B&CE response to the DWP Consultation on the pensions dashboard

About us

B&CE is the provider of the People's Pension, a not-for-profit master trust which delivers a workplace pension to more than 4 million mostly low and medium income savers. B&CE is a provider of straightforward financial products, founded by construction industry employers and trade unions in 1942. We have recently completed the transfer of nearly half a million customers from our legacy contract based DC arrangement to The People's Pension master trust because of the higher and more effective governance standards and lower charges of the latter.

Introduction

We are pleased to have the opportunity to respond to this consultation and pleased that the Government has reaffirmed its commitment to the pensions dashboard. B&CE took a leading role in the dashboard pilot study because we saw it as an opportunity to transform the way that people do retirement planning in the UK. At the moment, many people do not really plan for retirement. Indeed, only those with a high level of financial knowledge or an adviser really plan. The pensions dashboard may open out retirement planning to a much wider proportion of the population. Our enthusiasm for the project remains and we look forward to working with government, industry and consumer stakeholders to build the dashboard.

We recently published an independent report, written by Dominic Lindley, that looks at how the dashboard may develop. This report provides many useful ideas for how the dashboard could develop and we hope it will be a useful contribution to the debate.

We have a distinctive vision for the dashboard, rooted in our status as a trust-based, non-profit provider. Our approach to the dashboard is rooted in putting the consumer first and, in this response, we lay out a series of measures intended to make that objective a reality. In our view, this begins with a single, non-commercial dashboard enabled by the SFGB. This should be the over-riding priority for the pensions sector and no steps should be taken towards third party dashboards until the single, non-commercial dashboard is complete.

Increasingly, we see a world outside pensions in which too few questions have been asked about the social utility of technologies that now affect all of our lives. And, because the hard questions about consumer benefit have not been asked at the outset, governments and regulators are being forced to act after the fact.

This is potentially true in financial services, just as it has been in social media. In particular, if the dashboard project progresses towards allowing third party dashboards, it will be important to hard wire the consumer interest into the running of those dashboards. For most people, their pension is or soon will be either their largest asset, or their second largest asset other than their house. How information is presented to them and what they are encouraged or enabled to do by the dashboard raises serious questions about the motivation of dashboard providers and how dashboards may be designed.

Doing the hard work on these issues now will increase consumer trust in the dashboard and, if we are lucky, in retirement saving more generally. Avoiding it will likely have the opposite effect.

Our approach to the consultation

We see the dashboard as raising a series of technical and consumer protection questions. In this response we look at both: we broadly support the technical conclusions of the feasibility study but we believe much more thought needs to be given to making sure dashboards benefit and protect consumers if the project evolves beyond the initial non-commercial dashboard. In the first section of the response we make a series of points about the dashboard project. In the second we answer the questions asked in the consultation paper.

The feasibility study makes a sensible technical case

We see the feasibility study as having settled the main technical questions. There should be a single, non-commercial dashboard to which all providers and schemes should be compelled to send data on request. There should be a single pension finder service as the finder service has many of the characteristics of a natural monopoly. The main technical priority is ensuring that there is a fit for purpose and future proofed data standard for communication of pensions information between schemes and the dashboard. We see the ABI pilot API as a good starting point but note that it excludes important issues like charges. The final data standard will need to be more complete and will also need the capacity to evolve.

As a leading master trust, the People's Pension will be ready to submit data to a voluntary beta version of the dashboard within six to nine months of the finalisation of a data standard and other associated technical requirements. Otherwise, we see the timetable for compulsion as being driven as much by likely legislative timetables as by the ability of the industry to comply.

Phasing the project makes sense

Our recent report, commissioned from independent expert Dominic Lindley, suggested that the dashboard project should be divided into three phases. In the first, the SFGB and industry should develop a single, non-commercial dashboard. Once this is complete, it may make sense to move to a second phase and develop the regulations allowing third party dashboards. Increasingly, it will be possible to integrate dashboards with other elements of people's online financial lives. As such, we anticipate a third phase where dashboards begin to connect to initiatives like online banking.

It is important, though, that the initial focus is on the delivery of a non-commercial dashboard by industry and the SFGB to the exclusion of other objectives. Attempting to deliver this dashboard and move to the second phase of third party dashboards at the same time risks the compromise of both objectives. It would be more sensible to treat each phase of the project as a separate entity and work on them sequentially. This will avoid the division of resources between different phases. It will also avoid any temptation not to adequately resource the development of regulations for third party dashboards. This is particularly important if the consumer interest is to be adequately protected.

