

Pensions Dashboards Programme (PDP)

[Answers to be submitted online](#)

25 August 2020

Dear Sir or Madam

Pensions Dashboards: Call for Input

Thank you for the Pensions Dashboards Programme (PDP) Call for Input seeking views on a range of questions in relation to the Data Scope and Data Definitions, working papers.

I respond on behalf of the Local Government Association (LGA) and the Local Government Pensions Committee (LGPC).

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. 335 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 Local Government Pension Scheme (LGPS) in England & Wales, a scheme which has approximately 5.9 million members.

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

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

Yours faithfully



Jeff Houston

Head of Pensions

Questions raised in the Pensions Dashboards Call for Input

5. Existing user research indicates that people have a low tolerance for incomplete dashboards and would rather wait until the majority of pension providers and schemes are 'online'. To be acceptable to individuals, what proportion of their pension entitlements should initial dashboards find? Please indicate any consumer or other research used in framing your response to this question.

No comment.

6. How long (i.e. how many months?) will most individuals find acceptable between first using a pensions dashboard (and finding only some of their pensions) and subsequently finding out that more of their pensions are now available to view?

No comment.

7. Are there any segments of the population for whom the majority of their pensions could be covered early by selecting a subset of pension provider/scheme types?

No comment.

8. If you have identified one or more population segments in response to Question 7, what simple, cost effective communication approach(es) could be adopted to explain to *all* individuals (both within and outside of the specified segment(s)) which pensions they should and should not expect be able to view on initial dashboards?

No comment.

Questions 9 to 13

The answers to the questions 9 to 13 should be read in conjunction with the information set out below covering the Background to the LGPS.

Background to the LGPS

There are three separate Local Government Pension Schemes (LGPS) in the UK. These are separate arrangements. There is one scheme for England & Wales (5.9 million members), one scheme for Scotland (1/2 million members) and another for Northern Ireland (1/4 million members). Each scheme is governed by its own statutory legislation issued by each responsible authority.

The LGPS in England & Wales, and the LGPS in Scotland are administered by sub-scheme administrators. The LGPS Northern Ireland has one scheme administrator. The sub-scheme and scheme administrators are called administering authorities. Each administering authority is responsible for administering the national scheme to which it belongs, at a local level, in line with the statutory regulations. They are each, also responsible for maintaining a local pension fund. There are 100 administering authorities in total:

- 88 administering authorities in England & Wales
- 11 administering authorities in Scotland
- 1 administering authority in Northern Ireland

Each administering authority has a pensions administration software system. There are at least four different suppliers who provide the platform for the pensions administration software.

In total, around 16,000 employers contribute to the three LGPS on behalf of their employees and former employees. These are made up of (though not limited to):

- Local authorities
- Local housing authorities
- Fire and rescue authorities
- Police and Crime commissioners
- Further education bodies such as sixth form colleges and academies
- Transport bodies
- Admission bodies (these are normally private sector organisations)

Each employer has its own payroll software. There are numerous suppliers who provide the platform for payroll software.

9. Which data items do you anticipate could be used to definitively match individuals to their pension entitlements? Of the data items listed, are there some (or some combinations) that will provide a more accurate match than others?

All the Pensions Regulator (tPR) common data is held by all 100 LGPS administering authorities. However, it is unlikely that the following data items will be consistently held across all:

- ref 1a.005 - Previous Surnames(s)
- ref 1a.011 – Country Code
- ref 1a.012 – Email address

However, TPR common data alone, will not be enough to identify a members individual benefit entitlement(s), in relation to an employment (or employments) within any of the LGPS.

Members of the LGPS frequently change their employment. Where this occurs, the benefits *in relation to each employment* are deferred (or refunded depending on the length of membership). A member can retain multiple deferred benefits within each LGPS and even within each administering authority. The membership demographic of each LGPS is often made up of members with multiple part-time and/or concurrent employments, each with an individual benefit record linked to an employment. Where a member moves employment, they can choose to join the benefits together. This usually occurs where it is beneficial to the member, it is not a prescribed requirement.

Consequently, we are unclear how the level 1a data would identify multiple deferred benefits and how this identification interacts with the level 1b data?

10. In Level 1b, we have set out the administrative data items that will be useful to individuals, as these items will enable them to see where their pension entitlements are. Which of these items would be most challenging for pension providers and schemes to supply? Please indicate in your response why this would be the case.

