

<b>Title:</b> Pensions Dashboards Impact Assessment <b>IA No:</b> <b>RPC Reference No:</b> <b>Lead department or agency:</b> Department for Work and Pensions <b>Other departments or agencies:</b>	<b>Impact Assessment (IA)</b>
	<b>Date:</b> 3/10/2022
	<b>Stage:</b> Development/Options
	<b>Source of intervention:</b> Domestic
	<b>Type of measure:</b> Secondary legislation
	<b>Contact for enquiries:</b> Matt Lawless

<b>Summary: Intervention and Options</b>	<b>RPC Opinion:</b> GREEN
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<b>Cost of Preferred (or more likely) Option (in 2019 prices)</b>
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Total Net Present Social Value	Business Net Present Value	Net cost to business per year	Business Impact Target Status
£29.5m	-£850.2m	£98.8m	Qualifying Regulatory Provision

**What is the problem under consideration? Why is government action or intervention necessary?**

- As a result of the introduction of Automatic Enrolment, millions more individuals have started saving for a private pension. This means increasingly pension scheme members will have multiple pension pots, and the responsibility for risk and decision-making is shifting from employers to individuals (e.g., due to the long-term shift from Defined Benefit to Defined Contribution workplace pensions, and because of the 2015 pension freedoms).
- Under the current system, information failures and behavioural biases mean that the costs for individuals to access full pension information is inefficiently high, meaning they may struggle to keep track of their pension pots and may make sub-optimal decisions in relation to both the accumulation and decumulation of pension wealth. This could result in poorer retirement outcomes.
- Barriers that prevent individuals engaging with their pensions have been identified, including inertia (inaction/putting things off); friction costs; present bias; choice overload; and lack of knowledge or ability.
- Government intervention is therefore necessary to promote engagement with retirement planning (which can be considered a merit good) and compel schemes to provide data to dashboards – providing complete coverage. Government intervention addresses the coordination problem in industry-led provision through a consistent infrastructure to deliver for members.

**What are the policy objectives of the action or intervention and the intended effects?**

Pensions dashboards will help individuals to access their pensions information online at a time of their choosing, securely and all in one place. Reconnecting users with their pensions will help build their sense of ownership and empower individuals to engage with their pensions, plan for the future and enhance their financial wellbeing. Effects include:

- Increasing individual awareness and understanding of their pension information and possibly their retirement income, leading to better decisions.
- Building a greater sense of individual control and ownership of pensions.
- Increasing engagement, with more people (regardless of their pension wealth) taking advantage of the available advice or impartial guidance.
- Supporting the advice and guidance process by providing people with access to their pension information at a time of their choosing, removing the need to search for this information during any advice and guidance session.
- Reconnecting individuals with lost pots, benefitting the individual and industry.
- Enabling more informed user choices in the decumulation phase (the point when a decision is made by a saver on how to access their savings) by making it easier to access the information on which to base these decisions.

**What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)**

Option 0: Do Nothing.

- Without Government intervention we do not expect the market to establish any free, universal dashboards or other mechanism to provide individuals with a single, complete view of their pension information. In fact, the industry did have an opportunity/attempt at doing this without legislation and concluded it wouldn't work. In this case we would expect significant numbers of individuals to continue to lose track of their pension pots, continued low levels of member engagement in pensions, and potentially sub-optimal decision making (in relation to the amount saved, scheme/investment choice, and decumulation decisions).

Option 1: Alternative to legislation.

- The Government promotes and facilitates stakeholder co-ordination to develop industry-led dashboard services online. Industry stakeholders could design dashboard services, and then voluntarily provide their data to the dashboards, which will let people access their pension information in a single place online. This could include both private pensions and state pensions data. However, without legislation to compel providers to supply data, we would expect only partial coverage, undermining the objectives and limit benefits for members.

Option 2: Government to legislate: (the preferred option).

- Government supports the design and creation of the pensions dashboards ecosystem, which contains the digital architecture that will make pensions dashboards work, with new legislation to ensure that all eligible schemes participate within certain timescales. Government via the Money and Pensions Service (MaPS) is developing a pensions dashboard, and we anticipate other organisations will build additional dashboards. This will lead to the creation of dashboard services facilitated by Government, backed up by a requirement for schemes to supply data to the dashboard ecosystem. This option is preferred as the one option that ensures dashboards work for everyone, providing a sufficiently complete picture within a reasonable timeframe.

