The Pensions Dashboards Initiative
(Consultation Papers CP22/3 & CP22/25 and Policy Statement PS22/12)
December 2022

Purpose

The purpose of the Pensions Dashboards initiative is to establish secure digital interfaces that enable consumers to access simple information about all of their pensions (State, occupational and personal) that are not yet in payment, all in one place. The Government established the framework to deliver the initiative and enacted necessary legislation in the Pensions Schemes Act 2021. The initial phase of introduction will see dashboards that are purely informational, with no transaction functionality. The FCA's part in the initiative is to shape and introduce the rules that will require FCA-regulated pension providers to provide information about personal and stakeholder pensions to pensions dashboards. The FCA consultations primarily affects providers of individual and group stakeholder and personal pensions such as life insurance companies and operators of self-invested personal pensions (SIPPs), that have customers in the accumulation phase. Personal pensions include SIPPs, Freestanding Additional Voluntary Contributions, s32 buyout contracts, s226 retirement annuity contracts deferred annuity contracts and other legacy pension products, but will also be of interest to consumers, advisers and respective representative bodies.

Actions required

The Money and Pensions Service (MaPS) has been tasked with convening a delivery group, the Pensions Dashboard Programme (PDP) to develop and implement the infrastructure that will enable dashboards to operate. FCA is required to make Rules that require FCA-regulated pension providers to make the necessary information available to pensions dashboards (CP22/3 and PS22/12). FCA will also regulate firms operating a qualifying pensions dashboard service and will develop a framework to apply to these operators and has now begun consultation (CP22/25) in that regard.

The wider context

While the Government owns and leads on the pensions dashboards initiative, a range of delivery partners have roles in making dashboards a reality: MaPS & PDP, The Pensions Regulator, FCA, the Department for Work and Pensions (DWP), HM Treasury (in overall control) and the Pension Schemes themselves.

- Many consumers have lost track of their pensions pots: In 2018, the Pensions Policy Institute estimated that just under two thirds (62%) of UK adults have multiple pensions. Among that 62%, 21% (more than 6.6 million people) know they have at least one 'lost' pension pot. A 'lost' pension pot is one which a consumer knows exists but for which they no longer receive communications from the provider, typically because the provider does not have the consumer's current contact details. As a result, the consumer does not have the information needed to locate or access the 'lost' pension. Among those who are aware that they have lost track of some of their pension savings, 17% have lost track of 2 pots and another 6% have lost track of 3 or more pots. The actual number of lost pots is likely to be higher because these figures only consider pots which individuals are aware they have lost.
- For pots that are not lost: – a third of members do not know the approximate value of their pension – 53% have not reviewed the worth of their pension in the last 12 months – only 3 in 10 (29%) recall receiving a statement in the last 12 months, and a further 1 in 7 (14%) received one but did not read it (FCA's Financial Lives Survey 2020)

The initiative will enable consumers to use pensions dashboards to find information about all their pensions (occupational, workplace, personal and State). Equipped with the basic information that pensions dashboards make available, without charge, consumers might be better placed to engage in retirement planning, use advice or guidance, and ultimately make better informed decisions throughout their pensions saving and pensions access journeys.

Greater consumer engagement could drive effective competition, by increasing pressure on providers and advisers to ensure the products and services they provide to consumers offer value for money and meet consumers' needs and demands.

The changes required

In summary, FCA's rules require that by 31 August 2023 FCA regulated pension providers must:

• complete connection of their personal and stakeholder pension schemes to MaPS' digital architecture in line with MaPS' connection, security and technical standards and having regard to MaPS' guidance on connection

• be ready to receive requests to find pensions, and search records for data matches

• be ready to return pensions information to the consumer's chosen pensions dashboard ('view' data)

A few changes were made to the draft rules set out in CP22/3, most significantly a short extension to the implementation date, from 30 June 2023 to 31 August 2023 and a revised Transitional Provision, that allows providers that have fewer than 5,000 pots in accumulation and that rely on a third-party integrated service provider (ISP) rather than connecting directly to achieve compliance can have a later connection deadline of 31 October 2024. Firms intending to rely on this TP must notify FCA by 30 April 2023.