Completeness matters

Box 1 shows the breakdown of UK pension entitlements. While estimates of funded pensions vary somewhat between the ONS estimate of DB entitlements and the FCA's estimate in their recent sector view, it is unambiguously clear that HM Government is the UK's largest pension provider. The state's total pension liabilities and assets comprise a mixture of funded and unfunded DB and also the state pension. Unfunded liabilities alone total £4tn of state pension entitlements and just under £1bn of public sector DB entitlement – about five eighths of the UK's total pension entitlements.

Box 1: counting UK pension entitlements

According to ONS, as at 2015 there were c. £7.6tn of pension entitlements in the UK pensions system[1]. This represents a combination of funded DB and DC entitlements and unfunded DB and state pension entitlements. Of this, c. £4tn represents the state pension and c. £2.3tn funded DB and DC pensions. Unfunded public sector DB accounted for £913bn in accrued entitlements.

The FCA's sector review uses an estimate for funded workplace pensions that is slightly lower £2tn rather than £2.3tn[2]. Of this, approximately £172bn of this relates to contract-based workplace pensions and £1.7tn relates to trust-based DC and DB. Clearly the majority of this is DB entitlements. Broadridge estimate the size of trust-based workplace pensions at £176bn, of which £12bn is held in master trusts.

The FCA further estimate that there is c. £420bn in non-workplace pensions, of which the bulk is in SIPP. This gives a total size for contract-based DC of £600bn. This suggests, assuming we use the lower FCA estimate rather than the higher ONS estimate, that contract-based DC accounts for roughly a quarter of funded pension entitlements and trust-based pensions account for roughly three quarters. Furthermore, it is clear that with c. £5tn in accrued entitlements, the UK government is by some distance the largest pension provider in the UK.

In terms of the growth of DC, Broadridge estimate workplace DC totalling £871bn by 2026. This is made up of £366 in contract-based pensions, £306bn in master trusts and £199bn in single employer occupational schemes. The bulk of the future growth, therefore, is forecast to occur within the trust-based sector.

Without public sector and state pensions shown in the same manner as funded second and third pillar pensions, the dashboard will at best be partial and at worst, misleading. The state pension in particular should be a high priority for inclusion in the pensions dashboard at the earliest opportunity.

The dashboard should be about income, not capital

In the first instance we think that the pensions dashboard should simply show people's pension entitlements. This is so that we can get a dashboard operational as quickly as possible. We think, though that the dashboard will need to evolve quickly to show income rather than capital.

PLSA research shows that 84 per cent of people want an income from their pension[3]. It is also likely that is what they will need and this will not vary much depending on whether they have DB or whether they need to augment their state pension entitlement with an income drawn from a DC pot. We accept that there has been a recent trend for the liquidation of small DC pots since the pension freedoms but see this as likely to peter out as DC becomes a more important part of the UK retirement mix and people come to depend on DC more as a source of income. For this reason, we think the dashboard should show projected income rather than capital accrued as soon as is possible. It is what people say they want and what they need.

We are also concerned to avoid two pitfalls. The first is that showing a CETV as the primary illustration of DB entitlement may inadvertently encourage people to transfer inappropriately. The second is that showing a DC pot of, say £50,000 might suggest to people that they are on track for a better funded retirement than they actually are. While £50,000 is a large and potentially lifechanging lump sum, it will likely not provide a generous income in retirement. It is important that people are directly confronted with that reality when using the dashboard.

[1] https://www.ons.gov.uk/economy/nationalaccounts/uksectoraccounts/articles/pensionsinthenationalaccountsafullerpictureoftheuksfundedandunfundedpensionobligations/2010to2015

[2] https://www.fca.org.uk/publication/corporate/sector-views-january-2019.pdf

[3] https://www.plsa.co.uk/portals/0/Documents/0442-Understanding-Retirement-Wave-2-Interim-Report%20v2.pdf

Of course it would not be ethical to conceal these figures from people but they should not be the first thing that people see on using the dashboard.

