Dear Mr Field

RE: PENSIONS DASHBOARD

Thank for your letter of 11 March on the Pensions Dashboard. I am sorry for the delay in our response.

The PLSA supports the Pensions Dashboard project. Measures that make it easier for people to see all their pensions savings (state and private) in one place, supported, ideally, by planning tools, offer a major opportunity to help savers achieve better retirement incomes. For dashboards to operate effectively and in the interests of savers, all schemes need to be able to provide accurate data.

As we set out in our response to the Department for Work and Pensions (DWP) Pensions Dashboard Feasibility Study consultation, we believe that an essential way of ensuring that pension data quality is appropriate for use on a Pensions Dashboard, is the Government’s decision to adopt a phased approach. This entails the largest DC schemes being expected to connect to the Pension Dashboard first, and smaller or more complex schemes, such as DB schemes, being required to do so 3 or 4 years later.

In terms of the sector’s preparations for the Dashboard, the PLSA conducted a member survey in January 2019 to check on preparedness and barriers to schemes’ ability to provide savers’ data to dashboards. Key amongst schemes’ concerns was the need for more information on the design of the data standards, i.e. what data specifically the dashboard will ask for. On this subject, we note that the Government has asked the Money and Pensions Service (MAPs), together with the Pension Dashboard industry steering group, to seek to identify data requirements by the end of this summer.

A second issue that was highlighted by schemes in response to our survey was that resource constraints could impinge on their ability to deliver data to dashboards. Many occupational
pension schemes are run as part of the HR function of the employer providing the scheme, so they have to compete for resources with other objectives of the sponsoring employer. While employers often subsidise the cost of providing a scheme rather than the costs of the scheme being met by charges on savers, resources have to be justified.

According to a recent Pensions Regulator survey on record keeping\(^1\), the vast majority of pension scheme members are in schemes where common data\(^2\) had been measured (90%), and two-thirds (66%) of members were in schemes with a common data score of at least 95%.\(^3\) Better performance was found in large and medium sized schemes as well as Defined Benefit and Hybrid schemes.\(^4\) The survey also found that the data of small and micro schemes required improvement.\(^5\)

The PLSA has highlighted the coming of the Pensions Dashboard to its member occupational pension schemes and urged them to ensure that the data quality is of a good standard. Indeed, to help highlight the importance of the issue, we are dedicating a substantial part of our forthcoming Annual Conference to the Pensions Dashboard and data quality more generally.

Whilst the exclusion of small schemes from the Pension Dashboard project might reduce the instances of poor data quality, we will continue to press for the inclusion of all schemes’ data to be made available to dashboards. As we stated in our response to the Government’s consultation on Pensions Dashboards, we believe that any exclusions, except of those schemes already in the process of winding up, would risk the integrity and undermine the purpose of the dashboard. We were, therefore, pleased to see that the Government concluded that any primary legislation will assume from the outset that all schemes are compelled to participate in dashboards.\(^6\)

Scheme administration and data quality is a priority for the PLSA. It is incorporated into our policy programme under one of our four priority areas: ‘well run schemes’.\(^7\) Moreover, to raise standards in the workplace pension sector, the PLSA developed the Pension Quality Mark (PQM), which is designed to increase confidence by helping employers demonstrate the quality of their schemes. Scheme governance is an important element of the PQM standards.\(^8\)

Looking ahead, we are keen to take part in the MAPS industry steering group that will develop the data standards for dashboards. We are keen to play our role in supporting schemes to improve data quality in relation to whatever those standards might be and to inform the development of data standards that will suit a range of different scheme types.

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2. Common data refers to data used to identify scheme members, such as name, address and National Insurance number. Conditional data is scheme-specific data needed to calculate member benefits, such as pensionable salary or contributions.
3. That is to say, the scheme’s common data items were complete for at least 95% of members.
4. Scheme size was defined by TPR thus: Large – 1000+ members; Medium – 100-999; Small – 12-99; and Micro - <12.
Once the data standards have been developed, we will be able to give a more accurate view on scheme readiness. We will keep the Work and Pensions Committee up-to-date with our findings on this issue.

Nigel Peaple
Director of Policy and Research

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