



Department for Work and Pensions

Answers to be submitted online to pensionsdashboard@dwp.gov.uk

11 March 2022

Dear Sir or Madam

Pensions dashboards: consultation on the draft Pensions Dashboards Regulations 2022

Thank you for the consultation on the draft Pensions Dashboards Regulations 2022.

I respond on behalf of the Local Government Association (LGA) and the Local Government Pensions Committee (LGPC) in respect of the Local Government Pension Scheme (LGPS).

The LGA is a politically led, cross-party membership organisation that works on behalf of councils to ensure local government has a strong, credible voice with national government. 328 councils in England including district, county, metropolitan, unitary, London boroughs and the City of London are members of the LGA. There are 22 Welsh unitary authorities in membership via the Welsh Local Government Association (WLGA). The LGPC is a committee of councillors constituted by the LGA, the WLGA and the Convention of Scottish Local Authorities (COSLA). The LGPC considers policy and technical matters affecting the LGPS in England & Wales, a scheme which has approximately 6.2 million members. Of those 6.2 million members, approximately 4.4 million members represent active and deferred members.

This response sets out the LGA's view, where appropriate, on the questions posed in the consultation.

I hope the content is helpful; if you have any questions, please do not hesitate to contact me.

Yours faithfully

Lorraine Bennett
LGPC | Committee Secretary

Questions raised in the consultation

Chapter 1: Overview of Pensions Dashboards

Question 1. Do you have any comments on any aspect of the Regulations or consultation, that is not covered in the following consultation questions?

Yes.

Pension credits

We are not clear how pension credit information will be displayed on pensions dashboards. We understand that this data is to be included in value data as pension credit members fall within the definition of deferred member under section 124(1) of the Pensions Act 1995.

However, given that some of the administrative data is not relevant for pension credit members, eg date of employment and name of employer, will they need to be identified under a separate pension status code? Also, we assume that the date they become a member under regulation 23(1)(iv) of the draft regulations will be the transfer day.

Deferred pensioners

In the LGPS we have deferred pensioners. These are people whose ill health pension is put into pension for a maximum period of three years. When their pension is suspended, they then become deferred pensioners under the LGPS regulations. We think these people would expect to see their deferred pension entitlement included on pensions dashboards, but we are not clear whether the policy intent is to include them.

Signpost data

To confirm, in our view, this does not apply to apply to the LGPS as it is not a relevant scheme within the meaning of the Occupational Pension Schemes (Scheme Administration) Regulations 1996.

Deregistering a pension identifier

Regulation 22(6) states that where a match is made but the member subsequently leaves the scheme, the trustees or managers must de-register the pension identifier immediately. We are not clear what the term 'leaves' is referring to here. Does it mean that the member no longer has a right to benefits under that scheme, for example, because they have transferred out or trivially commuted their benefits? Or are you referring to a member who leaves active membership? Are schemes required to provide a new pension identifier if an individual's status in the scheme changes after a match is made?

AVCs

Each LGPS administering authority is required to provide access to an in-house Additional Voluntary Contribution (AVC) arrangement. The LGPS regulations provide for the AVC arrangements to be established by an agreement between the administering authorities and the AVC providers. The LGPS administering authority is technically the policy holder.

Given the above, we would like to clarify that the AVC provider is responsible for providing the view data in respect of LGPS members who have taken out an in-house AVC. We understand from the consultation document that contextual information will show that the AVC is linked to the LGPS main benefits, but we cannot see that this is delivered by the draft regulations.

To confirm, it will not be feasible for LGPS administering authorities to provide AVC view data.

Question 2. Do you agree with the proposed approach to the oversight and approval of standards?

Yes.

Chapter 2: Data

Question 3. User testing shows that the inclusion of date of birth for display logic purposes could be useful for individuals using dashboards, so we are minded to include it. Does this cause concern?

No.

Question 4. Will it be feasible for trustees or managers to provide administrative data to new members making a request for information within three months of joining the scheme?

This is dependent on employers providing timely and accurate data to the pension scheme. In the LGPS in England and Wales there are in excess of 16,000 employers of various sizes and with varying levels of expertise and resource. There will be some instances where the data is not provided to make this possible.

