

Pensions Dashboards Programme (PDP)

Answers to be submitted online

9 July 2021

Dear Sir or Madam

**Pensions Dashboards: Staging Call for Input**

Thank you for the Pensions Dashboards Programme (PDP) Call for Input seeking a wide range of views and evidence to inform government and FCA's policy in relation to staging.

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. 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 Local Government Pension Scheme (LGPS) in England & Wales, a scheme which has approximately 6.1 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

### Responder details

Q1. We will be sharing the content of your responses with DWP, TPR and FCA to feed into the government's policy development. Please confirm you are happy to be identified when we are sharing

Yes.

Q2. Please tell us the name of the organisation on whose behalf you're responding.

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

Q3. Please select which category/categories of respondent best represents you

Public Service Pension Scheme.

### Introduction

Q4. Based on the information, how long do you estimate you will need to be ready to connect, and why? From what point in your working assumptions does the lead time start (eg draft regulations, regulations laid before parliament, or approved)?

Connection time will depend on the approach taken by the 98 LGPS administering authorities (see below for an explanation of how the LGPS is administered).

If a national approach on behalf of the 98 LGPS administering authorities is taken, we estimate it will take around 18 months to be 'onboarding ready'. This timescale considers any public procurement requirements that may be necessary.

If each LGPS administering authority decides to onboard individually using their current software provider, we are not able to be definitive about timescales. This is because we have not received any information from the current LGPS pension software providers about timings; however, we estimate it will take at least 18 months.

We have assumed that the lead time starts from when the regulations are in force.

### ***Background to the LGPS***

There are three separate Local Government Pension Schemes in the UK. These are separate arrangements. There is one scheme for England & Wales (6.1 million

members), one scheme for Scotland (500,000 members) and another for Northern Ireland (250,000 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. These are called LGPS administering authorities. Each LGPS administering authority is responsible for administering the national scheme to which it belongs, at a local level, in line with statutory regulations. They are each, also responsible for maintaining a local pension fund. There are 98 LGPS administering authorities in total:

- 86 in England & Wales
- 11 in Scotland
- 1 in Northern Ireland

Each LGPS administering authority uses pensions administration software system. There are four different suppliers in total but two of the suppliers provide services to all but two of the 98 administering authorities.

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

- Local authorities
- Academy trusts
- Higher and further education bodies
- Fire and rescue authorities
- Police and Crime commissioners
- 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.

Q5. [Pension & data providers:] If different from your response to Q4, how long would it take you be able to provide all the required view data?

The answer to this question is dependent on the view data that must be initially be provided. If we return the view data set out in:

- Paragraph 15 of the [Pensions Dashboards staging call for input](#), then we estimate that LGPS administering authorities will be dashboard ready within the same timescales as

quoted in our answer to question 4.

- [Data elements referenced 2.001 to 2.504 of the Data standards guide](#), then we estimate that LGPS administering authorities will take a further 12 months on top of the timescales quoted in our answer to question 4 to be dashboard ready. This is because the annual benefit statement routines will need to be rewritten.

Q6. Would response time be material to onboarding ie would longer response times for ERI or accrued value information (rather than real-time) facilitate earlier staging? If so, what sort of response time would make a difference?

It is not possible for LGPS administering authorities to provide 'real-time' information. It is likely that the information will be drawn from the data supplied on the annual benefit statement.

Regarding timescales please see our response to questions 4 and 5.

Q7. [Pension & Data Providers:] What further information, if any, do pension providers need to get ready for dashboards?

We need absolute confirmation as to what the minimum data requirements are for both the find and view data services for the LGPS. We would suggest the following minimum requirements:

#### ***Find service***

- 1.001 First name
- 1.002 Surname
- 1.003 Date of birth
- 1.004 National insurance number

#### ***View data service***

- 2.001 Unique reference number (national insurance number)
- 2.002 Pension name (Local Government Pension Scheme)
- 2.003 Pension type (DB)
- 2.004 Pension origin (workplace)
- 2.005 Pension status (active or inactive)
- 2.007 Pension retirement date (normal pension age)
- 2.101 Administrator reference (governance registration number)
- 2.102 Administrator name (name of LGPS administering authority)
- 2.103 to 2.114 Administrator contract details (link to national LGPS member website)

with contact details)

