-commercial dashboard;

    b)   in the few examples of multiple dashboards, only positive outcomes for consumers were reported;

    c)   where delivery was industry led it was often facilitated by government through legislation, with the dashboard usually a non-commercial service;

    d)   where legislation was used to compel scheme participation, a complete dashboard was delivered more quickly;

    e)   a phased approach to implementation helped build confidence and trust in the dashboard among both consumers and industry; and

    f)   the level of take up among consumers increased significantly once the country's dashboard had achieved full coverage.

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[45] Based on 2015 Swedish survey figures – these figures include both those who felt they had either sufficient information or all the information they needed.

[46] Estimated in early 2017, based on the data available in the few years since introduction of the free-market approach in 2012 up until the data available in 2017.

[47] More than in the entire 20 years prior to this combined. However they do not have a charge cap in place like the UK.

113. Other lessons we have drawn from our conversations with other countries include:

    g)   the importance of clarifying data standards early on and the need to invest time in assuring the quality of data before using it on a live dashboard;

    h)   the need to build flexibility into the dashboard service (including the data requirements) so that it can be adaptable and responsive to changes over time; and

    i)   to keep the presentation of information in a dashboard as simple as possible – jargon free and consumer centric.

114. Some of the key benefits highlighted for consumers and industry include:

    j)   helping people understand their own financial circumstances better;

    k)   for pension providers, resolving anomalies or errors in personal data and cleansing it, which is also beneficial to the consumer; and

    l)   creating an opportunity for providers, using dashboard information, to offer modelling tools and follow-up conversations to inform people's retirement planning.

Industry and other stakeholder involvement

External engagement activity

115. In addition to exploring the user needs and lessons from other countries we have been keen to engage a broad range of stakeholders from across wider industry and draw from existing material. We are grateful to all those who have contributed to our thinking during the feasibility study.

116. The Pensions Dashboard Project's report[48], published on 12 October 2017 represents the findings of a consortium of 17 large organisations. It provides useful evidence, which we have reviewed for the purposes of our feasibility study. There have been many further insightful contributions since then, including a report from Which?[49], in February 2018.

117. To help inform our feasibility study in its earlier stages, a DWP-led event attended by the Minister for Pensions and Financial Inclusion was held on 11 December 2017. This attracted around 250 stakeholders from across the sector. Building on this, ministers and departmental officials have continued to meet with representatives from many different organisations, spoken at external stakeholder events and held discussion forums in smaller groups. It has included, for example, targeted roundtable discussions involving consumer organisations, the managers and representatives of public sector pension schemes, and technology suppliers. Our aim has been to ensure we receive balanced input into the study from as broad a range of stakeholder perspectives as possible.

118. What we have learnt from this activity is considerable and invaluable in shaping our findings. Some of the key points made by industry and other sectors at the stakeholder development day on 11 December 2017 are captured in the table in Annex A. We also discuss what we mean by 'industry', in Annex B.

48   Association of British Insurers, Pensions Dashboard Project, 'Reconnecting people with their pensions', October 2017. Available here: https://www.abi.org.uk/globalassets/files/subject/public/lts/reconnecting-people-with-their-pensions-final-10-october-2017.pdf

49   Which?, 'The pensions dashboard: how can we make sure it works for consumers', February 2018. Available here: https://www.which.co.uk/policy/money/2409/the-pensions-dashboard-how-can-we-make-sure-it-works-for-consumers

Chapter 4 – Architecture, data and security

Introduction

119. A dashboard service must operate in a way that balances industry innovation with data security. Industry will design, develop and implement dashboards, including creating the technical infrastructure to make this happen. In this chapter the Department explores the various elements that enable dashboards to function and some of their key features. It sets out the key architectural principles which should, as a minimum, underpin the technology.

120. It is the design (or architecture) of the entire dashboard ecosystem that provides the link between the data held by pension schemes and the user who wants to be able to view their pension information on a dashboard (the user interface). The architectural design of the dashboard ecosystem is important because it ensures that users' data are secure, the service is able to perform to a level that is expected and data are processed according to agreed standards. The ecosystem is made up of elements including user-facing dashboards, the providers of the data (pension schemes), the identity verification service, a Pension Finder Service (PFS), governance register and an Integrated Service Provider (ISP).

121. The proposed model outlined in this chapter has been used to inform the Department's view on many of the wider questions explored in Chapter 5. In arriving at this model, the Department reviewed the architectural aspects of previous projects run by the industry-led Pensions Dashboard Project Group and the Open Identity Exchange, and considered the opinions of various parties.

122. The industry-led delivery group responsible for implementing dashboards will decide on the final, detailed architectural model, in line with the Department's overarching design principles and the architectural principles set out below. The industry group should also consider the Department's findings in relation to different elements of the dashboard ecosystem.

Diagram 1: Model of a dashboard ecosystem
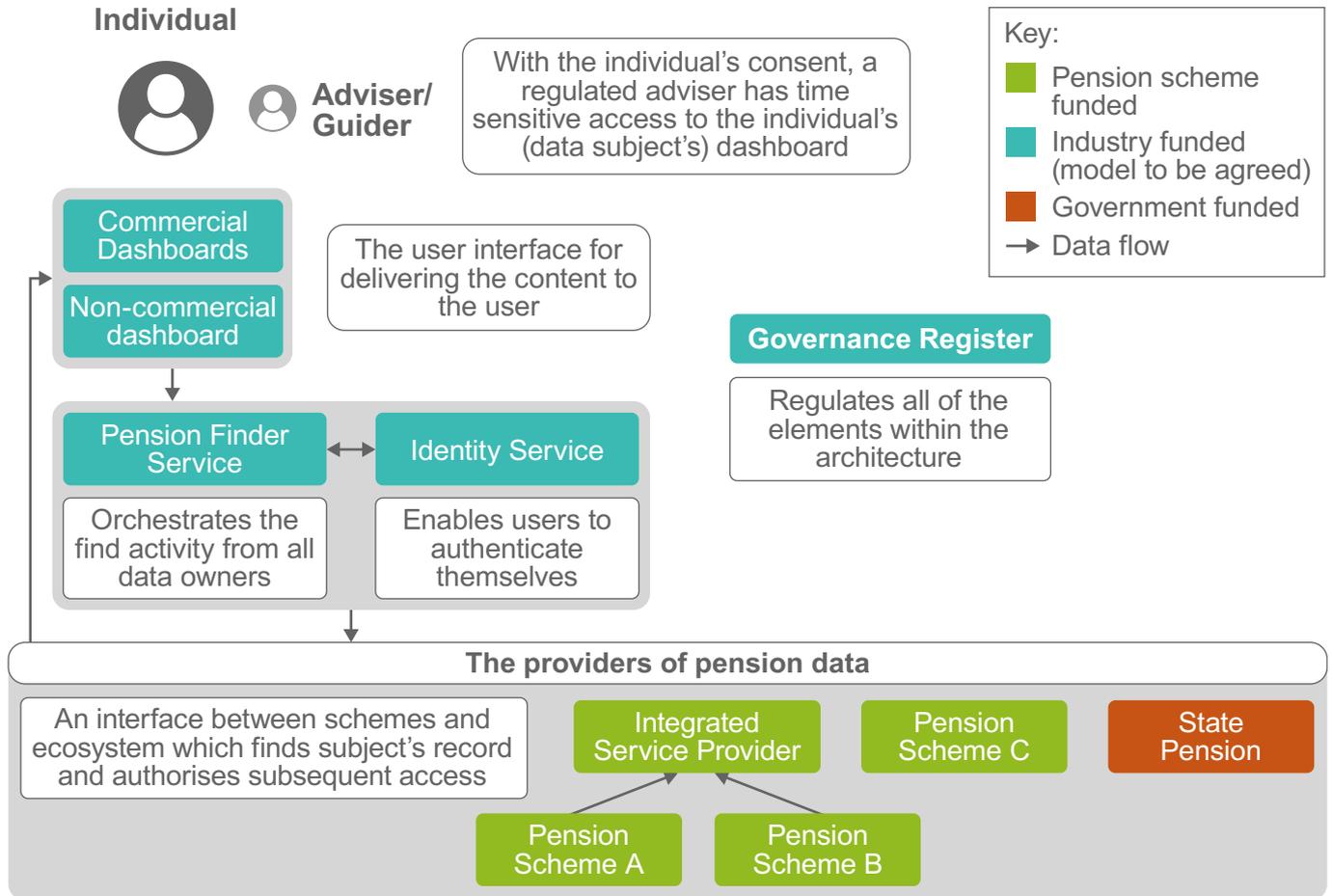
Architectural elements & key findings

