

Picking up speed? An overview of pensions dashboards and potential regulatory challenges

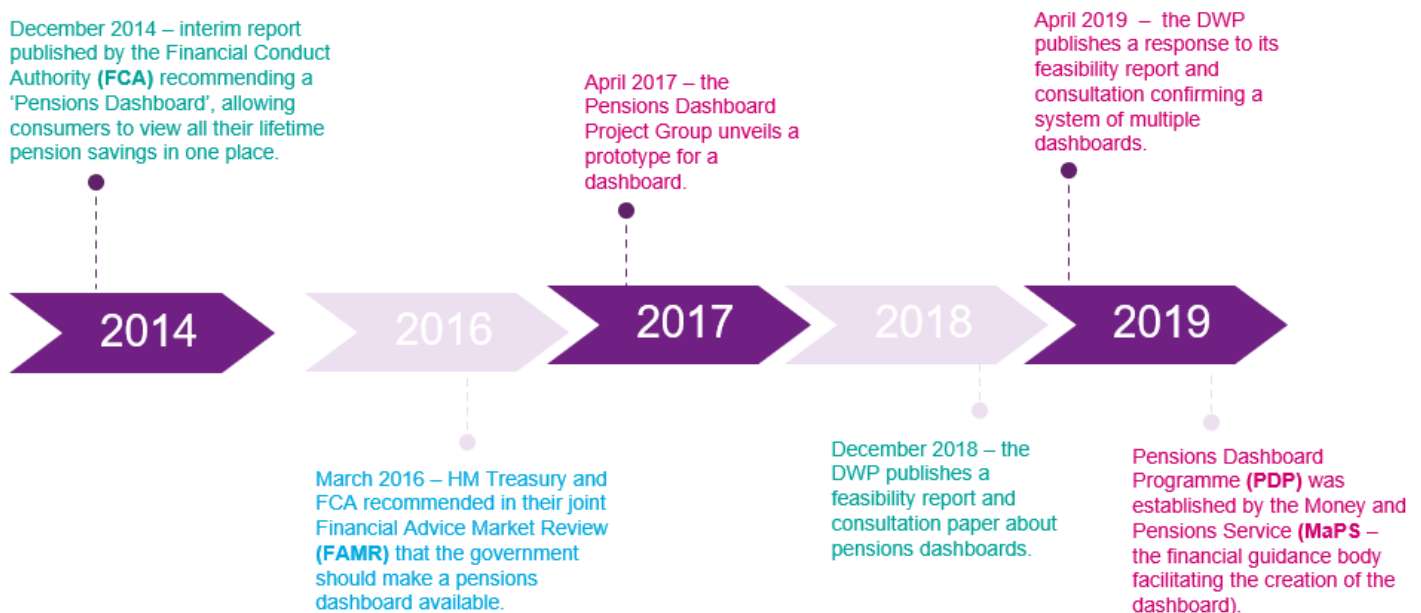
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Research has shown that among UK adults aged 18 to 75, engagement with pension arrangements is low, to the extent that in 2022, 55% had undertaken no pension engagement activities. A **report** from the DWP highlighted that attitudes to pensions were primarily characterised by detachment, with participants being unlikely to actively seek information in relation to their pensions.

Data such as this makes it clear why pensions dashboards have long been a focus for the industry, regulatory bodies and the government. As explained in our **previous blog**, pensions dashboards are online portals, capable of showing information about all of a person's lifetime savings. Dashboards will enable users to access, in a single place online, relevant information about the pensions which they have in different schemes, with different providers as well as information about their state pension. It is hoped that dashboards will make users feel that they have greater control over their pensions and that, as a result, they will be encouraged to plan for retirement. In summary, dashboards are expected to play an important part in helping people to make informed decisions regarding their pensions.

Background: a timeline of events

Taking a look at the timeline of events so far relating to pensions dashboards, we can see that the pensions industry has been pushing to make progress on dashboards for a prolonged period now:



In October 2020, the PDP published its second Progress Update Report which sets out a timeline for the development

of dashboards. The phases of the programme are:

- Phase 1 (from 2020) - Programme Setup and Planning
- Phase 2 (from 2021) - Develop and Test
- Phase 3 (from 2022) - Voluntary Onboarding and Testing
- Phase 4 (from 2023) – Staged Onboarding and Dashboards to be available. This is the phase we are currently in, where schemes and providers will begin to be compelled to connect to the dashboards ecosystem.
- Phase 5 (TBD) – Transition to Business as Usual: post-implementation, this stage anticipates the service to be running in a steady state.