- 2.203 Employment end date (for inactive members only)
- 2.301 ERI type (DB and where appropriate DBL)
- 2.302 ERI basis (BSF)
- 2.303 ERI calculation date (previous 31 March)
- 2.304 ERI payable date (normal pension age)
- 2.305 ERI amount (estimate of annual pension and where applicable statutory lump sum at normal pension age)
- 2.307 ERI safeguarded benefits (True)
- 2.308 ERI unavailable (ERR, TRN or MAN)
- 2.401 Accrued type (DB and where appropriate DBL)
- 2.402 Accrued amount type (INC and where appropriate LS)
- 2.403 Accrued calculation date (previous 31 March)
- 2.404 Accrued payable date (normal pension age)
- 2.405 Accrued amount (estimate of annual pension and where applicable statutory lump sum at the previous 31 March)
- 2.406 Accrued safeguarded benefits (True)
- 2.407 Accrued unavailable (ERR, TRN or MAN)

Q8. Do you have any further evidence on consumer needs and/or the acceptability of a dashboards service displaying partial information for a limited time?

No.

## **PDP recommendations for staging**

Q9. Do you see any barriers to early staging?

Yes, resources are already over stretched with the pressures of the McCloud remedy and GMP equalisation and the requirement to stage early will only add to this. Recruitment and retention of staff remains an issue across the sector.

In addition, we do not yet know if the information we provide on annual statements will have to take account of the McCloud remedy. If it does, we will need confirmation of when the requirement will apply from. The changes to pension software systems will need to tie in with the software changes needed for the dashboard. Because of the lack of certainty, there is the possibility that dashboard data could be different to the data that is included in the annual statements when the data becomes publicly available. This could undermine the value of pensions dashboards and potentially cause a considerable amount of work

for LGPS administering authorities in queries.

Q10. This question particularly applies to data providers, what is your appetite for staging early? Are there things PDP could do to encourage you to onboard earlier?

It would help if PDP could limit the amount of view data that must be supplied initially (as set out in our answer to question five).

### **Recommended scope for staging**

Q11. Do you agree with our recommendation to prioritise occupational schemes with 1,000+ members and FCA regulated providers in the first two years?

Yes, subject to our response to question 9.

### **Wave one - Cohort one – master trusts and FCA regulated pension providers**

Q12. Do you agree master trusts should be the first to stage? Do you have any further evidence that speaks to their deliverability?

Not applicable.

Q13. Do you agree that non-commercial master trusts should stage as part of the next cohort? In the absence of a legal definition of non-commercial, is 20,000 members a suitable proxy to differentiate them from master trusts competing in the AE space?

Not applicable.

Q14. Do you agree FCA regulated pension providers should be among the first to stage? Do you have any further evidence that speaks to their deliverability?

Not applicable

Q15. Taking into account any existing plans to consolidate systems, and the potential to use an ISP (in-house or external), what specific challenges, if any, do FCA regulated providers of personal pensions face in getting all or part of their business dashboard-ready? Please provide evidence of the nature and scale of those challenges and how those challenges might be overcome.

Not applicable.

## **Wave one - Cohort two – DC schemes used for AE with 1000+ members, largest to smallest**

Q16. Do you agree that DC schemes used for AE should be the second cohort to stage? Do you have any evidence that speaks to the deliverability of this?

Not applicable.

Q17. Do you agree that non-commercial master trusts not included in cohort one should join cohort two?

Not applicable.

Q18. Do you agree with the rationale for requiring mixed benefit schemes with DC sections used for AE to be part of cohort two? Do you have any evidence on the impact of this? How far does this differ from current disclosure practice ie issuing annual benefit statements? What is the scale of the population impacted?

Not applicable.

## **Wave one - Cohort three – all remaining OPS (DB & DC) with 1000+ members, largest to smallest**

Q19. Do you agree the largest DB schemes should be staged from Autumn 2023 and all DB schemes with 1,000+ members should be staged within the first wave (within two years from April 2023)? Do you have any evidence that speaks to the deliverability of this?

Yes, subject to our response to question 9.