Also, we don't understand how this proposal will work in practice. The consultation states that 'trustees or managers would be required to be able to provide administrative data to a new member who seeks view data within three months of joining the scheme, no later than three months after the member joined the scheme'. How will this work if an individual submits their find data request within their first few weeks and the individual has not yet

been set up on the pension administration system? There will be no match and consequently no data will be stored with the pension scheme. So how is the pension scheme supposed to know who these people are so that they can send them the information within the three-month period?

Question 5. To what extent do schemes currently make use of the exemptions under Disclosure Regulations 2013, regulation 17(6)(c), which exempt money purchase schemes from issuing projections if certain criteria are met? Do many choose instead to issue SMPs to individuals in these circumstances?

This is not applicable to the LGPS because it is not a money purchase scheme. However, we think it would be appropriate to have a similar exemption for defined benefit schemes where the member has no pensionable pay in the last scheme year. This is quite common in the LGPS for casual or zero-hour employees. For these members accrued and projected values will be the same, assuming projected values are based on pension accrued in the last year.

Question 6. Do schemes apply exemptions when providing information in respect of cash balance benefits, which they think should be transferred over to dashboard regulations?

Not applicable.

Question 7. Do the Regulations reasonably allow for our policy intent for deferred non-money purchase schemes to be achieved, and does it reflect current practice?

We don't think this will affect the LGPS. In the LGPS deferred benefits are increased in line with the Pensions Increase Act 1971 in accordance with the annual Pensions Increase (Review) Order.

In addition, the HMT Direction titled 'Section 59A of the Social Security Pensions Act 1975' dated 6 April 2021, provides for all members who reach State Pension age on or after 6 April 2016, who have a Guaranteed Minimum Pension, to receive full statutory increases on all of their benefits held in the public service pension scheme.

Question 8. Would provision of an alternative, simplified approach to calculating deferred non-money purchase benefits as described make a material difference in terms of coverage, speed of delivery or cost of delivery of deferred values for any members for whom the standard calculation (pension revalued to current date in line with scheme rules) is not available?

See our answer to question 7.

Question 8a If a scheme were to use the alternative, simplified approach to calculate the deferred non-money purchase value, would the resulting values be accurate enough for the purposes of dashboards and as a comparison with other pension values? Is the potential for this degree of inconsistency of approach reasonable? What are the potential risks to consumers or schemes in providing a value based on a simplified calculation?

Not applicable.

Question 9. Do the regulations as drafted fulfil our policy intent for cash balance benefits, and do the requirements reflect current practice in delivering values?

Not applicable.

Question 10. Is displaying more than one value, to account for legacy and new schemes, in respect of members affected by the McCloud judgement and Deferred Choice Underpin a feasible approach? Do consultees believe it is the correct approach in terms of user experience?

No comment. The LGPS does not have a legacy scheme – see our answer to question 24.

Question 11. We have proposed that hybrid schemes should return the value data elements as outlined for money purchase/non-money purchase schemes depending on the structure of the individual's benefit within the scheme, within the relevant timescales. Are the regulations drafted in such a way as to deliver the policy intent stated, and is this deliverable?

Not applicable.

Question 12. Our policy intention is that where a benefit is calculated with reference to both money purchase and non-money purchase values (as opposed to hybrid schemes with separate values), schemes should only provide a single value. The regulations do not currently make this explicit. Would a requirement that a scheme must supply only the data for the greater benefit of the two cover all scenarios with mixed benefits? Are there other hybrid scenarios which are not covered within these regulations?

Not applicable.

Question 13. Are the accrued values for different scheme and member types deliverable, and can they be produced in the time frames set out in the 'Response times' section? Are these values necessary for optimal user experience?

1. The requirement set out in regulations 25(3) provides a disincentive for LGPS administering authorities to issue annual statements before the statutory deadline of

31 August each year. Regulation 25(3) states that all value data must be from:

- a statement provided within the 12 months (even if the values in that statement were calculated more than 12 months ago), or
- a calculation performed within the last 12 months.