123. The key architectural elements within the dashboard ecosystem (see diagram 1) and their attributes, are:

- dashboards (the user interface);

- Pension Finder Service (PFS);

- pension schemes (providers of the data);

- State Pension;

- identity service (security and access control);

- Integrated Service Provider (ISP); and

- governance register.

Dashboards (the user interface)

124. Dashboards are the user interface for delivering the content (data) to the individual user. This is the entry point for the user to initiate a search for their pensions and gather information about, for example, the value of their pension pot(s) (see Chapter 5 for discussion of the type of information and potential functionality of a dashboard).

125. **The proposed architecture would support a single dashboard hosted by a single organisation or multiple dashboards hosted by different organisations.** In the diagram there is a non-commercial dashboard and commercial dashboards. Whether the dashboard is commercially-orientated or not depends on the nature of the organisation hosting it. As explored in Chapter 5, industry will develop dashboards and will have the opportunity to innovate. It is proposed that a non-commercial dashboard is hosted by the Single Financial Guidance Body (SFGB).

Pension Finder Service (PFS)

126. The PFS acts like a search engine to find the pension schemes linked to the individual. Once the individual has given their consent, it will use information gathered during the identity verification process to send requests to pension schemes to access and retrieve their data.

127. **In order to reduce risk and remove data access traffic from the PFS, the details and values of a pension should not pass through the PFS, and nor should the PFS aggregate data.** This would be in keeping with the Data Protection Act 2018 and will help to reduce its value as a target for hackers. As the diagram above shows, where the provider receives a request and finds a match, the returning data flows directly through a dashboard to the individual. It does not flow through the PFS.

128. The potential for having multiple PFSs has been looked at as part of feasibility, including wider market considerations discussed in Chapter 5. The Department believes that a single PFS will keep the cost of build and operation down, alongside reducing the costs and complexity of assurance, compliance and the governance of multiple entities. Industry will build and pay for this. **A single PFS provides greater assurance (than would be achieved with multiple PFSs) on the way users' data are to be processed and minimises costs.** This is an important factor particularly if the Department is to require schemes to participate in the dashboard ecosystem and provide State Pension information. (Chapter 5 explores these issues in more detail.)

Pension Schemes (providers of the data)

129. These are the providers of pensions holding individual users' pensions data. Before pension schemes are able to return data, they must be connected to the dashboard ecosystem. Where desired, schemes will utilise a contractual relationship with an Integrated Service Provider (ISP) (see below) to enable their data to be accessed by the ecosystem. This may be the case, for example, where a pension scheme does not have the system capability or resources to connect to the ecosystem directly.

State Pension

130. As set out in Chapter 5, **we expect State Pension data to ultimately be part of the service.** It will be the responsibility of the industry-led delivery group, working with government, to ensure that the necessary data standards and security are in place in order to allow State Pension data to connect to the service. Government will work with the industry-led delivery group to integrate the State Pension into pensions dashboards. Subject to the delivery timetable, a link for Check Your State Pension can be made available for an interim period. This is an existing digital service that has provided more than 10 million online estimates since its introduction in 2016.

Identity Service (security and access control)

131. The identity service enables users to authenticate themselves so that they can access other elements of the ecosystem. It provides the verification required to assure data providers that they are returning data to the correct individual user and no one else.

132. Provision of the identity service will be determined by the market, according to the standard set in the principles section below. The identity service forms part of a technical trust framework, along with the technical services of a governance register, which will ensure that only appropriately assured parties can participate in the ecosystem (whether this be dashboards, users, ISPs (see below) or pension schemes.

133. We note that the National Insurance Number (NINO) is used as a common identifier within the pensions industry. We expect that the architecture enables the customer to provide their own National Insurance Number which, when accompanied with a standard identity check will be used by providers (pension schemes, ISPs or DWP for State Pension) to match their customer records.

134. The authorisation to access State Pension values will only be returned if the user's self-asserted NINO and the identity attributes match. This is not the same as a NINO validation service, which some in industry have requested but which cannot be offered by government for security reasons. A NINO alone is not sufficient for accreditation and access.

Governance Register

135. In order to become part of the dashboard ecosystem, different elements such as dashboards (user interfaces) and pension schemes will be required to meet certain standards and requirements. Their participation in the ecosystem will require assurance, without which they will not be able to interact with other elements and data will not flow between them.

136. The governance register described here is a technical service that would ensure the individual elements operate correctly within the ecosystem. It would provide the trust upon which all of the elements operating within the architecture are authorised to talk to each other. As is current practice, schemes will be responsible for any data provided to the dashboard ecosystem.

137. The delivery group (see Chapter 6) will establish a suitable governance model and oversee the governance register. It should explore options with the regulators to properly assure the different elements within the ecosystem. Some of our high level findings on consumer protection are explored in Chapter 5.

Integrated Service Provider (ISP)

138. An ISP enables an individual's pension information to be securely held (on behalf of pension schemes) and accessed by the other elements in the dashboard ecosystem where the provider is unable to do so directly.

Architectural Design Principles

139. Having considered the various elements that make up the dashboard ecosystem, the Department has set out some additional 'architectural principles' that should form the basis of the final architecture. These are in line with the overarching design principles set out in Chapter 2 which:

- put the consumer at the heart of the process by giving people access to clear information in one place online;

- ensure that individuals' data are secure, accurate and simple to understand – minimising the risks to the consumer and the potential for confusion; and

- ensure that the individual is always in control over who has access to their data.

Data access and consent

140. The quality and integrity of the data presented on a user interface (dashboard) are key to its success. For the ecosystem to work effectively all parties must have trust in the service, which means there must be clarity over where data are stored, controlled and processed.

141. **In developing the infrastructure, industry must adhere to the rights of the individual and principles as set out in the Data Protection Act 2018[50] (which reflects the General Data Protection Regulation (GDPR)).** This includes the individual's right to data portability and principles of accuracy, storage, access and security. **Dashboards themselves (the user interface) should be used for presentation purposes only, in the sense that they would not store pension data nor alter the source data held by pension schemes.** This means that individuals who want to, for example, update their contact details, would have to inform the pension provider directly (whose contact details could be linked to or included on dashboards). This approach helps to clarify responsibility for the data and assure its integrity, as the source data on a dashboard can only be altered by the pension scheme, as the data controller.

142. **There should be no aggregation of the user's information (the storing of data) in any of the components in the dashboard's ecosystem other than by the pension scheme, or an Integrated Service Provider operating on behalf of the provider.** This supports our overarching delivery principles to keep data secure and put the individual in control of their data.

143. **Access to the data should be available only to the user unless specific consent is given.** Dashboard operators should not be allowed to access the data for any purpose unless they have specific consent of the user. Although caching the data on behalf of the user (who must still give their consent) may be permitted, the individual user should be the only entity who can see their data aside from the pension scheme. **The individual should have the ability to manage any consents given for dashboard operators to access the data, and be able to revoke those consents.**

144. The delivery group working with the regulators will seek to agree data standards for pension providers and dashboards. These data standards will need to support whatever level of functionality is required through different phases of implementation and on-going development of the dashboard service.

