Summary
• The largest pension providers will be required to start feeding data to the dashboard infrastructure from August this year.
• The Pensions Dashboard Programme is engaged with providers in testing and refining of the digital framework.
• Administrators and other service providers still face challenges in enabling retirement income estimates through the dashboard.

Powering the dashboards revolution

With deadlines set and standards emerging, attention is turning to ensuring pension providers and schemes are ready to provide data to dashboards from next year. Nick Reeve explores the progress so far and the hurdles still left to negotiate

It's official: Pensions dashboards are coming. With the Financial Conduct Authority's final rules published on 1 November 2022, the regulator set out rules for pension providers governing how they must supply data to dashboards.

The implementation deadline is 31 August 2023, and a consultation is expected imminently for rules for commercial dashboard providers.

Speaking at the publication of the government's dashboard legislation in October last year, Pensions Dashboards Programme (PDP) principal, Chris Curry, stated that the development would "make a real difference to how people view their pensions savings, and how pension providers and schemes engage with their members and customers".

With just a few months left until the first window opens for providers and schemes to start connecting to the new technology's 'ecosystem', Curry added, "dashboards will soon become a reality, and government, the regulators, and industry will work together to make them a success".

But how ready are pension providers? And how realistic is the implementation timeline given the highly complex nature of the UK's pensions industry?

The state of play

The PDP is currently working with more than 20 organisations to help build the technology infrastructure that will power the dashboard, testing and refining it to ensure it is as smooth and secure as possible when it launches this year. The digital architecture is provided by Capgemini and Origo.

The first dashboard – MoneyHelper, provided by the Money and Pensions Service – is expected to be followed by commercial versions in the coming years as more providers plug into the infrastructure and more pension savers become comfortable with the concept.

For service providers – in particular administrators – the next few months will be crucial in making sure their systems are prepared and can support data exchange and cybersecurity requirements. Many firms have been working for months, if not years, to digitise their data records and improve connectivity in preparation for this, often by engaging with independent service providers (ISPs) – effectively buying in the required technology and expertise.

The data provision part of the dashboard project is well catered for in this regard, according to CTC Pensions Technology sales director, John Parker. Providers of legacy pensions are "talking confidently", he says, and working on data cleansing ready to feed that information to dashboards.

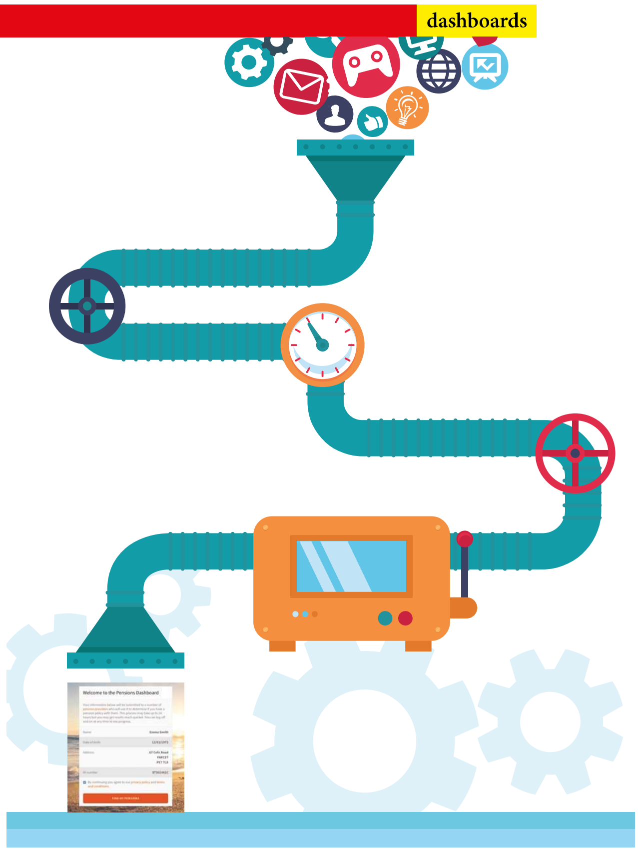
However, the functionality that dashboards are expected to provide could cause issues for some firms. This may be the case for providers of legacy pension products such as with-profits and insurance-based funds. For these, compliance with dashboard requirements may be "challenging" given their typically older technology, explains Ross Trustees senior associate, Luke Tutt.

