



PENSIONS DASHBOARDS: FEASIBILITY REPORT AND CONSULTATION

Issued 28 January 2019

ICAEW welcomes the opportunity to comment on *Pensions dashboards: Feasibility report and consultation* published by Department for Work and Pensions in December 2018 a copy of which is available from this [link](#).

This ICAEW response of 28 January 2019 reflects consultation with the Business Law Committee which includes representatives from public practice and the business community. The Committee is responsible for ICAEW policy on business law issues and related submissions to legislators, regulators and other external bodies.

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GENERAL COMMENTS

1. Overall, in our view this is a positive initiative from a member perspective and we are therefore very supportive, subject to our concerns about uncertainty of scope, timing, detailed logistics and funding.
2. The major area for clarification in the proposals is scope. As we explain at QV and VI below, many employees are in public sector funded and unfunded schemes and many more are in work-based DC contract group schemes. It is not clear from the proposals whether these pension arrangements are in scope. In our view they should be included in order to make the dashboards relevant to all work-based occupational pension arrangements. It is also important for personal pensions to be included, to cater for the self-employed.
3. The consultation envisages a very ambitious timetable for master trusts (which, along with their administrators, are grappling with their new authorisation regime) and we fear that such an ambitious timetable could result in rushed implementation which often leads to errors.
4. Regarding the logistics, the diagram on page 29 implies that the data can flow directly to the commercial providers (rather than via the single non-commercial dashboard), which will result in scheme providers either needing multiple interfaces with the various commercial providers or incurring the cost of using an ISP. If the commercial dashboards were compelled to draw the data via the single non-commercial dashboard, this would reduce the need for multiple interfaces. If Commercial Dashboards want instead to have direct interfaces with the providers, we query whether the funding for this should be borne by the providers. The consultation is also unclear on other aspects of the funding model, with 'industry' expected to fund the non-commercial dashboard, the Pension Service Finder and Identity Service, and the Governance Register. However, the consultation doesn't specify which industry participants would be expected to be included, ie investment managers, third party administrators and/or the commercial dashboards and IFAs. Also without compulsion, some providers may choose not to participate, and this could result in insufficient funding and the scheme failing. We also note that any funding required from providers eg master trusts should not result in small pension pots being diminished, and therefore (to the extent they are borne by members) there should be a limit on the costs per member.

SPECIFIC QUESTIONS

Wider benefits of a dashboard

Question 1: What are the potential costs and benefits of dashboards for: individuals or members?; your business (or different elements within it)?

5. We agree with the consultation's analysis of benefits to members and consumers. Benefits to businesses would also include increased data quality for their pension schemes, which could result in savings from the need to rectify errors arising from incorrect data and/or costly data cleansing exercises.
6. In relation to costs, we believe these could be significant but at present the high level nature of the proposals set out in the consultation may make it difficult to assess where these costs will fall. As commented on further in paragraph 20, greater clarity around the funding model, in respect of both set up costs and ongoing costs, would be helpful in this respect. We also note that any funding required from providers eg master trusts should not result in small pension pots being diminished, and therefore (to the extent they are to be borne by members) there should be a limit on the costs per member.

Architecture, data and security

**Question 2: Do you agree with:
our key findings on our proposed architectural elements; and
our proposed architectural design principles?**

If not, please explain why.

7. Multiple dashboards could result in inconsistency of user (member) interface experience and introduces a degree of complexity that may confuse members. Furthermore, it would be preferable if the data could flow to the commercial providers via the single non-commercial dashboard, which would avoid the need for scheme providers to have multiple interfaces with the various commercial providers or incurring the cost of using an ISP. Also, data/cyber security risks increase and become more complex the more participants there are who have access to the central data and the accessible data should be kept to essential data only, for example NI number, name and pension information. Subject to these points, we support the proposed roll out starting with one dashboard provided by a non-commercial organisation with subsequent dashboards introduced by commercial organisations under appropriate regulation.
8. We note the consultation refers to the State Pension data to be ultimately part of the service. Since State Pension forms an important element of pension provision for many people, we would encourage the State Pension to be included in the dashboard from the outset. This also sets a good precedent to encourage other pension providers to join the dashboard eco-system.

Providing a complete picture

Question 3: Is a legislative framework that compels pension providers to participate the best way to deliver dashboards within a reasonable timeframe?

Question 4: 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 5: Are there other categories of pension scheme that should be made exempt, and if so, why?

9. We agree that phased compulsion (similar to the rollout of AE) is the best, and only, way to deliver dashboards within a reasonable, and defined, timeframe. We also agree that the members most likely to benefit from dashboards are not likely to belong to SSAS and EPP arrangements. We agree these types of scheme should be exempt from compulsion and allowed to participate on a voluntary basis. It is not clear from the consultation whether other types of work based pension arrangements such as DC contract based group arrangements and public sector schemes, both funded and unfunded, are included in the proposals. In our view all pension schemes, including DC contract based group arrangements and public sector schemes, should be included albeit at a later phase of the roll out (as implied at paragraph 176 in the consultation, in which DWP recognises that such schemes could require longer lead-in times in order to prepare their data and implement required changes to their systems).
10. The question also arises as to whether these proposals should eventually be extended to the self-employed. The extension of auto-enrolment to this group is currently being considered by Government, with the 2018 Budget heralding a paper 'this winter', and we agree it is important for sole traders and other self-employed to be encouraged to save for retirement. The inclusion of personal pension data, in addition to occupational schemes, on the dashboard (along with state pension information) would be another important tool in encouraging the self-employed to make proper provision for their retirement. It is also important to recognise that many people who are employed are also involved in entrepreneurial or self-employed work, either for discrete periods of time or concurrently with

other employment, and therefore it is important that these people can access all their relevant information via the dashboard.