The LGPS is required to issue annual statements to all active, deferred, deferred pensioner and deferred pension credit members by 31 August each year. This is set out in the Scheme regulations and is also a requirement of the Public Service Pensions Act 2013 for active members.

If an LGPS administering authority issues their active annual statements on 30 June 2024, these values can be used for value data requests from 30 June 2024 until 29 June 2025. If the next year they issue their annual statements on 31 August 2025, there will be a two-month window during which they would need to perform an individual calculation for each request received ie from 30 June 2025 until 31 August 2025. The additional work created by having to provide individual statements in the interim period will be a disincentive to issue statements before the statutory deadline of 31 August each year. It will also make it harder for pension schemes to stagger issuing annual statements for different groups of members.

In our view, it would be more appropriate to either allow value data to be used from a statement provided in the last 17 months or for a maximum period of 12 months from the statutory deadline of 31 August.

2. The proposal for accrued and projected values to be provided to all active members will be problematic for members with short service for several reasons:

- in the LGPS there is no requirement to collect data monthly. Although many administering authorities do there are still a significant number that don't. These authorities will find the 10-working day timescale very challenging for newer employees who join part way through the Scheme year. They will need to request, validate and upload pay information from the employer and produce a calculation (benefit statement or equivalent) showing accrued benefits and benefits projected to NPA. The employer will have their own turnaround time for responding to information requests which is likely to eat into at least 8 of the 10 working days. The LGPS in England and Wales has approximately 16,000 employers many of which are small employers who do not have a dedicated pension liaison role. In addition, many of these employers will be schools whose administration staff will work term-time only. For these reasons, we think a timescale of 30 working days is more realistic.
- currently, the LGPS runs an annual statement programme once a year, based on members who are in the scheme on 31 March. The proposals will require a new

programme for members who join the scheme in the same scheme year as the view request is received. This will need to be developed by software suppliers at a time when they are fully focussed on delivering the McCloud remedy software changes.

- where an annual statement should have been issued but hasn't, this is likely to be because the administering authority has identified data issues with the member record. This could be because data is missing or has been queried with the employer, or the member is querying the accuracy of the data held on their record. It will not always be appropriate, or possible, to return data for these members within the 10-day timescale.
- a member does not qualify for accrued benefits in the LGPS until they meet the vesting period. To meet the vesting period, a member must pay into the LGPS for a period of at least two years, although the vesting period can be met in other circumstances. Whilst we issue annual benefit statements to these members before they meet the vesting period, the statements are accompanied by notes which explain that the values shown are not payable unless the member meets the vesting period. We strongly recommend that pensions dashboards also provide this caveat.
- members on zero hours or casual contracts who joined the LGPS more than three months ago may submit a find data request before they have been paid. We think these members should be excluded otherwise we will have to return accrued and projected values of zero.
- each LGPS administering authority is required to provide access to an in-house Additional Voluntary Contribution (AVC) arrangement. Draft regulation 25(5)(b)(ii) provides that value data must be returned within three working days of a find request for LGPS AVC s. Around 60 of the 86 LGPS administering authorities in England and Wales use the Prudential to provide their in-house AVC s. Over the past 18 months Prudential have failed to provide a consistent, timely facility across all aspects of their service. We therefore have concerns that a three-day timescale is not currently achievable. Prudential's performance has been brought to the attention of the Pensions Regulator, the FCA and the Scheme Advisory Board for the LGPS in England and Wales.

We agree the accrued values are necessary for the optimal user experience but the timescales will not be achievable in all cases. LGPS administering authorities that are not currently collecting data monthly will not be a position to do so before the connection deadline of 30 April 2024.

Question 14. Do you believe our proposals for data to be provided and displayed on dashboards, particularly on value data, provide the appropriate level of coverage to meet the needs of individuals and achieve the aims of the Dashboard programme?

No, in our [response to the Staging Call for Input](#), we expressed our concern that

dashboards will not display information about frozen refunds ie where an individual leaves a pension scheme without an accrued right. To qualify for a pension in the LGPS an individual usually has to be an active member for two years or more. If a member does not qualify for a pension in the LGPS, they can take a refund of contributions or, if eligible, request a cash transfer sum to another registered pension scheme.