Delegation and consent

145. One of our key objectives for the dashboard ecosystem (see Chapter 2) is to help smooth the process of seeking advice and guidance by making it easier for people to gather all of their information online, when they choose to do so. To facilitate this process, the architecture should support delegated access to the individual's data by a trusted third party (such as a regulated Independent Financial Adviser (IFA), SFGB Guider or, eventually, authorised third party software). The user would be able to consent that a delegate may access their pension data via the dashboard service. The delivery group will need to agree with regulators how to assure third parties before they are connected.

146. Where the individual has given consent, the delegate would subsequently access the same pension asset information as is available to the individual. **Delegated consents should be time-sensitive and should be revocable by the user without the cooperation of the third party.**

Identity

147. **To enable a sufficient level of trust in the service, the Department expects a standard level of identity assurance for all users (individuals and delegates) that satisfies the National Cyber Security Centre's Good Practice Guide 45 on 'Identity Proofing and Verification of an**

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[50]   http://www.legislation.gov.uk/ukpga/2018/12/notes/division/3/index.htm

Individual'. This should be used to orchestrate finding activities, manage consents for delegation and enable authorisations to access pensions.

148. In addition we envisage the appropriate regulators would be involved as necessary to ensure that the interests of consumer protection are served. The delivery group will need to work with the FCA on appropriate assurance of the identity and professional status of delegates before any delegate can access customer data.

Open Standards

149. **The architecture should, reflecting modern good practice, be developed using Open Standards.** Open standards are a set of rules designed to do a specific job in technology. They are created collaboratively and free to use. The standards allow for software interoperability and data exchange among different products or services. We expect any delivery group to design and agree open standards that facilitate innovation and choice for consumers.

Summary of architectural findings and principles

Architectural elements – key findings

a)   The proposed architecture would support a single dashboard hosted by a single organisation or multiple dashboards hosted by different organisations.

b)   In order to reduce risk and remove data access traffic from the PFS, the details and values of a pension should not pass through the PFS, and nor should the PFS aggregate data.

c)   A single PFS provides greater assurance (than would be achieved with multiple PFSs) on the way users' data are to be processed and minimises costs.

d)   We expect State Pension data to ultimately be part of the service.

Architectural design principles

e)   In developing the infrastructure, industry must adhere to the rights of the individual and principles as set out in the Data Protection Act 2018[51] (which reflects the General Data Protection Regulation (GDPR).

f)   Dashboards themselves (the user interface) should be used for presentation purposes only, in the sense that they would not store pension data nor alter the source data held by pension schemes.

g)   There should be no aggregation of the user's information (the storing of data) in any of the components in the dashboard's ecosystem other than by the pension scheme, or an Integrated Service Provider operating on behalf of the provider.

h)   Access to the data should be available only to the user unless specific consent is given.

i)   The individual should have the ability to manage any consents given for dashboard operators to access the data, and be able to revoke those consents.

j)   Delegated consents should be time-sensitive and should be revocable by the user without the cooperation of the third party.

k)   To enable a sufficient level of trust in the service, the Department expects a standard level of identity assurance for all users (individuals and delegates) that satisfies the National Cyber Security Centre's Good Practice Guide 45 on 'Identity Proofing and Verification of an Individual'.

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[51]   http://www.legislation.gov.uk/ukpga/2018/12/notes/division/3/index.htm

l)   The architecture should, reflecting modern good practice, be developed using Open Standards.

Question II

Do you agree with:

a)   our key findings on our proposed architectural elements; and

b)   the proposed architectural design principles?

If not, please explain why.

Chapter 5 – Meeting the users' needs

Introduction

150. This chapter tackles questions on scheme participation, information and functionality, as well as single or multiple dashboards.

151. The idea of a pensions dashboard may seem straightforward – an online portal which will allow people to view all of their pensions information in one place. The widely shared vision for pensions dashboards is to help more people to plan effectively for their retirement. However, as we begin to unpack stakeholders' views around objectives, functionality and the number of potential dashboards, it becomes clear that different interests and expectations for dashboards vary significantly.

152. Chapter 1 described how pensions are complex and that changes to the pensions landscape are increasingly shifting the responsibility for decision-making towards the individual. Putting the consumer at the heart of dashboards is about enabling people to access their information online, at a time of their choosing, in a way that is accurate, secure and simple to understand.

153. The previous chapter, looking at the technology behind dashboards, focused on ways to put the individual in control of their information and ensure that information is protected. This chapter considers how users' needs may be met by industry. This includes how to safeguard their interests as well as ensure that the impact of any possible legislation on schemes is reasonable.

Providing a complete picture

Scheme participation

154. Dashboards may be used to engage everyone, regardless of their current pension wealth. The Department is particularly interested in supporting industry in engaging those who currently have low levels of awareness, understanding or trust in pensions. For dashboards to have a meaningful impact, they should help people understand their pension entitlements over time and across schemes. The user research, which the Department has built upon, has shown that people have a strong preference for a complete picture of all of their pensions information in one place online[52]. The feasibility user research defined this user need as: to be able to see a complete picture of their pensions in order to know how much they will have to live on when they retire.

155. Industry providers have various motivations and barriers to providing scheme data to dashboards. The reasons for this are varied and could range from a dashboard's commercial potential (or lack of), to a trustee's requirements to carefully manage competing priorities such as other regulatory commitments or change projects.

156. The UK pensions market is more diverse than those of other countries, and without legislation the motivation and readiness to participate in dashboards will vary between providers. Because of this, the common stakeholder view during feasibility was that mandatory participation through legislation is the right way forward, as it will ensure schemes participate within a certain timeframe. Although it was recognised that a minority of scheme representatives did have some doubts as to the benefits for their members.

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[52] Pensions Dashboard Research, A report by 2CV Research September 2017, Commissioned by the Money Advice Service in partnership with the Pensions Dashboard Project

157. Evidence from other countries (see Chapter 3) demonstrates the importance of having full scheme participation (or coverage). For example, in Denmark the number of users of their dashboard increased significantly after all providers had come on board. The international research showed that, for countries who opted for a voluntary approach and did not use legislation to compel schemes to participate, it took much longer to achieve complete coverage. In Denmark and Sweden, countries with a relatively small number of providers, the on-boarding process took well over a decade without legislative compulsion. Where legislation was in place, on-boarding was completed more quickly; in the Netherlands (four years) and Israel (one year).

158. The large number of pension schemes in the UK, their complexity and varying states of readiness, means that the process of on-boarding all eligible schemes is likely to take several years, even with legislation. The user research and evidence from other countries highlight the value of maximising scheme participation in as short a timeframe as possible.

159. The Department has listened to views from across the sector that, in their view, compulsion is needed to maximise scheme participation within a reasonable timeframe. This means that pension schemes would be required in legislation to provide that person's data via pensions dashboards. As per Chapter 4, this would only be with the consent of the individual.

160. This is one area that only government can help with. **Having carefully reviewed the evidence, the Department considers there to be a compelling case for compulsion and will seek to legislate when parliamentary time allows.** Potential legislation is dependent, among other things, on having a robust delivery model with the appropriate governance.

161. In considering government's approach to compulsion, the Department has taken account of the vast number of pension schemes in the UK, from the very large to the very small. Any legislative approach must consider the needs of different types of user, the practicalities of delivery and the impact from the perspective of a scheme administrator or trustee.

162. Schemes' participation in the dashboard will also support the government's intention to implement key elements of EU legislation for occupational pension schemes. This focuses on increasing member protection, including improving transparency[53].