In respect of funded pensions, the dashboard is mainly about the presentation of occupational pensions

Box 1 also shows that the split between trust and contract-based assets is roughly 75 per cent, 25 per cent trust to contract. Furthermore, most of the growth in workplace DC is forecast to come in the trust based sector: predominantly master trusts driven by the success of automatic enrolment but also in single employer DC as well.

This means that most savers and most future savers will primarily hold trust based assets. The trust based ethos is different to both the ethos of provision and regulation of contract based pensions. Exposing assets that have been accrued under one pensions regime to a pensions regime that places quite different responsibilities on the consumer seems to us to be a serious potential source of trouble. Given that the bulk of current and future assets on the dashboard are likely to be trust based, it seems to us that the trust based ethos should predominate. We think this has implications for the regulation of the dashboard, that we lay out below. We also think that it has implications for the kinds of legal duties that should be placed on operators of third party dashboards.

In this context, we think that the assumption that the FCA should lead the regulation of the dashboard should be challenged. It is not clear why, with the majority of both current assets and likely growth outside of the FCA's regulatory perimeter that it should be the FCA that leads on dashboard. We see a stronger role for TPR as the lead regulator for dashboard as desirable and see this as important to the trust-based ethos predominating on the dashboard. We note that TPR has recently had a leading role in the successful roll out of automatic enrolment and can therefore demonstrate success in the management of complex phased projects. We think that something similar will also be said in time of TPR's approach to the authorisation of master trusts.

That does not mean we see no role for the FCA. Indeed, regulatory co-operation will be important to the success of the project. But we feel that the assumption that the FCA should lead is not borne out by an analysis of where funded pension assets are really held.

There should be a legal duty on third party dashboard providers to put the consumer interest first

Pensions work best when the interests of providers and savers are aligned. This is why most pensions provision in the UK is trust rather than contract based. It is also why many countries, including the USA, mandate that there be a fiduciary safeguarding the interests of the saver in workplace retirement saving. Aligning the interest of the saver with the interest of the provider either through statute or common law, or a combination of the two, is clearly the most powerful way that the interests of the saver can be put first. Of course, this approach is not infallible, but it makes higher quality pension provision more likely.

We think it is a mistake to allow economic incentives to push providers to behave one way and then to attempt to constrain that behaviour with rules that try and constrain business conduct. It is increasingly clear that this approach has not been effective in safeguarding consumers of workplace pensions and further note that it has been the DWP through legislation, rather than the FCA through COBS, that has tackled high charges and unfair charge structures in workplace pensions.

In our view, these principles apply as much to engagement tools like the dashboard as they do to the nuts and bolts of running pension schemes. It would be theoretically possible to present information on a dashboard in a way that encourages certain sorts of consumer behaviour. For example, presenting DB entitlement as a CETV rather than an income figure could be seen as making a transfer seem more attractive. Presenting that CETV next to information about how to transact and linking to a site to begin the process might bias a customer decision even further.

Attempting to write conduct-based rules to control all the permutations of the kind of customer journey outlined above seems to us to be extremely difficult, if not impossible. We think that when thinking about how to regulate dashboards in the consumer interest, DWP should look upstream from behaviour and look at culture. We see statute as a powerful tool for affecting provider culture and hence behaviour and think that it can be used in two ways in this context.

First, it is common for NDPBs to have objectives set in statute. This is the case for the SFGB and we think should also be the case for any dashboard implementation body. Either the SFGB should have its statutory objectives amended to make it clear that it should design and run the dashboard in the interests of consumers of the dashboard or similar objectives should be written for the implementation body. Furthermore, the steering group terms of reference should make it clear that the purpose of the dashboard project is to serve the consumer and that the design, development and future regulation of the dashboard should take place in the best interests of the consumer.

Second, when the non-commercial dashboard is complete and work progresses to multiple dashboards, there should be a new statutory duty placed on bodies authorised to operate pensions dashboards. Our proposed model here is the duty on trustees to invest in the best interests of members and beneficiaries in the 2005 investment regulations. We think that placing a clear, justiciable, duty on dashboard operators would send a message about who the dashboard project should benefit and establish an accountability mechanism in one stroke.