**Will the policy be reviewed?** It will be reviewed. **If applicable, set review date:** 2027

Is this measure likely to impact on international trade and investment?		No		
Are any of these organisations in scope?	Micro No	Small No	Medium Yes	Large Yes
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)		<b>Traded:</b> N/A		<b>Non-traded:</b> N/A

***I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.***

Signed by the responsible Minister:  
Alex Burghart MP, Minister for Pensions and Growth

Date: 5/10/2022

# Summary: Analysis & Evidence

# Policy Option 0

Description: Do nothing.

## FULL ECONOMIC ASSESSMENT

Price Base Year 2019	PV Base Year 2020	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: 0	High: 0	Best Estimate: 0
<b>COSTS (£m)</b>	<b>Total Transition</b> (Constant Price) Years		<b>Average Annual</b> (excl. Transition) (Constant Price)		<b>Total Cost</b> (Present Value)
Low	0		0		0
High	0		0		0
Best Estimate					
<b>Description and scale of key monetised costs by 'main affected groups'</b>					
N/A					
<b>Other key non-monetised costs by 'main affected groups'</b>					
If the pensions industry or others decided to establish dashboard services, this would be purely voluntary and therefore business would only choose to do it if they deemed it to be in their interests to do so. Any associated costs would therefore be permissive.					
Assuming no dashboards were developed we would expect the long-term costs to consumers of sub-optimal retirement outcomes to continue as the Defined Contribution (DC) market continues to grow.					
<b>BENEFITS (£m)</b>	<b>Total Transition</b> (Constant Price) Years		<b>Average Annual</b> (excl. Transition) (Constant Price)		<b>Total Benefit</b> (Present Value)
Low	0		0		0
High	0		0		0
Best Estimate					
<b>Description and scale of key monetised benefits by 'main affected groups'</b>					
N/A					
<b>Other key non-monetised benefits by 'main affected groups'</b>					
N/A					
<b>Key assumptions/sensitivities/risks</b>					<b>Discount rate (%)</b>
Assumes the market will not invest in a solution that delivers universal, free, access to complete pension information and the industry continues with the current methods of pension information provision.					

## BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m:
Costs:	Benefits:	Net:	

# Summary: Analysis & Evidence

# Policy Option 1

Description: Alternative to legislation.

## FULL ECONOMIC ASSESSMENT

Price Base Year 2019	PV Base Year 2020	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: 0	High: 0	Best Estimate: 0

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	0	0	0
High	0	0	0
Best Estimate			

### Description and scale of key monetised costs by 'main affected groups'

N/A

### Other key non-monetised costs by 'main affected groups'

There would be some costs to Government to facilitate industry engagement and coordination, potentially through guidance. If the pensions industry decided to establish dashboard services, this would be purely voluntary and therefore business would only choose to do it if they saw it to be in their interests to do so. Any associated costs would therefore be permissive.

Assuming dashboards were developed with incomplete coverage we would expect the long-term costs to consumers of sub-optimal retirement outcomes to continue as the Defined Contribution (DC) market continues to grow.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0	0	0
High	0	0	0
Best Estimate			

### Description and scale of key monetised benefits by 'main affected groups'

N/A

### Other key non-monetised benefits by 'main affected groups'

There may be some benefits to scheme members of those schemes who may choose to invest in supplying information to an industry dashboard, but these would be limited without complete coverage.

### Key assumptions/sensitivities/risks

Discount rate (%)

Assumes the market will not invest in a solution that delivers universal, free access to complete pension information and the industry continues with the current methods of pension information provision.

## BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m:
Costs:	Benefits:	Net:	

## Summary: Analysis & Evidence

## Policy Option 2

**Description:** Government to legislate: (the preferred option).

### FULL ECONOMIC ASSESSMENT

Price Base Year 2019	PV Base Year 2020	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)			
			Low: -1016.1	High: 1219.9	Best Estimate: 29.5	
<b>COSTS (£m)</b>	<b>Total Transition (Constant Price) Years</b>		<b>Average Annual (excl. Transition) (Constant Price)</b>		<b>Total Cost (Present Value)</b>	
Low	248.6	~2	56.2		709.1	
High	457.0		138.0		1586.5	
Best Estimate	344.3		91.0		1089.6	
<b>Description and scale of key monetised costs by 'main affected groups'</b>						
<p>The main affected groups include the pensions providers and the Pensions Dashboards Programme (PDP, a part of the Money and Pension Service (MaPS)).</p> <p>DWP conducted research with pensions providers<sup>1</sup> to estimate the costs they faced in meeting the new regulatory requirements. Costs varied by the size of provider, with larger providers facing higher costs.</p> <p>The costs borne by pension providers is estimated at £850m over 10 years, with the remaining costs (£239m) borne by public administration (including PDP).</p> <p>Costs are highest during the initial set-up period; for the remaining period and going forwards overall monetised benefits (mainly to consumers) are expected to outweigh costs.</p>						
<b>Other key non-monetised costs by 'main affected groups'</b>						
<p>One opportunity cost of industry investment in dashboards may be that it is prohibitive to other forms of innovation in pensions engagement by pensions providers.</p> <p>Increased costs and the administrative burden for providers may raise barriers to entry to the market, with consumers potentially losing out as a result.</p>						
<b>BENEFITS (£m)</b>	<b>Total Transition (Constant Price) Years</b>		<b>Average Annual (excl. Transition) (Constant Price)</b>		<b>Total Benefit (Present Value)</b>	
Low	0.0	~2	68.5		570.5	
High	0.0		223.8		1929.1	
Best Estimate	0.0		132.6		1119.1	
<b>Description and scale of key monetised benefits by 'main affected groups'</b>						
<p>The key benefits to consumers include: time savings and consumer surplus (the value that consumers accrue from accessing a free service which they would otherwise have been willing to pay for), and recovering lost pots.</p> <p>To monetise the benefits to consumers the PDP commissioned research from Ipsos Mori, which used a willingness to pay approach. This research has enabled us to estimate consumer surplus at £578m over 10 years.</p> <p>DWP have also modelled the value of lost pots that would be recovered by consumers over 10 years, estimated at £541m.</p>						
<b>Other key non-monetised benefits by 'main affected groups'</b>						
<p>More consumers making optimal decisions about how to use their pension wealth in retirement driven by complete information.</p> <p>Other non-monetised benefits to consumers include: feeling ownership of pension pots; increased engagement; increased awareness; improved understanding of retirement arrangements; increasing savings actions; and, more informed savings decisions.</p>						
<b>Key assumptions/sensitivities/risks</b>					<b>Discount rate</b>	3.5%

<sup>1</sup> This term encompasses both occupational pension schemes and providers of personal/stakeholder pensions.

To mitigate the risk of the reported costs from providers being too high we have used a pessimism bias assumption to adjust costs downwards. The effect of this adjustment is to decrease costs by £178m.  
The volume of users reaches estimated levels.

**BUSINESS ASSESSMENT (Option 3)**

<b>Direct impact on business (Equivalent Annual) £m:</b>			<b>Score for Business Impact Target (qualifying provisions only) £m: 493.8</b>
<b>Costs: 98.8</b>	<b>Benefits: 0.0</b>	<b>Net: 98.8</b>	