Overall, feedback on pensions dashboards from the general public has been positive, with **53% of respondents reporting that they are likely to use the dashboards once launched**. Unfortunately, however, progress has not been as swift as originally anticipated. The programme has been delayed on multiple occasions – the creation of a platform that can securely and accurately provide real-time data from various schemes and pension providers in the UK has understandably proven to be a significant technical challenge. The project has also been met with further hurdles along the line, including numerous regulatory difficulties - above all with respect to ensuring the security of users' data. The co-ordination of multiple stakeholders has been another major challenge and the COVID-19 pandemic also caused delays due to its impact on work schedules and resources (again, for a fuller explanation please see our [previous blog](#)).

A new deadline

On 9 August 2023 the Pensions Dashboards (Amendment) Regulations 2023, came into force. These Regulations makes a number of amendments to the 2022 Pensions Dashboards Regulations – for example, they which provide for the staging timeline to be set out separately in guidance (rather than within regulation) and introduce a new hard stop deadline of **31 October 2026** for the end of Phase 4. In other words, this is now the date by which all pension providers are required to have connected to the dashboards ecosystem.

Importantly, the regulations also grant new powers to the Pensions Regulator (TPR) to issue compliance notices, and penalties of up to £5,000 on individuals and £50,000 (in other cases) on trustees and managers who fail to comply with dashboard requirements. TPR's enforcement powers have also been extended to cover third parties working together with the scheme or provider, who are deemed to have caused the non-compliance. Pension providers, and any third party affiliates working on the dashboards will therefore need to be vigilant in maintaining their connection with the dashboard ecosystem and with complying with TPR's ongoing guidance. In particular, TPR will now expect pension providers to:

- not make final decisions about connecting to the dashboards system, and whether to follow the connection date, until they have properly engaged with the guidance;
- be able to demonstrate that they have adequate governance and processes for making such decisions. The reasoning for decisions should be clearly considered and documented, including how relevant risks are identified, evaluated, and managed; and
- ensure that they have access to all the relevant information before making decisions and acting upon them. Clear and accurate audit trails should be kept demonstrating this.

What's next?

The extension of the deadline to 2026, as well as the removal of the staging timeline from the legislation points to increased flexibility regarding timing on the part of the regulators – and indeed, the director of the dashboards programme has confirmed that this will allow TPR to provide additional support to any provider that faces exceptional circumstances in preparing for connection.

This may serve as a relief to providers due to the extra time it affords to prepare for connecting to the dashboards programme. However, TPR's increased enforcement powers indicate that there may also be an increased pressure on providers not only to meet the staging timeline, but also to demonstrate performance against key outcomes, and overall deliver an effective dashboards platform in time.

In addition, schemes and providers will also need to be mindful of the general refocus on the everyday consumer that we are seeing across the financial services sector. The FCA's new **Consumer Duty** will set a higher and clearer standard of consumer protection across financial services and require firms to put their customers' needs first. The dashboards programme, with its emphasis on improving an average person's understanding of their finances and retirement planning options, and ultimately achieving better customer outcomes is aligned with the underlying philosophy of the Consumer Duty and so the Consumer Duty will form a key part of the backdrop to the introduction of the dashboards. Inevitably, regulators will look for pension providers to demonstrate adherence to the Consumer Duty alongside the strict data quality and record keeping requirements for dashboards, and so providers should keep this in mind in their preparations.

Conclusion

As discussed above, the development and introduction of pensions dashboards has been a focus across the industry for a number of years now and pension providers and schemes have been laying down the groundwork for the dashboards programme. However, establishing an ecosystem which is robust and secure enough to support data from various providers has proven to be a challenge, which has contributed to delays in implementation.

Although providers should be relieved that they now have the certainty of a legal requirement to meet a hard stop deadline, they will need to be mindful of the increased expectations from the Regulator to adhere to TPR guidance and deliver a consumer-friendly interface which ultimately benefits the average member's understanding of their pensions – if not, they may face more stringent action from regulators. In any case, the message seems to be that it is full steam ahead to meet the 2026 deadline.

We will continue to provide updates as the rollout of the programme progresses. If you would like to discuss anything raised in this article in more detail, please do get in touch with a member of the Dentons Pensions team or your usual Dentons contact.

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