Parker adds: "The market from administrators for ISPs who will meet data requirements looks competitive and well provided for. However, many of these do not have the calculation capability to adjust to the new estimated retirement income projections, and there is also a concern that when the smaller defined benefit schemes come on board they will be overlooked."

The PDP's website states that it is "essential" that dashboards can provide estimated retirement income information "from day one". Evidence shows that savers want and need this information, the PDP says, and without it "dashboards would lack credibility".

However, while most providers can model retirement income based on their own data, how they do this varies significantly depending on the type of benefits. This hampers comparability and threatens to undermine confidence in the dashboard project, according to some commentators. The PDP is carrying out testing and is working on data standards in an effort to address this significant issue.

This makes the quality of pensions administration more important than ever for occupational pension schemes, according to Gateley Legal pensions partner, Phil Jelley. He points out this pressure comes from the legal obligations of trustees to ensure they can supply data



to the dashboard.

For smaller schemes – those with between 100 and 999 members, due to be onboarded in 2024 and 2025 – trustees "will have to carefully consider whether they have the capabilities and resources to economically and efficiently meet the dashboard obligations, and consideration may switch to whether to outsource future administration", Jelley says.

For larger schemes that face the earlier deadline, Jelley adds that trustees "should already be well advanced in discussions with their administrators as to how dashboard compliance will be achieved".

"Such advanced planning is necessary as there may be hurdles in preparation that the trustees need to overcome, which may be both complex and time-consuming," he explains. Important areas to discuss and obtain clarification on include technology platforms, software, staff capabilities, capacity, accuracy of benefits, the potential effects of GMP equalisation, and data security.

Therefore, there is a greater urgency for boards to work towards these deadlines, with Tutt urging trustees to work "full steam towards meeting" obligations ahead of time.

"For smaller schemes with access to fewer resources, trustees should identify any potential constraints and seek early access to external help to ensure full compliance," he says.

"For those schemes with later staging dates, compliance with the pensions dashboard requirements should now be a standing item on all trustee meeting agendas. This will allow both the trustees and advisers to work together to ensure there is a plan in place for their schemes to be compliant ahead of these changes."

Meeting the deadline

The first window for mandatory connections to the dashboard's digital infrastructure opens in August 2023 for the country's largest pension funds and providers. Whether they will be ready is unclear. While the PDP's work has been underway for some time, the digitisation of pension data is a massive project for the entire industry.

"There are a range of deadlines from connection to the dashboard, addition of estimated retirement income projection and final 'go live', and these are spread across multiple waves for differing providers," explains Parker.

While the focus has rightly been on data cleansing, Parker warns that "no one is watching" the deadline for providers to be able to support estimated retirement income projections in October next year. These are changes that "no one is planning for and only about 10 per cent of current providers can handle", Parker says.

In agreement is Jelley, who says the PDP's deadlines are "more realistic for the larger pension providers" given their greater resources – although these firms also have the largest amounts of member data to prepare.

For schemes such as defined contribution master trusts, the advent of dashboards could act as "an opportunity to showcase how efficient their particular scheme is, with a possible view to the likely future consolidation of member funds which the dashboard will facilitate", Jelley continues.

Many master trusts are also less reliant on older technology, making it easier to adapt to the digital infrastructure that will power the dashboards.

"In my view, it isn't inevitable that a significant proportion of the pensions industry will miss the deadline," says Jelley. "Many of the larger commercial providers and third-party administrators will see this as an opportunity to showcase their services and will be keen to ensure that they can meet the dashboard obligations for themselves and their clients.

"Providers and administrators will not want the negative reputational risk of being unable to have the infrastructure in place to meet the requirements and the potential impact this may have on their business."

He highlights that schemes can apply for a deferral of up to 12 months from their initial deadline pushing to meet it would be "disproportionately burdensome or put the personal data of members at risk".

The central tenet for every stakeholder in the dashboards project is to ensure the security and credibility of the system for the benefit of end users. Parker says that, while deadlines may be pushed back and some providers may not be ready in time, "if we wait for it to be perfect then it will never happen".

Tutt concludes: "Regardless of any difficulties in schemes meeting their respective staging date, confidence in the pensions dashboard will build over time as the industry, and users, adapt to the new normal."

It seems this revolutionary development for the UK pensions industry is just a short time away from becoming a reality.

Written by Nick Reeve, a freelance journalist