# Evidence Base

## Problem under consideration and rationale for intervention

1. The majority of individuals during their working lives will:
  - build up entitlement to the new State Pension,
  - accumulate private pension wealth through workplace pensions arranged by the employers they work for (supported by Automatic Enrolment),
  - and may have additional saving through personal pensions (or other forms of wealth and assets).
2. To plan for retirement, individuals need to make a number of decisions, including:
  - how much, and where, to save for retirement,
  - when to retire,
  - when to claim their State Pension,
  - and when/how to access their wealth to provide retirement income.
3. These decisions are very long term, can be complex, and involve significant uncertainty (particularly given the lack of perfect knowledge around an individual's longevity, the future rates of inflation, and the value of returns on investments). Currently, in making these decisions individuals often have incomplete information and a number of behavioural biases may lead to sub-optimal decisions (typically not saving enough for retirement or being under/over optimistic about risk which leads to sub-optimal use of wealth in retirement). This is not a new problem, but there are two important factors in the UK context which increase the potential risk to individual retirement incomes:
  - a) As a result of automatic enrolment, over 10 million individuals<sup>2</sup> have been automatically enrolled into a workplace pension, typically into a Defined Contribution (DC) scheme where the employer pays a contribution, but the individual bears the risk through investment returns. This significant growth in the number of DC members follows a longer-term shift away from Defined Benefit (DB) schemes (where the risk is borne by the employer). As individuals move through the labour market, they may build up multiple private pension pots depending on how many jobs they have over their lifetime. Therefore, in the future more individuals will have a greater number of DC pensions contributing to their overall pension pot.
  - b) The pension freedoms introduced in 2015 mean that individuals with a DC pension pot can now be responsible for decisions over how to use their pension wealth from the age of 55. This gives individuals much greater freedom and choice but requires them to take more complex decisions than previously would have been the case when they typically would have used their pension pot to buy an annuity. Since more individuals will have DC pots in the future, this means that more individuals will need make complex decisions about how to access their pension wealth.
4. Under the current pensions landscape all DC members and some (active, public sector) DB members should receive a paper Annual Benefits Statement (ABS) for each individual membership, but the onus is typically on the individual to tell their scheme of any change in contact details<sup>3</sup>. However, these may arrive at different points across the year and the onus

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<sup>2</sup> <https://www.thepensionsregulator.gov.uk/en/document-library/research-and-analysis>

<sup>3</sup> <https://www.thepensionsregulator.gov.uk/en/public-service-pension-schemes/scheme-management/communicating-to-members>

- is typically on the individual to tell their scheme of any change in contact details<sup>4</sup>. Over 8 million active and deferred members are in schemes where there is no obligation to send a statement annually (though if requested, have to be sent within 2 months of the request).
5. Although these forms of communication exist, there is not a single source of information to bring it all together in one place to effectively help consumers anticipate future retirement incomes. Therefore, many people may lose track of their pension pots over time, and/or may struggle to effectively plan for retirement.
  6. The Government currently funds the Pension Tracing Service (PTS)<sup>5</sup> which is a free service to help individuals trace their pension. However, this service only provides individuals with contact details for pension schemes they may have paid into, and still requires individuals to spend time contacting those schemes and retrieve their information. It also requires individuals to have prior knowledge that a benefit with a particular employer may exist.
  7. Research shows the difficulty individuals have with accessing and understanding information on their pension savings. FCA's Financial Advice Market Review<sup>6</sup> demonstrated that people often find it difficult to access their data from financial institutions. Pensions dashboard research also highlighted that many individuals have low understanding of their own pension information<sup>7</sup>.
  8. The consequence of this is low levels of knowledge, engagement, and feeling of ownership with pension savings. This subsequently creates a real risk of individuals making poor decisions in the accumulation (saving) and decumulation (consumption) stages of their retirement saving. For example:
    - A quarter of people aged 55 and over who are not retired say they do not know the size of their pension savings, while 8 in 10 people with a DC pension have not given much thought to how much they should be paying into it to maintain a reasonable standard of living when they retire<sup>8</sup>.
    - Engagement with pensions is low with only 33% of non-retirees saying they have ever thought about how many years of retirement they might need to fund<sup>9</sup>. In particular, younger people, those on lower incomes and women are less likely to be engaged with their pensions. There is also some evidence that people from an ethnic minority may be less engaged than people from a white background. (See **Annex 1** for further details).
    - Furthermore only 45% of people agree that they understand enough about pensions to make decisions about saving for retirement. This issue is more pronounced for women with 37% of women saying that they understand enough about pensions to make decisions about saving for retirement, compared to 53% of men<sup>10</sup>.
  9. Based on responses to the Pension Policy Institute's (PPI) Lost Pensions Survey 2018 and using the provider definition of "gone away customers", the aggregate value of lost pension assets was estimated at around £9.7bn (4.5% of total uncrystallised assets covered by the survey). However, given survey coverage, the total value of lost pension assets will be higher still; scaling up suggests as many as 1.6 million lost pension pots, with a potential aggregate value of around £19.4bn<sup>11</sup>.

