

Background
When you consider it, a great deal has happened since the Financial Conduct Authority endorsed the creation of pensions dashboards in March 2016. In the intervening years, three Prime Ministers have called Downing Street their home, the England men's football team won a World Cup penalty shootout for the first time and hundreds of internet users hatched an ultimately underwhelming plan to break into Area 51.

Now, April 2020 has yielded the first progress report on the Pension Dashboards Programme (PDP) from the Money and Pensions Service in the form of an update and two working papers that detail the potential scope and definition for data standards in an 'initial dashboard'. Let's take a look at what this all means.

Update highlights

Firstly, it's important to consider what has actually been outlined in this update.

The data scope working paper identified a "focused data, broad coverage" approach as most likely to achieve an initial dashboard that "functions in the interest of the public", with 'find and view' data mandatory for nearly all schemes and sectors, and deeper data requirements remaining a future target.

The PDP argued that this option was easily communicable to all relevant stakeholders, placing minimum burden on pension providers, and facilitating onboarding in a reasonable timeframe.

The second working paper, which delved into data definitions, categorised data as either optional or mandatory, acknowledging the complexities that can occur when developing data standards in the pensions landscape.

It also presented the concept of different 'levels' of dashboard data, which the PDP stated was "a helpful way to introduce the different types of data



Dashboard update crash course

Summary

- The Pension Dashboards Programme (PDP) views focused data and broad coverage as in line with the public interest for an initial dashboard, but deeper data will be a future target.
- While the update seems to have cleared up a great deal of industry confusion, the scale of the project is still daunting to many.
- The coronavirus crisis has increased the digitisation of pensions, but many schemes are still likely to work hard on preparing data for the project.

► Duncan Ferris examines April's update on the development of a pensions dashboard, laying out some of the key plans and challenges, as well as how the industry reacted and how schemes can prepare

relevant to dashboards" for those who had no previous involvement with the initiative.

The top levels, which will be used to show individuals basic information via a 'find and view' function, were broken down into matching data, used to match individuals with their pension entitlements, and administrative data, or the details of each pension arrangement which confirms they have a pension entitlement for the individual who has been matched.

Meanwhile, the three other levels of data, intended to help individuals understand their pension and make informed choices, are estimated retirement income, accrued entitlements and additional personal information.

The paper stated: "When the time is right, we will be exploring with all interested parties whether the data definitions set out in this paper strike the right balance between simplicity (for individuals) and complexity (of different pensions)."

Timescales for the actual release of the dashboard remain hazy, with the report stating the ambition to establish a detailed timeline “before the end of the year”.

However, the report did specify that the dashboard would likely become available for use when between 40 per cent and 90 per cent of the UK’s pension entitlements are available to be displayed to individuals.

This could mean that large pension providers and schemes are likely to be at the front of the queue to provide information to the project, as the report said that this tactic would ensure a “significant portion” of entitlements make it to the dashboard “relatively quickly”.

Some other highlights include the PDP’s confirmation that it will establish a user needs working group with potential dashboard providers and consumer organisations to ensure they are able to “input into and benefit from the coordination of user testing”.

The update also outlined several current challenges faced by the programme, including the establishment of a sufficiently secure identity verification process, working out how to match people accurately to their savings, and addressing the varying types, and quality, of data held by different providers.

What’s the goss?

The pension industry’s reaction to the update’s ambition appears to have been largely positive, although concerns remain about the practicality of a project with such major scope.

Aon partner, Gary Cowler, comments that the report provided “much-needed clarity about the likely next steps” and welcomes the recognition of different groups of schemes’ varied circumstances and differentiation of data sets as “a positive step”.

PensionBee head of corporate development, Clare Reilly, says: “Until now there has been much confusion about the aims and scope of the dashboard. Confirmation that the dashboard will prioritise maximum coverage over rich data is an important step forward in understanding that the single use case is to reunite a minority of UK savers with lost pensions.”

Aegon head of pensions, Kate Smith, expresses concern as she points out that the progress report has revealed “just what a mammoth task this is” and adds that “the Covid-19 crisis has further added to the challenges”.

She continues: “The programme is dependent on the government, regulators, employers and the pension industry, as well as new service providers, all working together, all of whom have other more immediate priorities just now. The harsh reality is that the delivery challenges are enormous, and everything needs to be in place before pension dashboards can be implemented.”

What now?

While nothing is set in stone yet, the update indicates the PDP’s current focus and means that the industry can now familiarise itself with what might be required to contribute to the dashboard’s construction.

Larger schemes and providers appear to be under the most pressure to prepare themselves as they are likely to be the initial focus.

On the one hand, this might not be too major a concern as Smith argues that the industry’s response to the coronavirus crisis has demonstrated that “many pension providers and schemes are already able to interact with their customers digitally”, adding that accelerated digitisation progress “will be helpful once the pension dashboard programme restarts engaging with the pension industry”.

However, the industry’s ability to provide the necessary data remains a

major difficulty when there is still so much other work and the small matter of a pandemic still to deal with.

For example, Cowler states: “The biggest challenge we see with the proposals is in providing – within the first phase – estimated retirement benefits at a current date for DB schemes. This will be a crucial area of consideration as, although the data exists to calculate this for each member, most schemes do not hold their data in a way that could currently support this.

“It is also the case in many schemes that the concept of a single pension due from a single date is not sufficient to describe individual members’ benefits. To make that one item available for every DB member in a meaningful way would be a major exercise.”

This could be problematic at present, as Cowler notes: “Administration teams are already busy finalising GMP reconciliation and starting GMP equalisation, and both schemes and sponsors are under financial pressure due to the Covid-19 pandemic.

“It is therefore important that the industry debates whether a challenging project of providing estimated retirement benefits for all members of DB schemes is both a priority in the short term and as phase one of the dashboard.”

This debate is in fact a key contribution that the industry can make towards the creation of the dashboard, with stakeholders now having ample time to look over the current state of the dashboard programme and develop feedback due to delays to planned consultation.

To this end, PDP principal, Chris Curry, said at the time of publication: “We are not asking you to take any action now, but we will engage with stakeholders when the time is right. In the meantime, we will continue with our work to make pensions dashboards a reality.”

➤ **Written by Duncan Ferris**