There are tens of thousands of unclaimed frozen refunds in the LGPS. If frozen refunds were included in the dashboard this could help reunite members with them and, where possible, allow for a transfer to be paid to another pension arrangement increasing the individual's income in retirement. We suggest that a different pensions status code be created with a message for the individual to contact the pension scheme. There will be no accrued or projected value data for these members.

One of the stated aims of the pensions dashboards is to reunite individuals with lost pots and transform the way people think about and plan for their retirement. In our view, if the dashboard only includes information for active and deferred members this aim cannot be fully achieved.

Question 15. Are there ways in which industry burden in terms of producing and returning value data could be reduced without significant detriment to the experience of individuals using dashboards?

No comment.

Chapter 3: How will pensions dashboards operate? Find and View

Question 16. Is 30 days an appropriate length of time for individuals to respond to their pension scheme with the necessary additional information to turn a possible match into a match made?

Paragraph 3 of Chapter 3 of the consultation document states that schemes are expected to resolve possible matches within 30 days. However, paragraph 36 of Chapter 3 says that individuals should have 30 days to contact the pension scheme and supply all the relevant, additional information necessary to satisfy the scheme that they have a match for that individual. So, it appears the scheme is provided no time to check the information supplied if the individual returns the information on day 30 of the period. We think this is unrealistic and unachievable. Pension schemes should be provided a 10-working day period from the date the information is returned to confirm if a match can be made.

If we identify a possible match, it is unclear without sight of the matching guidance from the Secretary of State how this will be resolved. Depending on the content, this may impact on response times.

Question 17. Do you think that the response times proposed are ambitious enough?

We think they are too ambitious in some circumstances – see our answers to questions 13 and 16.

Question 18. What issues are likely to prevent schemes being able to return data in line with the proposed response times?

See our answers to question 13, 16 and 24.

Question 19. We are particularly keen to hear of where there could be specific difficulties to providing this data for exceptional cases, how many cases this might include, and whether consultees have views on how exceptions could be made without damaging the experience of individuals using dashboards for most cases where values can be provided more readily. Are there any specific cases when providing the information asked for would be particularly difficult?

Yes, in our answer to question 13 we have already mentioned there will be difficulties providing value data for:

- individuals on zero hours or casual contracts that have not yet been paid
- cases where there is an unresolved data query.

In addition to these, we think it would be appropriate to make an exception for members that have recently left the Scheme. It would be inappropriate to provide projections for people that have recently left a pension scheme. In addition, some leavers will have the choice of deferring or taking their pension and there will be a period of uncertainty while the pension scheme awaits their decision.

For leavers entitled to a deferred pension, missing or inaccurate employer data may mean that there is an extended period in which the pension scheme is not able to calculate a deferred benefit.

It is not clear what response the scheme should supply to a find request if the member has left but their record has not yet been updated to reflect the change in status.

Chapter 4: Connection: What will occupational pension schemes be required to do?

Question 20. Do the proposed connection requirements seem appropriate and reasonable? If not, what alternative approach would you suggest and why?

Yes.

Chapter 5: Staging – the sequencing of scheme connection

Question 21. Do you agree that the proposed staging timelines strike the right balance between allowing schemes the time they need to prepare, and delivering a viable pensions dashboards service within a reasonable timeframe for the benefit of individuals?

No, see our answer to question 24.

Question 22. Apart from those listed in the table ‘classes of scheme out of scope of the Regulations’ are there other types of schemes or benefits that should be outside the scope of these Regulations? If you have answered ‘yes,’ please provide reasons to support your answer.

No comment.

Question 23. Do you agree with the proposed sequencing as set out in the staging profile (Schedule 2 of the Regulations), prioritising Master Trusts, DC used for Automatic Enrolment and so on?

Yes, but subject to our answer to question 24.

Question 24. (Cohort specific) If you represent a specific scheme or provider, would you be able to connect and meet your statutory duties by your connection deadline? If not, please provide evidence to demonstrate why this deadline is potentially unachievable and set out what would be achievable and by when.