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<sup>4</sup> <https://www.thepensionsregulator.gov.uk/en/public-service-pension-schemes/scheme-management/communicating-to-members>

<sup>5</sup> Individuals enter their former employers' details into the online database and are provided with contact details for pension schemes they may have paid into. <https://www.gov.uk/find-pension-contact-details>

<sup>6</sup> <https://www.fca.org.uk/publication/corporate/famr-final-report.pdf>

<sup>7</sup> <https://www.moneyandpensionsservice.org.uk/wp-content/uploads/2021/03/pensions-dashboard-2cv-research.pdf>

<sup>8</sup> <https://www.fca.org.uk/publication/data/data-bulletin-issue-12.pdf>

<sup>9</sup> Internal analysis of Wealth and Assets Survey, round 7; and findings confirmed with internal analysis of British Social Attitudes Survey, 2021

<sup>10</sup> Internal analysis of Wealth and Assets Survey, round 7; and findings confirmed with internal analysis of British Social Attitudes Survey, 2021

<sup>11</sup> [201810-bn110-lost-pensions-final.pdf \(pensionspolicyinstitute.org.uk\)](https://www.pensionspolicyinstitute.org.uk/201810-bn110-lost-pensions-final.pdf)



10. Better access to information on all of their pensions should enable savers to keep track of multiple pension pots, and better understand how much money they will have in retirement, which should help them to make better decisions about retirement saving and use of wealth in retirement.

### **Rationale for intervention**

11. Whilst there are some incentives for pension schemes and providers to improve access to accurate information for members, evidence suggests that the market will not deliver complete information without intervention. DWP's engagement with the pensions industry from the outset and ongoing is, on the whole, supportive. For example, an industry led project in 2016 led by HMT and managed by the Association of British Insurers (ABI) (and developed independently of Government), concluded that legislation for dashboards was needed.
12. Complete information on pension saving can be considered as a merit good - information failures mean that it is a good which when consumed provides external benefits, such as better retirement outcomes, although these may not be fully recognised. Those information failures, driven by behavioural biases<sup>12</sup> and perceived difficulty in understanding the pension system, mean that individuals under-value the benefits of retirement planning, and by extension the value of access to a complete picture on pension saving. Consequently, there is little consumer demand and therefore an inefficiently low level of provision of this service. This suggests that intervention is justified to correct for this issue and promote the consumption of this good, and with it engagement in retirement planning.
13. There is also a coordination problem present. Research suggests that the positive benefits of the dashboard are only realised when there is sufficiently high participation by industry to provide a complete picture to consumers. However, there are reasons why without Government intervention it would be difficult to coordinate to achieve such participation. For example, the market has thousands of schemes that individual providers would struggle to coordinate between.
14. Furthermore, there will be cases where pension providers have insufficient incentive to make the required investments. Whilst there are potential benefits/ efficiency gains to pension providers if consumers are encouraged to keep track of their pensions, save more, potentially consolidate pots, and shop around for decumulation products, many schemes are closed to new members and relatively few providers are active in the decumulation market, limiting the incentive to participate. This suggests Government intervention will be necessary to solve this problem.

### **Rationale and evidence to justify the level of analysis used in the IA (proportionality approach)**

15. Given the scale of the change on industry, DWP have worked extensively with stakeholders to determine the best estimates of costs and benefits through the regulations. This has

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<sup>12</sup> [Engaging people with pensions via digital dashboards \(pensionsdashboardsprogramme.org.uk\)](https://pensionsdashboardsprogramme.org.uk) Behavioural biases might include: Inertia, the general tendency towards inaction, to avoid the costs associated with action. For pensions, the costs of engaging may include the mental effort required to understand information about your pension, what it means for your situation and how you should act on that information. This is exacerbated by the long-term time frame of pensions which means that engagement is not urgent and can be put off till "later"; Present bias, the tendency to prefer smaller rewards now than larger rewards later. Pensions inherently require forgoing rewards now, for payoffs in the distant future; Friction costs, the small hassles that make an action more difficult, such as the steps involved in accessing information. These frictions can have a surprisingly large effect on whether someone engages or not; Choice overload, where people feel overwhelmed by the number of options available to them and may therefore disengage and avoid making a choice; Lack of knowledge or ability, which inhibits people's ability to engage with the complex topic of pensions.

included a comprehensive cost research with a wide range of industry bodies, integrated service providers and large, medium, and small pension providers. These included contributors attributing costs to detailed steps required to meet legislative requirements, which has allowed us to derive transitional and on-going costs.