163. The Department would like to hear views from across industry to inform its approach and has included a number of consultation questions in relation to compulsion (see below). One key area to explore is the case for exempting some schemes from compulsory participation.

164. There are over 40,000 UK pension schemes, of which more than three quarters are micro schemes of between 2 and 11 members. A significant number of these are DC Trust micro schemes that are Small Self-Administered Schemes (SSAS) and Executive Pension Plans (EPP). Total memberships of micro schemes are comparatively low, at less than 100,000. SSASs and EPPs are normally used for directors and senior employees, and often members are appointed as trustees. The Department specifically wants to understand if there is value of enforced participation for these schemes.

165. The Department's initial view is that members of these types of micro schemes would be significantly less likely to need to use a dashboard and it would be sensible therefore to exempt them from compulsion. This could ease implementation by removing a significant number of schemes from the on-boarding process. The Department considered this should not, however, prevent schemes from joining on a voluntary basis, provided it can be accommodated by the delivery group as part of its implementation plan.

166. **There may be merit in exempting some schemes from compulsory participation in dashboards, while leaving it open for these schemes to join on a voluntary basis.**

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[53]   Directive (EU) 2016/2341 – the Directive on Institutions for Occupational Retirement Provision (IORPS), known as IORPII

> **Question III**
>
> Is a legislative framework that compels pension providers to participate the best way to deliver a dashboard within a reasonable timeframe?

> **Question IV**
>
> Do you agree that all Small Self-Administered Schemes (SSAS) and Executive Pension Plans (EPP) should be exempt from compulsion, although they should be allowed to participate on a voluntary basis?

> **Question V**
>
> Are there other categories of pension scheme that should be made exempt and, if so why?

State Pension data

167. As set out in Chapter 4, the Department expects State Pension data to ultimately form part of the dashboard service. For many people, the State Pension will form a significant part of their retirement income.

168. People can access the online 'Check your State Pension' service through GOV.UK to get a forecast of their State Pension, where they can get information about how they may be able to improve it, as well as view their National Insurance contribution record. Check Your State Pension has provided more than 10 million online estimates since its introduction in 2016.

169. The Department believes it is therefore important that they can see their State Pension entitlement alongside any private pension information, so as to support effective retirement planning. **The Department therefore agrees with industry and others that State Pension data should form part of the dashboard service.** As noted in Chapter 4, subject to the delivery timetable, a link to Check Your State Pension may feature on dashboards for an interim period.

Implementing dashboards

170. For dashboards to operate, a significant number of pension schemes will have to connect to the technology that enables this. As highlighted in Chapter 3, the number of schemes in the UK is much higher than in those other countries that already have dashboards. **As other countries found, the process of connecting pension schemes to the technology that enables dashboards will need to be phased.** This will most likely be a practical necessity for technical reasons. The industry delivery group may therefore introduce a partially complete dashboard to begin with. However, the international evidence suggested that the benefit of this is that it can allow for a test and learn approach to implementation. Given that dashboards may exist initially with only partial information available, the expectations of users would need to be carefully managed by the industry delivery group. The user research indicated that this can be achieved if the gaps in information are properly identified, and the timeframe for closing those gaps is made clear and kept to a minimum.

171. An alternative to this approach would be to wait until dashboards have complete coverage before launching to the public. The Netherlands took this approach, taking four years to on-board schemes after legislating. But most countries we looked at introduced a partial dashboard to the public (knowing that not everyone's pension information would be available), and gradually increased scheme participation over a period of several years. While this may have resulted in reduced usage for a period (such as in Denmark), usage increased once full coverage was achieved. This approach also helped to build trust among consumers and participating schemes alike.

172. The Department found that a number of pension schemes / providers would want to participate in the dashboard service on a voluntary basis, as soon as is practical. There is a good opportunity to make significant progress in terms of having significant coverage in a relatively short period of time. For example, DC schemes (particularly Master Trusts) could be included in the early stages of compulsion to provide a good level of coverage (in terms of memberships). The current Master Trust market consists of 90[54] schemes covering almost 10 million memberships, more than a quarter of total workplace pension memberships. The overall DC scheme market (both trust-based and contract-based) covers about 45 per cent of memberships.

173. Memberships of DC Master Trusts have increased significantly in recent years and will continue to do so due to the effect of Automatic Enrolment. Scheme memberships will continue to grow as people become newly eligible for Automatic Enrolment or change jobs and are enrolled into different schemes by their new employer. The need to take individual ownership of retirement planning is more pressing for consumers with mostly DC pensions, as the choice and responsibility of what to do with their savings at retirement, falls to the individual. The nature and size of these schemes, often already providing digitised services to their members (alongside the authorisation regime introduced for these schemes by the Pensions Schemes Act 2017) means that they will generally be in a better position to provide their data to dashboards.

174. All pension providers have a responsibility to maintain high quality member data and many schemes will seek to continuously improve their administrative systems to enable better member services. Such activity will need to be progressed by schemes before their data can be used on dashboards. One of the key messages from other countries' experiences was to invest time in assuring the quality of data. It is inevitable that data accuracy (and consistency in the information that is presented) will be an integral part of building confidence and trust in the service. We also recognise that in some cases, while the data held is accurate, it may not be in the format required to be consistent with a dashboard.

175. There is already a significant amount of on-going work among providers of different types of schemes, in many cases working with TPR, to improve data quality. Public Sector Pension Schemes account for over 30 per cent of total workplace memberships, DB and DB/DC Hybrid schemes together account for another 20 per cent of memberships and we believe that all of these schemes should feature on dashboards in order to meet the expectations of most users.

176. The Department recognises that a large proportion of these types of schemes will need longer lead-in times in order to prepare their data and implement required changes to their systems. The Department suggests that for practical reasons, Public Sector Pension Schemes, DB and DB/DC Hybrid schemes should be given longer lead-in times to ready their data prior to on-boarding.

177. We are aware, however, that there will be some schemes that are willing and able to join earlier than the legislative deadline, and propose that these should be allowed to do so by the industry delivery group.

178. The delivery of a dashboard (involving all eligible schemes) should take place within a reasonable timeframe in order to meet the expectations of users while balancing the potential impact on industry.

179. Our expectation is that industry will start to supply data to a dashboard, on a voluntary basis, from 2019. The existing legislative framework does allow for this. However, our international research found that legislation played a crucial role in ensuring that all schemes supply data to dashboards in a reasonable timeframe. We will seek to legislate to facilitate industry in delivering dashboards, including compelling schemes to provide their data for dashboards, when parliamentary time allows. This will result, we expect, in the industry-led dashboard facilitated by the Single Financial Guidance Body being introduced from 2019/20.

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[54]   As of 1 November 2018, The Pensions Regulator, 'The current master trust market: latest facts and figures'.
    For the latest report – http://www.thepensionsregulator.gov.uk/doc-library/research-analysis.aspx#s26953

180. The final timeline for onboarding will need to be agreed by industry through the delivery group, involving regulators and government following more detailed work. However, we expect that the majority of schemes will be on-boarded within three to four years from the first dashboards being available to the public. **The Department will seek to legislate in a way that supports a phased approach to on-boarding over a reasonable timeframe agreed by industry**.

Question VI

Our expectation is that schemes such as Master Trusts will be able to supply data from 2019/20. Is this achievable? Are other scheme types in a position to supply data in this timeframe?

Question VII

Do you agree that 3-4 years from the introduction of the first public facing dashboards is a reasonable timeframe for the majority of eligible schemes to be supplying their data to dashboards?

Information display & functions

181. Clearly the expectations of those who use a dashboard, their motivations and what they then seek to do with the information will differ according to individual circumstances.