Q20. [DB schemes:] What are the specific challenges for DB schemes in connecting to dashboards? Which data elements are challenging, and why? Please provide any supporting evidence.

## **Find data**

### ***Ref 1.016 – Country Code***

LGPS pensions software does not routinely hold a valid ISO country code. If the address is in the UK, it is most likely that this field will be empty and thus default to GB. However, where the address is non-UK, it is not clear if LGPS administrators will hold a valid ISO country code.

## **View data**

### ***Ref 2.002 - Name of pension arrangement***

A member of the LGPS can have multiple sets of benefits across multiple LGPS administering authorities. Therefore, this field will need to be the:

- name of the scheme (ie LGPS) and the name of the administering authority for the DB element
- name of the scheme (ie LGPS) and the name of the administering authority and name of the AVC provider for the accompanying defined contribution AVCs.

### ***Ref 2.004 – Pension origin***

The LGPS is a public sector workplace pension arrangement in all cases. As such, this field is not currently held on our software so will need to be added.

### ***Ref 2.005 – Pension status***

According to the data standards guide this will be a list of fixed value codes. The codes must be expanded to include frozen refunds and pension credit benefits.

Across the three LGPS schemes there are thousands of frozen refunds. The Scheme regulations allow a refund to remain unpaid until the individual decides whether to take payment of it or elect for a cash transfer sum (if eligible) 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 these benefits.

### ***Ref 2.006 – Pension 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 what date should be used?

Also, how are pension credits addressed? Should this be the transfer day?



### ***Ref 2.007 – Pension retirement date***

We presume this date is the member's normal pension age without allowance for early or late payment?

### ***Ref 2.008 – Pension link***

The data standards confirm that this is an identifier used to link pension arrangements together, eg AVC pot with main scheme pension. However, members in the LGPS can have 'orphan AVCs'. These are AVCs that have no main scheme benefits attached (usually because the person has transferred out their main scheme benefits). In this scenario how would this field be completed?

### ***Ref 2.201 – Employer name***

The data standards confirm that this field should be completed with the name of the employer / employment which gave rise to the individual's pension. It confirms that the purpose of this field is to describe the employer to the individual.

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). Therefore, we are unclear as to what name should be inserted?

### ***Ref 2.202 – Employment start date***

The data standards confirm that this field should be completed with a date identifying the start of the individual's employment which gave rise to the individual's pension. It confirms that the purpose of this field is to allow the individual to see the start of their employment period.

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). Therefore, we are unclear as to what date should be inserted?

### ***Ref 2.203 – Employment end date***

The data standards confirm that this field should be completed with a date identifying the end of the individual's employment which gave rise to the individual's pension. It confirms

that the purpose of this field is to allow the individual to see the end of their employment period.

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). Therefore, we are unclear as to what date should be inserted?

***Ref 2.304 – ERI payable date***

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?

***Ref 2.305 – ERI amount***

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 inclusion of a lump sum only refers to the automatic cash lump sum and not any lump sum derived from conversion of pension to lump sum?

***Ref 2.405 – Accrued amount***

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 inclusion of a lump sum only refers to the automatic cash lump sum and not any lump sum derived from conversion of pension to lump sum?

Q21. [Largest DB schemes, over 50,000 members:] When is the earliest in 2023 the largest DB schemes (over 50,000 members) could reasonably be expected to comply? Why? Please provide any supporting evidence.

Please see our responses to questions 4 and 5.

Q22. Do you agree that all public service schemes should be staged as early as possible within the first wave? Do you have any evidence that speaks to the deliverability of this?

See our response to question 9.

Q23. [Public sector schemes:] What specifically are the challenges presented by the McCloud Judgement for public service schemes in terms of dashboard readiness? What is the earliest that public service schemes could reasonably be expected to connect?

Please see our response to question 9 for the challenges the McCloud remedy poses and our response to questions 4 and 5 for timings.

Q24. Do you agree that all remaining DC schemes with 1,000+ memberships should be staged by the end of the first wave (within two years of April 2023)? Do you have any evidence that speaks to the deliverability of this?

Not applicable.

### **Wave two - Medium sized OPS (100 – 999 members) should form a second staging wave**

Q25. Do you have any additional evidence on the ability of medium schemes to participate in pensions dashboards?