Some may argue that this is incompatible with the duties that companies have to their shareholders under company law and that a legal duty to put consumers' interests first is therefore not possible. This argument does not stand up to close scrutiny as many profit making providers, including insurance companies, operate tied master trusts that are subject to the very legal duties on which we have modelled our proposal. Given the substantial similarity of the current and proposed arrangements, we are confident that duties under company law pose no further barrier to our proposal than legal duties that already exist for tied master trusts.

As with any policy tool, this would not guarantee success. It would need to be augmented with further rules and guidance. But it would create a more likely basis for dashboards that operate as tools for consumer benefit than would otherwise be the case.

Consultation questions

Wider benefits of a dashboard

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

We feel that there are potential benefits to both savers and also to pension schemes. As a non-profit provider, we also feel that benefits to schemes are also potentially benefits to members as all of our revenue derives ultimately from member borne charges.

We have produced an infographic, reproduced in Annex A, that shows the main benefits of the pensions dashboard. This shows how the dashboard may benefit savers and pension schemes through:

- Improving engagement: the dashboard will be a place where people will be able to get the full picture of their retirement savings including state the pension. This will encourage ownership – like logging on to check a bank account.
- Improving limited understanding: the dashboard will help make pensions real for people by showing them what entitlements they have and where they are in a simple format.
- Dealing with "lack of time": the dashboard will be a "one stop shop" for engaging with pensions, rather than having to deal with multiple pension providers.
- Providing guidance: as a central hub for understanding an individual's pension entitlements, it will be the best site on which to offer guidance.
- Aiding scheme communications: the dashboard will be a "one stop shop" and the natural site where people will be able to update their details and communications preferences. It should align with industry best practice and be written in clear language.
- Aiding transparency: the dashboard should standardise the disclosure of charges and transaction costs allowing people to compare providers
- Finding lost pensions: compulsion should mean that people will be able to see all their pension entitlements online.
- Addressing pot fragmentation: the dashboard should show at a glance what pension entitlements people have and where they have them. This should facilitate consolidation.

We also feel that there might be opportunities through the dashboard to reduce the communications overhead paid by pension schemes. This matters as the cost of scheme communications is borne by the saver through charges. If thing can be done in a more effective or cheaper manner through the dashboard then it will make sense to migrate the communications overhead to the dashboard over time. These arguments apply mainly to DC but, with the adoption of IORP II will increasingly apply to DB pensions with the requirement to issue annual statements to all members, including deferred members.

It is important that the compliance overhead is considered in its totality. The cost of complying with the dashboard requirements is likely to be significant and will add to the current overhead. Any means of reducing the overhead by discharging obligations through the dashboard that does not compromise service to consumers should be considered.

Architecture, data and security

II. Do you agree with: a) our key findings on our proposed architectural elements; and b) our proposed architectural design principles? If not, please explain why.

Yes.

Providing a complete picture

III. Is a legislative framework that compels pension providers to participate the best way to deliver dashboards within a reasonable timeframe?

Yes. We think compulsion is an essential element of any dashboard. Without compulsion it will not be possible to gain a complete picture of individuals' pension entitlement. As our recent policy paper showed, it will be hard to achieve this without compulsion.

IV. 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?

No. We think that compulsion is essential to the completeness of the dashboard. There will, though, need to be a detailed conversation about the security of the dashboard against scams. While the majority of SSAS are legitimate, a minority pose a security risk and should be excluded from the system. There is a need for further thought on this issue.

V. Are there other categories of pension scheme that should be made exempt, and if so, why?

No.

Implementing dashboards

VI. 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?

This is an optimistic timetable for submission of data to a voluntary "beta" dashboard. While master trusts are in a comparatively good position, with many lacking legacy products, the data challenge is significant. At the moment master trust pension schemes are focused almost exclusively on the challenge of authorisation. Once this is complete, remaining schemes will be able to focus on the challenge of the dashboard. In order for master trusts to begin preparing to send data to the dashboard, they will require legal certainty over the relevant details of the dashboard project. That should include a timetable for the compulsory provision of data to the dashboard by all schemes and providers. They will also require certainty over the data standard required such that data can be formatted in a consistent manner. Once that has been achieved we think that master trusts may need six to nine months to push data to the dashboard on a voluntary basis.

We do not think that master trusts should be the sole focus of the initial phase. Other schemes used for automatic enrolment should also be in the frame for inclusion in the first wave and for voluntary submission of data to any beta dashboard. Otherwise, the timeline for master trusts to comply on a compulsory basis should be determined by the timetable for data standards and legislation.