Remaining changes were made to improve clarity and ensure alignment with the requirements for occupational schemes, where possible.

Data protection considerations

The Government's consultation and subsequent response confirmed the Government's assessment that:
• Pension providers are independent data controllers when participating in the pensions dashboards initiative.
• Data controllers must comply with, and demonstrate compliance with, all the data protection principles as well as the other UK GDPR requirements. Controllers are also responsible for the compliance of their processor(s).
• Consumers will be asked to provide consent for all personal data processing by MaPS digital architecture, dashboard providers and pension schemes.

Next steps

Firms are required to implement our final rules (see Appendix 1) by 31 August 2023, and firms that intend to rely on the later implementation TP must notify FCA by 30 April 2023.

The new Rules are in COBS 19.11 (a new section) and require pension providers to:

(1) register with the *Money and Pensions Service*;
(2) connect and maintain its connection with the *MaPS dashboards digital architecture* (see ISPs below);
(3) provide and facilitate the provision of sufficient information in response to *pensions dashboard find requests* and *pensions dashboard view requests*;
(4) comply with *pensions dashboard standards* and have regard to *pensions dashboard guidance* as appropriate; and
(5) Co-operate with MaPS and adhere to certain notification requirements to MaPS.

COBS 19.11 also provides details on how providers should respond to positive and possible matches of find request data and the information to be provided and actions to be taken. The full Rules are detailed

in Annex 4 of PS22/12 and the changes have also required additions and amendments to the FCA Handbook Glossary, also detailed in the PS.

Government has set out that connection is to be phased in three stages, dependent upon Scheme size:

Wave 1 – Large Schemes	Wave 2 – Medium Schemes	Wave 3 – Small/Micro Schemes
1000+ relevant members	100 to 999 relevant members	99 or fewer relevant members
April 2023 – September 2024	October 2024 to October 2025	January 2026 onwards

Relevant members are those active and deferred members whose benefits are not yet in payment.

Pensions dashboards: information for data providers can be found here:
https://www.pensionsdashboardsprogramme.org.uk/data-providers/

MaPS has published the standards that pension providers are required to adhere to under the rules, covering: Data, Technical and Reporting standards. MaPS has also published a Code of Connection that covers Security, Service, and Operational standards. Meeting these MaPS standards is an explicit requirement in the FCA's rules.
Adhering to these standards will require providers to undertake pre-connection steps, in the 3 months leading up to the implementation deadline. FCA rules will come into force 3 months ahead of the implementation deadline (to allow firms the necessary time to undertake the pre-connection steps specified in MaPS standards).

ISPs
All pension providers and schemes with more than 100 active or deferred members will need to connect to the pension's dashboards ecosystem. Providers need to decide whether to connect directly or via a third party, known as an integrated service provider (ISP), which will create its own API connections with the dashboard and plug in the provider, alongside other clients.

The ISP market is new but developing steadily, with more providers coming forward to offer this service.

Connecting directly to the dashboard system will be a significant undertaking typically requiring specialist resource and experience in order to meet the technical standards and requirements outlined in the code of connection. It may also require improvements to your IT and network infrastructure.

FCA has opened consultation on the proposed regulatory framework for commercial parties offering a pensions dashboard service in CP22/25 (consultation closes on 16 February 2023) and aims to open the authorisations gateway in Summer 2023.

ISPs are merely technology providers and will not be FCA regulated. This has allowed a number of ISPs to already be offering solutions; such as Altus/ITM, Bravura, Heywood, CTC and Dunstan Thomas (Imago Connect).

Full details of the Government consultation may be viewed here

How Pillar 4 can help
Pillar 4 has extensive experience in helping firms prepare for and meet FCA Rules to ensure their on-going compliance and improve on their customer experience.

Speak to us for guidance on how to approach these new requirements for pension providers, the first step of which is to understand the data requirements and ensure your records are complete and accurate.