182. If industry is to raise awareness and understanding of pensions through dashboards then the information must be simple enough to understand so that people want to and are able to use it. At the same time, there will need to be enough information to ensure that the consumer is not misled. Given the complex nature of different scheme types, there will be challenges in presenting such information consistently and converting this into a retirement income estimate that is acceptable and comprehensible to the user. As one industry stakeholder commented (see Annex A), the 'innovation that is needed is a huge simplification'. What is essential is that the information presented is accurate and consistent across dashboards and with other forms of communication from pension schemes.

183. The industry-led Pensions Dashboard Project Group looked at these issues and work is already underway within industry to consider data standards and information requirements associated with dashboards. This includes working groups considering how information can be presented within the existing regulatory framework, the development of guidance for pension schemes to supply data and, more broadly, the simplification of annual benefit statements. This activity will inform the standards set by the industry to presenting information on dashboards.

184. It will be important to balance potential users' expectations for more detailed information with the capacity of pension schemes to deliver the required information. These expectations will vary and evolve and dashboards should have the capacity to innovate and adapt to different users' needs. For example, those in partial retirement may want to see information about pensions in payment alongside those that may have been deferred. Alternatively, there may be a cohort who would engage if they could understand how their savings were being invested, taking into account environmental or social factors.

185. Industry (in its widest sense) will drive the solutions to the way information is presented, responding to the needs of users. Existing legislation sets out requirements for schemes to provide data, for example, via annual benefit statements. The schemes are responsible for the provision of this information and for the accuracy of the data, including any information about pension values or estimated retirement income. The Department does not currently expect to have to amend this legislation for dashboards and that instead they are designed to fit within existing legislative parameters.

186. Recent research from NOW: Pensions[55] highlights the range of potential functions users may come to expect from a dashboard. Linked to some of these actions may be an element of commerciality, which is explored further in the section below. It will be important for the industry delivery group to weigh carefully the potential benefits and the risks that such detailed information or functionality can bring to consumers.

187. The industry delivery group will need to decide the full range of functionality that is appropriate and how this can be developed and phased in over time. However, the department will expect the group to make decisions on this in line with the key design principles outlined in this report. The findings from our feasibility work concluded that the following three basic elements of information / functionality could effectively support the realisation of its key policy objectives:

- find and value (existence of a pension pot (employer), its DC value or DB rights and estimated income at retirement);

- signposting to impartial guidance or regulated advice; and

- enabling delegated access to third party guiders or Independent Financial Advisers (IFAs).

188. The feasibility work also suggested that including detailed information such as scheme charges, or functionality that enables robo-advice, transfers or the consolidation of pension pots, may be inappropriate for dashboards' initial implementation phase. It was also raised by stakeholders that some specific types of information perhaps should not be allowed onto a dashboard. For example, it was suggested that displaying Cash Equivalent Transfer Values for Defined Benefit (DB) schemes might unduly encourage those members to seek to give up generous DB pension rights when it may not be in their best interest to do so.

189. The Financial Conduct Authority (FCA) will have a role in working with the industry-led delivery group to agree detailed standards (within existing legislation) on the presentation of information and functionality. It will be for the industry-led delivery group (see Chapter 6), working with the regulators, to agree the timing and careful management of a phased implementation. The delivery group, regulators and government will also work together to identify where further legislative change may be needed to support future developments.

Question VIII

Are there certain types of information that should not be allowed to feature on dashboards in order to safeguard consumers? If so, why? Are there any other similar risks surrounding information or functionality that should be taken account of by government?

A dashboard service for everyone

190. There are different models for a dashboard service which can affect the degree to which commerciality is built into the system and the extent to which third party innovation can thrive. As set out in the government's Industrial Strategy[56], harnessing the power of innovation can help put the UK at the forefront of the data revolution that is taking place globally and, among other things, help to meet the needs of an ageing society.

191. The Department for Business, Energy & Industrial Strategy (BEIS) recently published its Modernising Consumer Markets Green Paper[57] which explores how competition can drive better consumer outcomes. As a result of this, the government has launched its Smart Data review, led by

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[55] NOW: Pensions 'Consumers back dashboard but want it to be more than just a window to their savings' September 2018. Available from: https://www.nowpensions.com/press-release/consumers-back-dashboard-want-just-window-savings/

[56] HM government, 'Industrial Strategy – Building a Britain fit for the future'. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/664563/industrial-strategy-white-paper-web-ready-version.pdf

[57] Department for Business, Energy & Industrial Strategy (BEIS), 'Modernising Consumer Markets', Consumer Green paper, April 2018. Available from: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/699937/modernising-consumer-markets-green-paper.pdf

BEIS and DCMS (The Department for Digital, Culture, Media and Sport). This is looking at regulated markets where, enabling consumers to have greater control over their data, could help to drive innovation, competition and lead to better consumer outcomes. The Department is working with BEIS to explore how the pensions dashboard can align with this work and to share best practice across sectors, such as with Open Banking.

192. The industry-led Pensions Dashboard Project Group recommended in its report that, to support industry innovation, government should develop an 'open pensions infrastructure that allows consumers to access their data via regulated third parties'[58]. A recent report from Which?[59] supported this view, seeing the potential for innovation and how multiple dashboards could make it easier for people to find and use a dashboard. The international research found that, in the few examples where multiple dashboards existed, only positive outcomes for consumers were reported. The Which? report, also made clear, that in order to allow commercial organisations to host their own dashboards, robust regulation must be in place to protect consumers.

193. It is essential that adequate user protection is in place to avoid a dashboard being undermined by the possible misuse of data or poor conduct by individual organisations. This is explored further in the section below on consumer protection.

194. Opening up the technology behind dashboards (the dashboard ecosystem) to third party providers (with the appropriate safeguards) would bring a degree of commerciality into the pensions dashboard service and, importantly, encourage industry innovation. However, the extent to which commercial interests are a factor, and where in the model this can be allowed to emerge, must be carefully examined, particularly for government to compel schemes to participate in this service.

195. The discussion around commerciality has generally focused solely on the user-facing interface (a dashboard), and whether there should be a single, government-sponsored version or multiple dashboards. One of the Department's key objectives is that pensions dashboards seek to engage everyone, regardless of their pension wealth. **It is important that for consumers, the provision of their basic information is free to access.** The Pensions Dashboard Project Group emphasised in its report[60] that the 'value proposition' from a pension provider perspective is largely for the consumer, supporting 'better decision-making and [the potential for] increased level of savings'. According to comments we received at our stakeholder development day, many providers (especially those of Defined Benefit and public sector schemes) would have zero or limited commercial interest in a dashboard. For others across industry, there are a range of possible commercial benefits, many of which were outlined in the Which? report in February 2018[61].

An open standards approach

196. The Department recognises the potential for industry (for example, financial services including pension providers, and new FinTech providers) to find new ways of engaging and supporting individuals, in a way that a single, non-commercial dashboard may not. Bringing third parties into the dashboard ecosystem and allowing a degree of commerciality, as long as the appropriate consumer protections are in place (see section below) could be helpful in achieving the stated objectives for dashboards (see Chapter 2). A more 'open pensions' infrastructure should support increased consumer choice. This, in turn, would better support people to engage and plan for their retirement; reaching more people and appealing to a more diverse range of consumer needs. As has been highlighted in a report[62] on Open Banking, the logic of creating platforms for third party innovation

[58] Association of British Insurers, Pensions Dashboard Project, 'Reconnecting people with their pensions', October 2017. Available here: https://www.abi.org.uk/globalassets/files/subject/public/lts/reconnecting-people-with-their-pensions-final-10-october-2017.pdf

[59] Which?, 'The pensions dashboard: how can we make sure it works for consumers', February 2018. Available here: https://www.which.co.uk/policy/money/2409/the-pensions-dashboard-how-can-we-make-sure-it-works-for-consumers

[60] Association of British Insurers, Pensions Dashboard Project, 'Reconnecting people with their pensions', October 2017. Available here: https://www.abi.org.uk/globalassets/files/subject/public/lts/reconnecting-people-with-their-pensions-final-10-october-2017.pdf

[61] Which? 'The Pensions Dashboard, How can we make sure it works for consumers?' February 2018

[62] HM Treasury and Cabinet Office, 'Data Sharing and Open Data for Banks' September 2014. Available from: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/382273/141202_API_Report_FINAL.PDF

(through the use of external APIs[63]) is that 'a potentially large number of third parties can bring ideas and customers and extend well beyond the original organisation's scope'. Furthermore, the support of wider government initiatives such as the joint BEIS-DCMS Smart Data Review (see above), and the potential to eventually use dashboard data alongside data from other financial services, by for example aligning with Open Banking, could drive innovation across the financial sector.