No. The draft regulations indicate that public service pension schemes will have a connection deadline of 30 April 2024, though in reality the connection window might be up to three months earlier. This is a full 12 to 15 months earlier than we stated, in previous consultation responses, that the LGPS could be ready.

To confirm, the LGPS is a locally administered public service pension scheme. The schemes are administered by:

- 86 administering authorities in England and Wales
- 11 administering authorities in Scotland
- 1 administering authority in Northern Ireland.

In our view, the LGPS will not be able to connect and meet its statutory duties until April 2025. The reasons for this are set out below:

Value data requirements

We have stated previously that, provided the value data required matches what the LGPS

is currently required by law to provide on annual statements, a lead in time of 18 months would be achievable. We also stated that the 18-month lead in time would start from the date the regulations are in force. We stated that, if additional data items were required, a further 12 months would be necessary. This is because annual benefit statement routines will need to be rewritten on pensions software.

The draft regulations provide that the value data required will go beyond what is required by the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 because it will include projections to normal pension age. This will require a significant amount of pension software changes and testing, meaning that a connection deadline of 30 April 2024 is unachievable.

McCloud

We expect the McCloud remedy regulations to come into force from 1 October 2023. LGPS administering authorities will already be under huge pressure at this time to re-visit calculations in respect of leavers since 1 April 2014, including:

- recalculating member and survivor pensions, paying arrears and interest
- dealing with the resulting pension tax implications and compensation
- recalculating deferred benefits and concurrent calculations
- exchanging scheme membership information with other LGPS administering authorities for members who have transferred
- re-visiting past trivial commutation payments, CETVs, death grants and Club transfers.

Therefore, a connection deadline of 30 April 2024 is completely unachievable and will only serve to distract administering authorities from carrying out this important work.

In addition, the consultation document says “the LGPS is in a different position to the other, unfunded public service pension schemes in that they have an automatic ‘underpin’ approach to the McCloud remedy, rather than an options exercise. Hence LGPS would not need to report two different potential values for the projected benefits”. It is not clear from this what McCloud data, if any, is expected to be included in the value data for the LGPS.

Our strong preference would be to provide value data that matches the data we are required to provide in annual benefit statements. However, the Government department responsible for the LGPS, DLUHC, has yet to respond to its consultation on the McCloud remedy – so we don’t know if, or in what format, we will be required to display McCloud remedy data on annual statements.

If we are required to provide McCloud remedy data in annual statements but not in value data provided to the dashboard, or vice versa, this inconsistency in message could

undermine the value of pensions dashboards and potentially cause a considerable amount of work for LGPS administering authorities in queries. This delay and uncertainty make the proposed connection deadline even more unachievable.

Even when we have certainty on this, the proposed connection deadline means that when we first connect, we will be using annual statements produced in the five months from the end of the Scheme year that ends on 31 March 2023. Because the McCloud regulations will not come into force until 1 October 2023, the annual statements will not include any McCloud remedy data. Given that we expect there to be extensive communication with our members about McCloud at this time, it will be potentially confusing for them to not see this data when they request their pension information on the pensions dashboards. This could undermine the value of the pensions dashboards.

Monthly data collection

As mentioned in our answer to question 13, the proposed response times for value data essentially mean that pension schemes will need to collect and validate data monthly. LGPS administering authorities that are not currently collecting data monthly will not be in a position to do so before the connection deadline of 30 April 2024.

Recruitment and retention

We mentioned in [our response to the Staging call for input](#) that recruitment and retention of staff is a real issue in the LGPS. There are a significant number of vacancies across the LGPS sector which makes the challenges the sector is currently facing harder to deal with. Recruiting and retaining staff with the knowledge and experience to deal with the complexities of the Scheme is a further barrier to the LGPS being able to meet the connection deadline.

Question 25. Do you agree that the connection deadline for Collective Money Purchase schemes/Collective Defined Contribution schemes (CDCs) should be the end of April 2024?

Not applicable.

Question 26. Do you agree with our proposition that in the case of hybrid schemes, the connection deadline should be based on whichever memberships falls in scope earliest in the staging profile and the entire scheme should connect at that point?