Implementing dashboards

Question 6: 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 7: 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?

11. As mentioned at Q5 above, we agree that phased compulsion (similar to the rollout of AE) is the best, and only, way to deliver dashboards within a reasonable, and defined, timeframe. However, the consultation envisages a very ambitious timetable for master trusts (which, along with their administrators, are currently grappling with their new authorisation regime) and we fear that such an ambitious timetable could result in rushed implementation which often leads to errors.
12. It is also not clear from the consultation whether other types of work based pension arrangements such as DC contract based group arrangements and public sector schemes, both funded and unfunded, are included in the proposals. In our view all pension schemes, including DC contract based group arrangements and public sector schemes, should be included, albeit at a later phase of the roll out (as implied at paragraph 176 in the consultation, in which DWP recognises that such schemes could require longer lead-in times in order to prepare their data and implement required changes to their systems). As we mention above, it is also important to include all personal pension data, so the self-employed can make use of the dashboard.
13. The ability to supply data will depend on the data required, the quality of scheme data and interface considerations. In relation to master trusts and DC contract based group schemes simple data requirements, for example, the value of members' pots, should in theory be available in the shorter term as should DB scheme data in good condition. Smaller DC schemes and schemes with poor data may need more time so the phased approach to implementation proposed would help here. There is no reference in the proposals as to how often data is to be updated and loaded to the Pension Finder Service. This will be a balance between cost and usefulness of the dashboard. More frequent updates will help the dashboard provided relevant and up-to-date information whilst likely to be more costly than less frequent updates, subject to technology considerations. Quality is likely to be enhanced if data is 'pulled' from the providers of pension data by the Pension Finder Service rather than relying on data providers to 'push' data to the Pension Finder Service.

Question 8: 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?

14. The key to the success of the dashboard will be its use by members, which in turn will depend on the understandability of the core information presented. We think the key objective should be for users to be able to see all their pension pots in one place. We would therefore support a relatively simple data set since this would achieve this key objective of informing the member of their sources of pension. The information needs to remain simple (in order to aid engagement with the target audience for the dashboard) as we fear inclusion of illustrations or projections for the likely quantum of pensions payable at retirement will create undue complexity both in constructing the dashboard and in the interpretation by the users of the dashboard. In respect of DC pensions the dashboard could simply be the current pot value. In respect of DB schemes, standardisation is very difficult (eg retirement ages and rates can vary) so the dashboard could instead provide a click through to the relevant scheme, for instance to the latest benefit statement (with a warning that this could be up to 12 months out of date). Information over and above this and analysis of options can be

carried out by the member or their advisor by supplementing the dashboard data with data obtained from the pension providers.

Question 9: 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?

15. Yes.

Question 10: 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?

16. We agree that there should be only one Pension Finder Service initially. However it would be helpful to keep this under review as the ecosystem becomes more established, costs become clearer and the involvement of commercial providers of dashboards develops.

Protecting the consumer

Question 11: 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?

17. The non-commercial dashboard would appear to be covered by current data protection arrangements. However, commercial dashboards that provide enhanced data and analysis may be providing services not subject to current regulation and these will need to be considered and regulated appropriately. We agree that a key consideration for the industry-led delivery group concerning governance and effective running of the dashboard ecosystem is to have a clear liability model that all parties have signed up to and a clear process for dealing with complaints.

Accessing dashboard services

Question 12: 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?

18. This should be consistent with other types of Government communications such as those for HMRC.

Governance

Question 13: 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?

19. We note that para 135 of the consultation states that “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** [our emphasis], without which they will not be able to interact with other elements and data will not flow between them.” It would be helpful to understand what sort of assurance is envisaged here and who will provide it. For instance, will this be carried out by the ‘Governance Register’/SFGB, or some sort of independent external assurance?

Costs and funding

Question 14: 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?

20. We agree this is a complex area, but there is a need for greater clarity around the funding model, in respect of both set up costs and ongoing costs. Greater clarity over what is meant by who will 'gain most from dashboard services' would be helpful, ie who is it that the government envisage should ultimately meet the cost of the dashboard. For instance, is it intended to be commercial gain to providers of dashboard and related services, or is it pension schemes that would have more accurate data and whose members would get better transparency over their combined pension sources? For instance, the consultation envisages that 'industry' will fund the non-commercial dashboard, Pension Service Finder and Identity Service, and the Governance Register. However, the consultation doesn't specify which industry participants would be expected to be included, ie would this include investment managers, third party administrators and/or the commercial dashboards and IFAs. Also without compulsion, some providers may chose not to participate, and this could result in insufficient funding and the scheme failing. We also note the diagram on page 29 implies that the data can flow directly to the commercial providers (rather than via the single non-commercial dashboard), which will result in scheme providers either needing multiple interfaces with the various commercial providers or incurring the cost of using an ISP. As we mention at Q11 above, it would be preferable the commercial dashboards were instead compelled to draw the data via the single non-commercial dashboard, as this would avoid the need for multiple interfaces. If Commercial Dashboards want instead to have direct interfaces with the providers, we query whether the funding for this (and for the ISPs) should be borne by the providers (as envisaged at paragraph 238 in the consultation). We also note that any funding required from providers eg master trusts should not result in small pension pots being diminished, and therefore (to the extent they are to be borne by members) there should be a limit on the costs per member.
21. This complexity over funding could result in delay to the implementation of the project. One possible solution could be to adopt a model similar to that used for the establishment of NEST whereby the initial set up for the various parts of the dashboard architecture is funded by Government through a loan arrangement that is repaid by charges levied, for example, based on data input into the dashboard ecosystem. This could be moderated in time by charges levied on commercial providers of dashboards and related services.

General

Question 15: Do you have any other comments on the proposed delivery model and consumer offer?

22. No further comments.