It is understood that individual consent will be obtained at the point of access to the pensions dashboard by the individual.

Pension Arrangement Data

Ref 1b.002 - Name of pension arrangement

As explained in the answer to question nine, a member of the LGPS can have multiple sets of benefits within each or across multiple LGPS. Drilling down further, a member can also have multiple sets of benefits within each administering authority. Therefore, this field will need to be the:

- name of the administering authority for the DB element
- name of the administering authority and name of the AVC provider for the accompanying AVCs

Ref 1b.007 last Status Event Date

Across the three LGPS there are thousands of frozen refunds. All LGPS have rules which allow a refund to remain unpaid until the individual decides whether to take payment of a refund of contributions or elect for a cash transfer sum to be paid to another registered

pension scheme. Therefore, the description for this field will need to allow for frozen refunds in addition to deferred benefits.

Also, how are pension credits addressed? The data fields do not seem to cater for this form of deferred benefit.

Ref 1b.008 Last Status Event Reason

Across the three LGPS there are thousands of frozen refunds. All LGPS have rules which allow a refund to remain unpaid until the individual decides whether to take payment of a refund of contributions or elect for a cash transfer sum to be paid to another registered pension scheme. Therefore, the description for this field will need to allow for frozen refunds in addition to deferred benefits.

Additionally, it's not clear if LGPS administering authorities hold a reason for leaving as opting out. This is normally recorded as member leaving active membership and not opting out of membership whilst continuing in an employment.

Also, how are pension credits addressed? The data fields do not seem to cater for this form of deferred benefit.

Administrator Data

Ref 1b.110 – Country Code

LGPS pensions software does not routinely hold a country code. Why do we need a Country Code?

Employer Employment Data

Ref 1b.202 – Start Date

A member's pensionable service history can be made up of many lines of service relating to different LGPS employments. The service line can also reference different employments within the same employer (because the member has chosen to join the benefits from different LGPS employments together). Without understanding why this date is needed, it is unclear as to what date should be used?

Ref 1b.203 – End Date

A member's pensionable service history can be made up of many lines of service relating to different LGPS employments. The service line can also reference different employments within the same employer (because the member has chosen to join the benefits from different LGPS employments together). Without understanding why this

date is needed, it is unclear as to what date should be used?

11. One of the DWP design principles is that dashboards will initially be used for presentation purposes only (i.e. they will not alter the source data). This means that initial dashboards cannot calculate projected pensions, meaning that pension providers/schemes must supply an Estimated Retirement Income (ERI) for each pension. This includes situations where there are multiple “tranches” within a pension, i.e. multiple ERIs with multiple Payable Dates may need to be supplied. The Level 2a data table sets out our assumptions on the simplest way for pension providers/schemes to meet this requirement. Please comment on these assumptions.

Level 2a Estimated Retirement Income

Ref 2a.001 – Estimated Retirement Income

Please see our answer to question 12.

Ref 2a.002 – Estimated Retirement Income Payable Date

The description of this data field states that this will be particularly relevant where there are multiple tranches of benefits payable from different dates. Members of the LGPS can have multiple tranches of protected benefits within a single benefit record. However, these benefits are all paid on the same day (excluding flexible retirement), regardless as to any protected payment date attached to a tranche of benefit. We are therefore unclear, as to the relevance of this description as the date will always be normal pension age?

Also, see our answer to question 12.

Ref 2a.003 – Unavailable Estimated Retirement Income Reason

LGPS administering authorities might not provide the data quoted in Estimated Retirement Income because, in our view, this data is optional under the Disclosure Regulations. Consequently, why would an LGPS administering authority have to justify why they do not provide optional data?

Also, see our answer to question 12.

Level 2b Accrued Entitlement Data

Ref 2b.003 – Amount

The description of this data field mentions including the cash lump sum accrued to date. Where an LGPS member has benefits built up before 1 April 2008 in England & Wales

(before 1 April 2009 in Scotland and Northern Ireland) an automatic 3/80th lump sum is built up. However, for benefits built up on or after those dates the cash lump sum is derived from conversion of pension to lump sum.

Can you confirm that the cash lump sum only refers to the automatic cash lump sum and not any lump sum derived from conversion of pension to lump sum?

Ref 2b.004 – Unavailable reason

What kind reasons do you consider justifiable not to provide accrued pension entitlement?

12. Are there any “disclosure items” (i.e. items required under current disclosure regulations) that are currently challenging to supply digitally? If so, please indicate how many months it would take to make these “disclosure items” available digitally?