Not applicable.

Question 27. Do you agree that the Regulations meet the policy intent for hybrid schemes as set out in Question 26?

Not applicable.

Question 28. Do you agree with our proposals for new schemes and schemes that change in size?

No comment.

Question 29. Do you agree with the proposed approach to allow for deferral of staging in limited circumstances?

We agree with the proposed approach for the circumstances outlined, but we believe deferral of staging should also be allowed in other circumstances. See our answer to question 30.

Question 30. Are there any other circumstances in which trustees or managers should be permitted to apply to defer their connection date to ensure they have a reasonable chance to comply with the requirements in the Regulations?

In relation to the LGPS, whilst we think it would be preferable for all LGPS administering authorities to connect within the same three-month window for consistency of message, the proposed connection deadline is unachievable for the whole of LGPS. Our preference is for the connection deadline to be moved to 30 April 2025 for all LGPS administering authorities. However, if it is not, we think deferral of staging should be considered on an individual basis because of the pressures we have mentioned in our answer to question 24.

Chapter 6: Compliance and enforcement

Question 31. Do you agree that the proposed compliance measures for dashboards are appropriate and proportionate?

Yes, subject to the caveat below.

It is unclear if a third-party compliance notice, referred to in chapter 6, could be issued to a Scheme employer that either does not provide data, or provides incorrect data, resulting in an LGPS administering authority failing to meet their legislative timescales to provide value data. As already stated, this is one of the barriers to pension schemes being able to provide the required view data in the suggested timescales. Therefore, it would be helpful if the regulations provide that a third-party compliance notice can apply to Scheme employers, where appropriate.

Chapter 7: Qualifying Pensions dashboard services

Question 32. Do you agree that our proposals for the operation of QPDS ensure adequate consumer protection? Are there any risks created by our approach that we have not considered?

No comment.

Question 33. We are proposing that dashboards may not manipulate the view data in any way beyond the relatively restrictive bounds set out in Regulations and Standards, as a means of engendering trust in Dashboards. Do you agree that this is a reasonable approach?

Yes, we agree this is necessary.

Question 34. Do you agree that not constraining the content placed around dashboards is the right approach for dashboard providers and users?

Yes, we agree.

Question 35. Do the proposals set out here provide the right balance between protecting consumers and enabling dashboards to deliver the best user experience? Are there ways in which consumers might be afforded more protection without negatively impacting the user experience?

Yes, we believe the proposals set out here provide the right balance between protecting consumers and enabling pensions dashboards to deliver the best user experience.

No, we are not aware of ways in which consumers might be afforded more protection without negatively impacting the user experience.

Question 36. Does the introduction of a 3rd party audit sound workable for potential dashboard providers? We are particularly keen to receive views on:

1. The deliverability of such an approach.
2. The availability of relevant organisations to deliver such an audit.
3. The degree of assurance that individuals can take from this third-party audit approach.
4. Who should be this third-party trusted professional to carry out the assessment on dashboards compliance with design and reporting standards?

Not applicable.

Question 37. In what ways might prospective dashboard providers expect a third-party auditor to assume any liabilities?

Not applicable.

Question 38. What would dashboard providers expect the cost of procuring such a service to be?

Not applicable.

Question 39. What are your views on the potential for dashboards to enable data to be exported from dashboards to other areas of the dashboard providers' systems, to other organisations and to other individuals?

We have concerns about LGPS data being exported away from pensions dashboards as this may increase the risk of scams or other malicious activity. It may also encourage imprudent decision making - it is acknowledged by TPR and FCA that transferring defined benefits to a defined contribution scheme is generally not in most members' best interest.

However, we do appreciate that in some circumstances individuals may find the option desirable. We agree that if the option is taken forward, the dashboard itself should no longer be visible. We also think the risks should be fully investigated beforehand and kept under constant review.

Question 40. If data exports were prohibited, would prospective dashboard providers still be keen to enter the market to provide dashboards?

Not applicable.

Question 41. Do you have any comments on the impact of our proposals on protected groups and/or views on how any negative effects may be mitigated?

No comment.