197. One example of an area where the technology behind a dashboard could drive innovation is in retirement saving for the self-employed. In a March 2018 TechSprint event organised by the ABI, DWP and HM Treasury (and hosted in Aviva's Digital Garage), cross-industry teams from pensions, banking, FinTech and more were challenged to pitch ways to make saving easier for the self-employed. Use of a pensions dashboard emerged as one of the four common themes proposed by the teams. It was thought that it would be an important tool in informing the self-employed about their pension position. In addition, a number of participants felt 'it would form part of an integrated solution to support user journeys and help build engagement with their pensions'[64].

198. **In order to harness innovation and maximise consumer engagement, an open standards approach that allows for multiple dashboards is the right way forward.**

199. To drive positive outcomes though dashboards, as described in Chapter 2, individuals would not only need to engage with the information but also assess whether further action might be beneficial. This could include, for example, using dashboard information to seek out impartial guidance on their options, taking independent financial advice before buying a specific product, or deciding to increase their pension contributions.

200. As highlighted by the Pensions Policy Institute (PPI), 'behavioural interventions are most effective when they are applied during "teachable" moments. That is when it is relevant to the person, relates to their goals and allows them to follow it up with simple actions'[65]. These moments also 'vary between people by age and circumstances but generally occur during key transitions, such as moving house, getting a job or starting a family'. The PPI also highlighted that there are risks in encouraging people to take action, as they may not always make the most optimal decision. This is particularly the case for people with low levels of financial capability, which is why the Department recognises the need for an effective regulatory framework.

A non-commercial dashboard

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'[66]. 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.

203. It has also been suggested by the Pensions Dashboard Project Group and, earlier this year by the Work and Pensions Select Committee[67], that the Single Financial Guidance Body, due to launch services to the public in January 2019, would be a sensible place to host such a dashboard.

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[63] Application Programming Interfaces (APIs) are standards that allow software components to interact and exchange data, particularly over the web. External or public APIs enable different organisations' software to interact with another organisation's applications and data.

[64] ABI, TechSprint Summary, 2018. Available from: https://www.abi.org.uk/globalassets/files/subject/public/lts/abi-dwp-hmt-techsprint.pdf

[65] Pensions Policy Institute, ' Consumer engagement: the role of policy through the lifecourse', July 2017. Available here: http://www.pensionspolicyinstitute.org.uk/publications/reports/consumer-engagement-the-role-of-policy-through-the-lifecourse

[66] Association of British Insurers, Pensions Dashboard Project, 'Reconnecting people with their pensions', October 2017. Available here: https://www.abi.org.uk/globalassets/files/subject/public/lts/reconnecting-people-with-their-pensions-final-10-october-2017.pdf

[67] Commons Select Committee, 'Default pension pathway and single public pensions dashboard needed', April 2018. Available from: https://www.parliament.uk/business/committees/committees-a-z/commons-select/work-and-pensions-committee/news-parliament-2017/report-pension-freedoms-17-19/

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.**

Question IX

Do you agree with a phased approach to building the dashboard service including, for example, that the project starts with a non-commercial dashboard and the service (information, functionality and multiple dashboards) is expanded over time?

A single Pension Finder Service (PFS)

206. The potential for commerciality exists not only among user-facing dashboards and third party tools, but also within the enabling technology that sits behind these, particularly the PFS.

207. A fully commercial model might allow for multiple PFSs. It is argued that enabling multiple PFSs could encourage competition and therefore innovation in the provision of this technology. The Department has looked at this as part of our feasibility work and understands that there could be benefits in allowing for multiple PFSs. These include the potential to alleviate funding pressures on the ecosystem if commercial PFS propositions could be monetised in some way, as well as increased competition.

208. Whatever solution is deployed by industry, it must be clear to scheme members how their data are to be processed. The emergence of multiple PFSs, driven by the market, would add complexity and uncertainty around how members' data may be handled. There is also a question of how transparent different PFSs' data usage would be, and to what extent users would realistically be able to make informed choices when asked to give their consent.

209. In the context that government will seek to compel schemes to supply their data to the PFS, it is the Department's view there should only be one PFS that fully aligns to the architectural principles as set out in Chapter 4. **While the Department recognises the commercial opportunities created by multiple dashboards, it believes that there should be a single Pension Finder Service which is run on a non-profit basis and with strong governance.**

Question X

Do you agree that there should be only one Pension Finder Service? If not, how would you describe an alternative approach, what would be the benefits and risks of this model and how would any risks be mitigated?

Protecting the consumer

210. The Department explored the potential benefits of dashboards in Chapter 2, which includes an opportunity for providers to improve levels of trust with the industry. It is essential that industry innovation, and a degree of commerciality, does not undermine people's trust in pensions, but instead builds on it. The user research in Chapter 3 has shown us that security of data, reliability and consistency in the way information is presented will be essential factors in building credibility and trust in the service.

211. It is important that dashboard information is presented in a consistent way so as not to confuse the consumer. It is also essential that commercial organisations' use of dashboard information is

adequately regulated to ensure an appropriate standard of conduct among such firms. This will allow for recourse action to be taken against those who fall below those standards.

212. One of the reasons cited by Which? for supporting the case for multiple dashboards was that the risk of having only one, government-sponsored dashboard with no regulation could lead to an unregulated dashboard market. This would use less secure means of data transfer and, for individuals, there would be 'no easy method of obtaining consumer redress'[68].

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.**

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.

Question XI

Our assumption is that information and functionality will be covered by existing regulation. Do you agree and if not, what are the additional activities that are not covered?

Accessing dashboard services

216. In its report[69], Which? argued that a government-sponsored dashboard should also offer an offline solution for those who do not have 'the access, skills, motivation or trust to use an online dashboard'. The Single Financial Guidance Body (SFGB) will, from early 2019, provide access to free and impartial information and guidance on pensions and money and advice on debt. Those seeking pensions information and guidance from the Body are already supported by the information that individual pension providers are required to send to their members, and will continue to do so. The online pensions dashboard is intended to build on existing information provision (both online and offline), not replace it. Currently, the proposed architectural model does not include an offline solution for users.

217. Through a multiple dashboard approach, there is an opportunity for industry to maximise engagement with everyone. Accessibility should be carefully considered by the industry-led delivery group, however, and the Department would welcome views on this with a question included for consultation.

218. In addition we recognise that the Equality Act 2010 protects people with the following characteristics –

● age

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[68] Which?, 'The pensions dashboard: how can we make sure it works for consumers', February 2018. Available here: https://www.which.co.uk/policy/money/2409/the-pensions-dashboard-how-can-we-make-sure-it-works-for-consumers
[69] Which?, 'The pensions dashboard: how can we make sure it works for consumers', February 2018. Available here: https://www.which.co.uk/policy/money/2409/the-pensions-dashboard-how-can-we-make-sure-it-works-for-consumers

- disability

- gender and gender reassignment

- ethnicity

- marriage or civil partnership

- pregnancy and maternity

- religion or belief

- sexual orientation.