Not applicable.

Q26. Do you have any evidence about the potential impact on savers of deferring medium schemes until the bulk of large schemes have staged?

Not applicable

### **Wave three - Participation of small and micro OPS (<100 members) should be deferred to a subsequent staging phase**

Q27. Do you agree that small and micro schemes should form a third wave, after large and medium schemes? If so, when would be a reasonable timeframe for staging these schemes, and why?

Not applicable.

Q28. Do you have any evidence about the potential impact on savers (eg lost pots) if small and micro schemes were delayed until after 2025?

Not applicable.

### **Proposed timeline for first wave**

Q29. Do you have any evidence of practical obstacles to our recommended sequencing and timing for staging?

Please see our responses to questions 4, 5 and 9.

Q30. How well do our recommendations meet the policy objectives and staging principles?

We agree that the recommendation meet the policy objectives and staging principles.

Q31. Do you have any evidence on where lost pots are most likely to be located and the impact, therefore, of our staging recommendations on reconnecting savers with lost pots?

Not applicable.

Q32. Do you have any evidence on equalities impacts of staging and impacts on under-pensioned groups?

No.

### **Connecting to the ecosystem via an integrated service provider**

Q33. As a data provider do you intend to connect your data via an ISP type solution? If not, what is your intended alternative?

It is likely that the majority of LGPS administering authorities (of which there are 98 in the UK) will connect their data via an ISP type solution. We are unaware of any administering authority that is not intending to connect by way of an ISP.

Q34. As a pension provider will you work with your existing software provider or seek an alternative ISP provider?

A number of options are current been explored.

### **Option 1**

LGPS administering authorities (of which there are 98 in the UK) will work with their existing software provider to establish an individual ISP. There are two software providers who predominantly cover the LGPS market.

### **Option 2**

We are exploring the possibility of extending the use of an established database to include the find and view elements required by the dashboards. That way LGPS administering authorities will not be required to establish individual ISPs, we will only need one ISP. This could potentially reduce the overall cost for the LGPS in England and Wales, and Scotland.

### **Option 3**

On behalf of LGPS administering authorities we procure to create an ISP market.

Q35. If you are a software provider we would like to ask you a few more questions to further understand how your organisation is preparing for staging. Please choose Yes if you are happy to answer the four additional questions. Please choose No if you are not a software provider or you are a Software Provider not wanting to answer more questions.

Yes, as a prospective software provider.

Q36. [Software providers] As an existing software provider do you intend to extend your ISP offering beyond your existing client base?

Not applicable.

Q37. [Software providers] Are you considering developing and providing an ISP solution as a new entrant into the market? What sectors of the market do you envisage providing ISP solutions to?

We are considering extending the use of an existing database to include the find and view elements required by the dashboards for LGPS administering authorities (of which there are 98 in the UK) only. That way LGPS administering authorities will not be required to establish individual ISPs. We will only need one ISP. This will potentially reduce the overall cost for the LGPS.

By way of background, in 2015 a database was developed by the Local Government Pensions Committee (LGPC) Secretariat as part of the LGA. The LGPC takes

responsibility for the maintenance of the Database, future developments to the system's capabilities and ICT infrastructure ("the Database"). It was created for the purpose of better management of the LGPS and to protect public funds. Its current uses are set out in an Data Sharing Agreement (DSA) and must not be shared for any other purposes outside of DSA, except in respect of the extension of the Department for Work and Pensions (DWP) 'Tell Us Once' service to the LGPS.

Q38. [Software providers] What is the anticipated lead time for bringing ISP solutions to market?

Please see our response to question 4.

Q39. What factors will influence the pace at which ISP providers can connect clients to the dashboards ecosystem? What can be done to accelerate market coverage to better facilitate connectivity for data providers?

Not applicable.

## **PDP additional research**

Q40. PDP would like to carry out additional research (In some cases we may commission an independent research organisation to carry out research on our behalf) with organisations who will be providing pension information for users to view on dashboards. We want to further understand what will be involved for you to successfully on-board with the pensions dashboards ecosystem and respond to these requests. If you're happy to be contacted about this, please include details of the people we can reach out to here:

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