VII. 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?

Yes.

VIII. 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?

We do not believe that there are any categories of information that should be excluded from dashboards. Indeed, the desire to exclude information could be seen as anti-competitive, especially where that information relates to costs and charges.

It is, though, clear that the presentation of information is going to be extremely important. Our recent policy paper made a strong case for ensuring the consistency of information across multiple dashboards in order to guard against incoherence. That will mean, for instance, standardisation of investment assumptions such that different providers' dashboards show identical information. Serious thought should also be given to the way that consolidator schemes are shown on the dashboard and the kinds of regulatory responsibilities they are subject to. In our view, in addition to clearly displaying charges on the dashboard, consideration should be given to extending the charge cap to consolidators.

We also believe that the dashboard should show income rather than capital. Pensions are fundamentally about retirement income and capital may be a misleading figure whether it is a CETV or a DC fund figure. Of course, these figures should not be hidden from people but nor should they be emphasised. Rather they should be contextualised and should not be the first figures that people see.

Finally, we are concerned that some categories of information may bias decision making. Even those with a high level of financial skill may overweight past performance and underweight charges[4]. There needs to be a serious assessment of how information should be presented such that good quality decision making is enabled and providers are not able to game frailties in human decision making in order to market products.

IX. 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?

We think that the phasing issue can be subdivided into two separate issues. First, the issue of phasing the development of multiple dashboards. Second, the phasing of schemes onto the dashboard.

In terms of the phasing of the development of the dashboard, we think it is important that a non-commercial dashboard is completed before the issue of multiple dashboards is addressed. That means all schemes phased on to the dashboard by compulsion and with the presence of user support in the form of guidance and tools. All of this should be available to consumers ahead of any consideration or development work on third party dashboards. Of course, the steering group should proceed as though multiple dashboards is an option for the project but this should not detract from the building of the dashboard itself.

Regarding the phasing of schemes onto the dashboard, we think that the initial launch of the dashboard should be strongly influenced by the location of the bulk of the entitlements. Box 1 shows the location of the UK's funded and unfunded pension entitlements and makes it clear that DC remains an important minority of UK pension saving. A dashboard that does not swiftly progress to showing funded and unfunded DB and the state pension is going to be substantially incomplete.

[4] https://academic.oup.com/rfs/article-abstract/23/4/1405/1591053

X. 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?

We believe the pension finder service (PFS) to have some of the characteristics of a natural monopoly, where a single utility can serve the entire market at a lower total cost than multiple utilities. Given that the only source of funding for the PFS will be savers' funds, it is not in the economic interests of savers for there to be more than one PFS.

The flipside of this is that a single PFS will create a single potential failure point. We see this as a manageable risk.

XI. 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?

We think this assumption will need to be revisited. While a single non commercial dashboard may not need additional regulation, the regulation of multiple dashboards will require much further thought. This should be the subject of at least one further consultation.

Accessing dashboard services

XII. 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?

While c. 90 per cent of the population have ready access to the internet and use it regularly[5], there are pockets of the population that do not. Those most likely not to use the internet are either older or in manual occupations that do not offer access to the internet at work. We note that pension schemes' communications approaches vary and some large schemes e.g. Warburtons and the Canal and River Trust choose to communicate largely using paper. These pension schemes have sophisticated communication approaches in terms of content but bakers, drivers and people responsible for canal maintenance may not have routine access to the internet at work. Hence paper makes sense as the primary channel.

To some extent, this is an intrinsic problem with access to online services. But the SFGB should give serious thought to how to make the dashboard accessible to those with limited internet access.

In terms of accessibility, the dashboard should reach WCAG level AA and there should be a further version of the dashboard available meeting WCAG level AAA.

Governance

XIII. 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?

We think that there are two angles to the governance of the project. The first is structure. The second is purpose.

---

[5] https:t//www.ons.gov.uk/businessindustryandtrade/itandinternetindustry/bulletins/internetusers/2018

We agree that the SFGB should convene a steering group to oversee the project. This steering group will also need a number of working groups below it to advise it on technical matters and conduct the detailed work the project will require. The project will also require an extensive secretariat function within the SFGB/DWP as well as procurement resource to buy the components required for the dashboard (the Pension Finder Service etc.)