Question XII

Do people with protected characteristics, or any customers in vulnerable circumstances, have particular needs for accessing and using dashboard services that should be catered for?

Summary of findings

- Having carefully reviewed the evidence, the Department considers there to be a compelling case for compulsion and will seek to legislate when parliamentary time allows.

- There may be merit in exempting some schemes from compulsory participation in dashboards, while leaving it open for these schemes to join on a voluntary basis.

- The Department agrees with industry and others that State Pension data should form part of the dashboard service.

- As other countries found, the process of connecting pension schemes to the technology that enables dashboards will need to be phased.

- The Department will seek to legislate in a way that supports a phased approach to on-boarding over a reasonable timeframe agreed by industry.

- It is important that for consumers, the provision of their basic information is free to access.

- In order to harness innovation and maximise consumer engagement, an open standards approach that allows for multiple dashboards is the right way forward.

- 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.

- While the Department recognises the commercial opportunities created by multiple dashboards, it believes that there should be a single PFS which is run on a non-profit basis and with strong governance.

- 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.

- Commercial dashboards should not be available to users until the appropriate regulatory framework is in place.

Questions for consultation

Providing a complete picture

III. Is a legislative framework that compels pension providers to participate the best way to deliver a dashboard within a reasonable timeframe?

IV. Do you agree that all Small Self-Administered Schemes (SSAS) and Executive Pension Plans (EPP) should be exempt from compulsion, although they should be allowed to participate on a voluntary basis?

V. Are there other categories of pension scheme that should be made exempt and, if so why?

Implementing dashboards

VI. Our expectation is that schemes such as Master Trusts will be able to supply data from 2019/20. Is this achievable? Are other scheme types in a position to supply data in this timeframe?

VII. Do you agree that 3-4 years from the introduction of the first public facing dashboards is a reasonable timeframe for the majority of eligible schemes to be supplying their data to dashboards?

VIII. Are there certain types of information that should not be allowed to feature on dashboards in order to safeguard consumers? If so, why? Are there any other similar risks surrounding information or functionality that should be taken account of by government?

IX. Do you agree with a phased approach to building the dashboard service including, for example, that the project starts with a non-commercial dashboard and the service (information, functionality and multiple dashboards) is expanded over time?

X. Do you agree that there should be only one Pension Finder Service? If not, how would you describe an alternative approach, what would be the benefits and risks of this model and how would any risks be mitigated?

Protecting the consumer

XI. Our assumption is that information and functionality will be covered by existing regulation. Do you agree and if not, what are the additional activities that are not covered?

Accessing dashboard services

XII. Do people with protected characteristics, or any customers in vulnerable circumstances, have particular needs for accessing and using dashboard services that should be catered for?

Chapter 6 – Facilitating delivery

Introduction

219. In the absence of a clear industry lead, pensions dashboards and the technology that enables them will need a clear governance model. This ensures that all parties understand their roles, responsibilities and accountabilities. The governance structure must also facilitate effective decision making. This is a particularly important point for dashboards, given the size and nature of the pensions industry.

220. The Department has discussed potential governance models with a broad range of stakeholders, and some key themes have become apparent. These key themes include the need for:

- an environment that fosters innovation;
- a single entity with responsibility for bringing together industry and overseeing delivery;
- regulation that will ensure consumer protection; and
- industry to meet the development and delivery costs.

Governance

221. A clear governance system is necessary in order for government to introduce legislation to compel pension schemes to make their data available through dashboards. As highlighted in Chapter 4, the Department must be confident that the consumer is always in control of their data and who has access to it. The data must be handled and transferred securely. The right controls must also be in place to ensure that issues relating to data security and handling are dealt with quickly.

222. **The Department has concluded that a single delivery group is needed, with a majority of members from outside government, to oversee and drive implementation.** The Department expects the delivery group to draw on the experience and knowledge of, among others, pension providers, financial services, FinTech, consumer organisations and the regulators (the FCA and TPR).

223. The delivery group should bring the right people from across the broader industry together to build architectural elements such as the PFS. Industry has the expertise, as demonstrated by the dashboard prototype, to design and develop the infrastructure necessary to ensure successful delivery of the dashboard service.

224. **Further recognising the successful model used for Open Banking, the Department sees the need for someone to be appointed as the chair of the industry delivery group.** The person taking this role should have the skills and credibility to lead the programme of work required and have the influence necessary to bring together a fragmented industry.

225. The chair should bring together a small but representative group of key decision makers from across the broader pensions and consumer industries to form the delivery group. The chair can also act as the final arbitrator where consensus cannot be agreed by industry. The delivery group will be formed of a senior steering group and an implementation executive. The steering group should set the strategic direction for the dashboard service and will make decisions on key implementation and delivery questions, such as agreeing data standards.

226. Beneath this, the Department envisages a role for an implementation executive, a team that would set the day-to-day direction of the work. This team would lead on commissioning the various elements of the dashboard infrastructure and undertake the necessary planning and risk management. It would need to work closely with the regulators on elements such as data standards, data cleansing, compliance and enforcement. We envisage working groups playing a key role in delivery, particularly in developing more detailed or technical solutions, similar to the approach taken by Open Banking. The steering group may also wish to establish stakeholder advisory groups to include a wider spectrum of organisations with an interest in the project.

Diagram 2: proposed governance for the delivery group

The chair determines appropriate governance for the entire delivery group

SFGB would appoint a chair of the steering group

Chair of steering group

The chair can also act as the final arbitrator where consensus cannot be agreed by industry

The steering group would be representative of industry, consumer bodies, and government

Steering group

The steering group should set the strategic direction for the dashboard service and make key decisions

The implementation executive is a team that would set the day-to-day direction of the work

Implementation executive

The implementation executive would lead on the delivery

Working groups will involve a range of specialists and experts

Working groups

Working groups play a key role in delivery, particularly on technical solutions

Delivery model

227. In suggesting a governance model with a single entity at the heart of delivery there appear to be two options – either to create a new entity or to utilise an existing one.

228. A new entity could focus solely and specifically on delivery of a dashboard service. However, the potential legal standing of a new entity is unclear and would need to be developed before government could commit to seeking to introduce legislation relating to dashboards. Understanding and agreeing this legal standing, including how the entity might be able to access sustainable funding, is likely to delay the implementation of dashboards. Therefore, the Department believes that utilising an existing entity is more cost effective and will enable quicker delivery of a dashboard service. There are existing bodies that could take on this role and the Department would welcome views on which might be the most appropriate.

229. In the short to medium term the Department sees an opportunity to use the Single Financial Guidance Body (SFGB) to bring together the experience and expertise of the wider pensions industry to facilitate delivery. The SFGB has existing legislative powers, has a responsibility for improving financial capability more generally and already has a function of delivering pensions guidance. **In order to ensure delivery of dashboards within reasonable timescales, the**

Department proposes to ask the SFGB to take on initial responsibility for putting in place a governance model with the expectation that a suitable chair is appointed by spring 2019.

230. We also considered using the Open Banking Implementation Entity. In the longer term, we think that there is some merit in considering whether Open Banking, alongside the Smart Data Review that the Department for Business Energy and Industrial Strategy (BEIS) (see Chapter 5) is jointly leading on with the Department for Digital, Culture, Media and Sport (DCMS), may be able to play a role in identifying common capabilities across a number of markets and in developing an 'open finance' approach.