Our comments address concerns as to what constitutes minimum mandatory data items (re annual benefit statements or on request) with regards to the relevant parts of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (the Disclosure Regulations).

We do not agree that the Disclosure Regulations prescribe that an estimate of benefits to normal pension age must be provided on annual benefit statements. If this information must be provided to a pensions dashboard, it will require a significant amount of software adjustments and testing (this might easily take two to three years taking into account that public service pension schemes are already making significant software changes due to the implementation of the [McCloud remedy](#)).

Disclosure level 2a.001 and level 2b.003 - annual benefit statements

If we look first at the information that must be contained on an annual benefit statement in connection with data ref 2a.001 and ref 2b.003.

Section 14 of the Public Service Pensions Act 2013 requires public service pension schemes to provide annual benefit statements to active members in accordance with HM Treasury Directions. The Public Service Pensions (Information about Benefits) Directions 2014 states in regulation 2 that the annual benefit statement for active members should contain the information listed in Parts 1 and 2 of Schedule 5 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013. This states that schemes must provide one of the amounts quoted in paragraphs 2(a) to (c) of Schedule 5 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013.

In a scheme the size of the LGPS, it would not be feasible for administering authorities to provide a projection based on a date 'agreed between the member and the trustees or managers of the scheme' (paragraph 2(c) of Schedule 5) on an annual benefit statement. This leaves administering authorities to choose whether to provide benefits payable at a date decided by themselves, or whether to provide benefits projected to normal pension age (NPA).

Most LGPS administering authorities have chosen to only quote the member and survivor benefits calculated without regard to possible increases in the member's salary, annually at the 31 March. This is in line with paragraph 2(a) of Schedule 5 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013.

Disclosure level 2a.001 and level 2b.003 - on request

An individual can request an estimate of their pension benefits under regulation 16(1)(c) of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013. This must only be provided where the information has not been provided within the previous 12 months. The date to which the benefits are estimated is agreed between the member and the administering authority (paragraph 2(c) of Schedule 5). This date can be any date after the minimum pension age, not simply NPA. LGPS administering authorities generally provide such estimates either on an individual basis or by way of an on-line facility. This information is not generally included within annual benefit statements.

13. Most data items in level 3 are not currently required to be made available to individuals under the current disclosure regulations. Would any of these (or other) areas of data be able to be supplied voluntarily for initial dashboards?

LGPS administering authorities already provide death grant and survivor benefit information on annual benefit statements (data ref 3.03.001 – Death Benefits). Therefore, to include this on a voluntary basis would seem appropriate.

However, we do not feel that the remainder of level three data is not appropriate for members of defined benefit schemes for the reasons set out below.

Level 3 Additional Pension Information

Contribution Data

Ref 3.01.002 – Individual's Contributions in the Previous Year

Ref 3.01.006 – Total Individual's Contributions Since Joining

There is no requirement under the Occupational and Personal Pension Schemes

(Disclosure of Information) Regulations 2013 to show contributions made by a member who contributes to a defined benefit scheme on an annual benefit statement. This is because the benefits derived from a defined benefit scheme are defined within the scheme rules. The contributions made by the member and employer bear no relevance to the resulting benefits. Consequently, LGPS administering authorities do not quote member contributions on annual benefit statements. Why should a member's contributions be shown on the pensions dashboard where the member is or has contributed to a defined benefit scheme?

Ref 3.01.005 – Transfer In in the Previous Year

Ref 3.01.007 – Total Transfer In Since Joining

There is no requirement under the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 to show the value of any money transferred in from another pension arrangement on an annual benefit statement. This is because the benefits derived from a transfer into the LGPS purchase defined benefits prescribed within the scheme rules. The value of the money transferred into the scheme simply represents an actuarial equivalent to the resultant benefits. Consequently, LGPS administering authorities do not quote the value of any money transferred into the LGPS on annual benefit statements.

If the term value, can be interpreted as the benefits purchased in the LGPS, as opposed to the actual value of the transfer, then LGPS administering authorities already provide this information on annual benefit statements.

Investment Data

This is not applicable to defined benefit schemes. This is because the benefits derived from a defined benefit scheme are defined within the scheme rules and are not reliant on investment returns.

Beneficiary Data

LGPS administering authorities do not routinely hold the name and contact details of beneficiaries. Also, it is not required by the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013.