The consensus prior to the feasibility study was that the dashboard would require a delivery entity to be set up to manage the project. We acknowledge that legislation would be required for a delivery entity but feel that the establishment of the entity could be legislated for in the forthcoming Bill.

In order to avoid a hiatus between the end of the consultation period and the establishment of the delivery entity, we suggest that the entity is established in shadow form within the SFGB and staff and functions are then migrated to the delivery entity once it has been established by statute. This process would partly mirror the establishment of the SFGB itself.

The second item is purpose. We think that the primary purpose of the dashboard project should be to benefit the saver and that the saver should be protected in the most fundamental ways possible. Where people are taking decisions about the dashboard, the first question they should ask themselves should be "how does this proposal benefit savers?" This purpose should be formally run through the governance of the dashboard project by inclusion within the terms of reference for the steering group, the formal objectives for the project and the statutory objectives for any future delivery entity.

This matters as the dashboard is generally seen as a site for "innovation." "Innovation" is often seen wrongly as an unqualified positive or is presented as such. This is not the case: new things can be beneficial and they can be harmful. Sometimes they can be both.

The pensions industry has had strong incentives in the past to innovate in ways that boost profits to the detriment of the consumer. This can be seen, for example, from the array of charges (44 found in by the FCA's retirement outcomes review) and the general expense of drawdown products. It has taken statutory rather than regulatory or voluntary action to deal with these sorts of issues in the accumulation phase – principally the charge cap and the ban on active member discounts.

In order to curtail this tendency we think that the interests of the saver should be written into the governance of the dashboard project. This could be achieved by writing a "saver's interest test" into the terms of reference of the steering group and the formal objectives for the dashboard project. It could also be cemented by ensuring that the statutory objectives for any new delivery entity emphasise that the purpose of the dashboard is to benefit savers. If there is to be no delivery entity then the SFGB's statutory objectives could be altered to the same effect.

We also think that there should be a statutory duty on operators of third party dashboards to put the interests of the member first. This would be similar to the duty on trustees in the 2005 investment regulations to invest in the sole interests of members or beneficiaries. This would require third party operators to ensure that their dashboards did not inadvertently or deliberately prioritise the interests of a pensions provider over the interests of the consumer.

Costs and funding

XIV. 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?

It is important that the DWP does not just reach for convenient levers in funding the dashboard and we are concerned about the use of existing levies to fund the dashboard. At the moment, NEST, NOW Pensions the People's Pension combined have just over 12 million memberships yet have only a small fraction of the c. 2.3tn in assets in UK workplace pensions.

This means that both NEST, NOW and the People's Pension pay a disproportionately large proportion of the general levy, the fraud compensation levy and the FRC levy. In the case of the FRC levy, the three largest master trusts by number of memberships are responsible for around a quarter of the total levy.

This means that a disproportionate proportion of the sector's regulatory overhead falls on schemes that cater largely to new savers brought into pension saving by automatic enrolment. If more costs are loaded onto existing levy structures, this will further shift the load of the levies towards new savers with smaller pots saving in volume providers. This is not equitable, partly for cost reasons, partly because newer savers with smaller pots will have less use for the dashboard than those with larger pots who are closer to retirement.

While there is a need to fund the dashboard in the short term, there is a good case for considering the reform of the pension sector's levies such that they are on a consistent basis. The general levy operates a banded per member rate, the FRC levy is levied per member only on schemes with more than 5,000 memberships and the FCF levy is run on a per member basis. This is not equitable and lacks a coherent rationale. It is ripe for review.

Furthermore, if the dashboard project progresses to multiple dashboards, DWP and TPR should consider recouping costs through licensing. In this instance, providing a dashboard would be a regulated activity and the authorising entity could charge for applications or could charge an ongoing fee for the right to operate a dashboard. This would ensure that those seeking to derive a commercial benefit from the operation of a dashboard would pay a proportionate share of the costs of the system.

As we mentioned in our answer to the first question, DWP should also consider cost savings to schemes that might accrue from delivering communications through the dashboard. This matters as scheme members ultimately pay for communications through charges and there is no point duplicating material through conventional communications when it may be better provided through the dashboard.

General

XV. Do you have any other comments on the proposed delivery model and consumer offer?

We attach our pensions dashboard infographic in Annex A

Annex A: Pensions Dashboard infographic