231. The Open Banking initiative was set up for a specific purpose and the legislative framework it operates within as well as its funding arrangements reflects this. We cannot underestimate the size of the task that the Open Banking Implementation Entity already faces in delivering the rest of the Open Banking work programme. Furthermore, the pensions industry has some ground to make up, both in terms of building trust with individuals and with getting its data in order, before it is in a position to join up with other sectors of the financial services market. Consequently, the Department would also need to consider the breadth of legislation required, both new and amendments to existing legislation. Therefore, while we do not wish to limit the potential benefits offered by an approach that brings together elements such as Open Banking and the Smart Data Review from BEIS and DCMS, we are firmly of the view that this should be a long-term option for consideration.

Question XIII

The Department has proposed a governance structure which it believes will facilitate industry to develop and deliver dashboards. Do you agree with this approach? If not, what, if anything, is missing or what workable alternative would you propose which meets the principles set out in this report?

Costs and funding

232. Funding is one of the most complex areas that the Department has considered during feasibility. The Written Statement, laid on 4 September 2018, made it clear that the majority of funding should come from the pensions industry, while recognising that some costs will still fall to government.

233. The costs for developing and delivering any new legislation will be for government to meet, as will the costs for developing a system by which State Pension data could be available through dashboards. These are the only elements the Department expects will be the responsibility of government to fund.

234. In the Autumn Budget 2018, government committed funding for 2019/20 to help fulfil its role in facilitating industry to make dashboards a reality.

235. The costs of creating a governance structure should be met by 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.

236. The Department will explore the opportunity to use industry levies to fund the dashboard service. It is possible that different funding routes may be used for different elements of dashboards. For example, one funding route could be used for development costs and a different route used for live running costs. Should this include direct funding from individual organisations, the Department is clear that there should be no preferential treatment for any organisation by the delivery group based solely on an ability to provide funding.

237. There are some elements of the infrastructure where an appropriate funding route is currently unclear, for example, identity verification. The costs and frequency of identity verification, and the systems that could provide this, will need to be investigated further by the delivery group. It is clear that identifying a sustainable and equitable funding model will need to be a priority.

238. Any third party dashboard, or connected service, will need to be self-funded. The cost of providing scheme data to the dashboard service and/or using Integrated Service Providers (ISP) will fall to individual pension schemes/providers.

239. The provision of ISP services will be driven by the market. The Department will work with the industry-led delivery group to consider the costs of identity verification, to understand where these fall and how they will be met. The Department is keen to understand the costs and benefits to business in more detail to which Question I refers.

240. There will be both costs and benefits to the pensions industry and the wider financial industry in developing and delivering pension dashboards. These will be explored further throughout the consultation period alongside other forms of engagement and analysis. We will use the evidence gathered and responses to inform our impact assessment which will be published alongside any planned legislation.

Question XIV

What is the fairest way of ensuring that those organisations who stand to gain most from dashboard services pay and what is the best mechanism for achieving this?

Next steps

241. Through December, the Department intends to run a series of engagement roundtables aimed at hearing views from different stakeholders including pensions and financial service providers, public sector pension schemes, consumer groups and other interested parties. These activities will inform government's approach to facilitating an industry-led delivery.

242. If you wish to be added to the Department's stakeholder mailing list (for receiving dashboard-related communications only) please submit your details to pensionsdashboard@dwp.gsi.gov.uk.

243. The consultation will last eight weeks and the government will respond within twelve weeks of its closure (general information about the consultation is provided at page 5).

Question XV

Do you have any other comments on the proposed delivery model and consumer offer?

Summary of findings

- The Department has concluded that a single delivery group is needed, with a majority of members from outside government, to oversee and drive implementation.

- Further recognising the successful model used for Open Banking, the Department sees the need for someone to be appointed as the chair of the industry delivery group.

- In order to ensure delivery of dashboards within reasonable timescales, the Department proposes to ask the Single Financial Guidance Body to take on initial responsibility for putting in place a governance model with the expectation that a suitable chair is appointed by spring 2019.

Questions for consultation

Governance

XIII. The Department has proposed a governance structure which it believes will facilitate industry to develop and deliver a dashboard. Do you agree with this approach? If not, what if, anything, is missing or what workable alternative would you propose which meets the principles set out in this report?

Costs and funding

XIV. What is the fairest way of ensuring that those organisations who stand to gain most from dashboard services pay and what is the best mechanism for achieving this?

Other comments

XV. Do you have any other comments on the proposed delivery model and consumer offer?

ANNEXES

Annex A – Stakeholder Development Day outputs

Stakeholder Development Day 11 December 2017 key outputs

User needs	Architecture and design
● Broad agreement with our policy objectives. ● Consumer trust is hugely important. ● Getting the language right regarding the dashboard (including its name) will be key to its success (the innovation that is needed is a huge simplification). ● Multiple dashboards will help to serve different lifestyles / different groups of users. ● Consumer protection must be at the heart of it. ● Communications – need to manage user expectations. ● Phase in functionality (keep it simple to begin with).	● A single-Government dashboard must be included. ● State Pension must be included. ● 'Read only' is a good thing to begin with. ● Minimum Viable Product – suggest 'find' and 'what does it mean at retirement?' ● Can we align model with open banking. ● The inclusion of a 'data bureau' could help manage queries and tackle fraud. ● UK is an excellent place for FinTech – there are great opportunities for innovation (make use of it).
Delivery	**Industry requirements**
● Government should set the direction, rules and standards. ● Government needs to be clear on funding. ● Need a delivery authority to oversee whole gamut of providers. ● Strong governance is essential and there needs to be some level of accountability. ● Draw on lessons from AE. ● Use of industry levy to pay for it must be fair and equitable and allow for multiple dashboards. ● Take a scheme-based approach to phasing – low risk schemes first (i.e. AE enrolled). ● Needs to be a phased approach moving towards an open system with very strong regulation. ● Some preference for dashboard providers to pay as they will be getting the benefit.	● Compulsion is essential. GDPR is helpful but has limitations. ● Government should confirm in March it will legislate. ● Government should legislate to ensure full coverage in X years' time. ● Disagreements about DC or DB ability to provide data. ● Sell benefits to industry, e.g. achieves GDPR, help trace lost members, 30m data cleansers doing it for themselves. ● Start with contract-based and trust-based AE schemes. Allow longer for really small schemes. ● Without free-flow of data resistance could be heavy. Multiple dashboards will happen anyway. ● There isn't an international model out there where they've got it really right.

Annex B – What is industry?

244. As discussed in Chapter 1 the pensions industry is vast and fragmented with around 40,000 pension schemes, up to 4,500 administrators and many more 'in-house' schemes. The largest 4 per cent of pension schemes cover around 98 per cent of the market in terms of pension pots, yet still amounts to around 1,800 schemes. This group covers a complex variety of schemes including public sector, defined benefit, contract and trust-based schemes.

245. Different parts of 'industry' will have different roles in relation to the pensions dashboard. All pension firms will be potential 'data providers'. Alongside pension firms will be commercial suppliers involved in the cleansing and formatting of data to connect with the service. There are others who form part of the wider financial services industry who may be 'data consumers', i.e. those who might offer consumer-facing dashboards (e.g. some pension firms, FinTech, banks, financial advice companies, etc.). Then there are those who may potentially play both roles.

246. The complex make-up of industry is usefully illustrated by the ABI-managed Pensions Dashboard Project's 'industry research' section, which grouped the organisations they spoke to as follows:

- Platforms / Product Providers (of DC schemes)
- Third Party Administrators (DC and DB schemes)
- Master Trusts (DC schemes)
- Public Sector In-House (DB schemes)
- Private Sector In-House (DB and DC schemes)
- Adviser Software Houses (potentially offering 'dashboards' for advisers)
- FinTechs (potentially offering 'dashboards' for clients and consumers)
- Employee Benefits Platforms (potentially offering 'dashboards' for clients and their employees)
- Independent Financial Advisers
- Insurers (Closed Book)

247. Other interested parties include banks, employers, consumer representative bodies and the voluntary sector.