16. DWP has adopted a two-strand approach to estimating the benefits to consumers, who are the key beneficiary of the policy. PDP has commissioned Ipsos MORI to undertake 'willingness-to-pay' research with around 2,000 participants to estimate the benefits of dashboards to consumers. Furthermore, by using published estimates from PPI for the annual average value of 'dormant pots' and applying this to the estimated percentage of the working age population that are expected to use dashboards each year, we have estimated the value of lost pots that will now be found.
17. Both the methodologies for the estimation of costs and benefits are considered proportionate by DWP for the analysis of this large-scale project.

## **Description of options considered**

### ***Option 0: Do nothing – Government leaves provision of individual pension information to the market***

18. This is the status quo, in which the market has not provided a solution that meets the policy objectives. It is possible in the future that parts of the pensions industry will come together to collaborate and build one or more dashboard ecosystems, each connecting to information from different sets of providers. This could deliver effective information to consumers or could lead to confusion and a fragmented consumer journey, with limited benefits to members.
19. The Government has been actively working with the pensions industry to explore the feasibility of a dashboard, and little progress has been made in the absence of legislation. Given the fragmented nature of the industry with around 30,000 pension schemes<sup>13</sup>, thousands of providers, administrators, trustees, and employee benefit consultants, with no single point of leadership/authority, there seems limited scope for an industry-wide dashboard ecosystem in the absence of Government intervention. Furthermore, to provide complete access to information any dashboard should include State Pension data which would be dependent on appropriate governance and security measures. In this scenario it is likely that State Pension data would continue to be provided separately, via the existing Check Your State Pension (CYSP) service.

### ***Option 1: Alternative to legislation – Government acting to coordinate industry***

20. The Government could help promote and facilitate the coordination of an industry-led dashboard service online, which will let people access their pension information in a single place. This could include both private pensions and State Pension data.
21. Whilst this option would build on the 'do nothing' option by addressing the coordination problem, without compulsion for pension providers to connect to the dashboard ecosystem and provide data the likely outcome is that any resulting dashboard would provide only partial coverage and would not meet the policy objectives. User research and international evidence suggests that achieving sufficient coverage so that users will be able to see all their pension information in one place is key to successful delivery. Dependent on the governance and security measures, it may not be appropriate for Government to supply State Pension data, so we would expect under this option for CYSP to be kept separate from

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<sup>13</sup> Data Pensions Dashboards - auto enrolment - master trust | The Pensions Regulator

an industry dashboard. As this option would not therefore be likely to succeed, we have not analysed it in further detail.

***Option 2: Establish a dashboard, with new legislation to ensure that all eligible schemes participate within certain timescales***

22. Under this option the Government acts to bring together stakeholders to coordinate delivery of dashboards. The Pensions Dashboards Programme (PDP, a Directorate of MaPS) has developed standards, technical solutions and put forward an implementation plan. This has informed the Government's approach to the more detailed provisions involving secondary legislation. Government has introduced legislation to compel pension providers to make certain data available to members via dashboards. Primary legislation has introduced the necessary powers via the Pension Schemes Act 2021. Subsequent secondary legislation (which this IA covers) will specify the design and implementation decisions taken by the PDP and establish a part of the regulatory framework to implement appropriate and robust controls to protect users.
23. With a more active role for Government in ensuring the dashboard ecosystem has robust governance and security measures this option will allow State Pension data to be provided as part of the dashboard.
24. Government has worked with industry on a feasibility study and consultation<sup>14</sup> and concluded that Option 2 is the preferred option since this is the only option that will meet the policy objectives.
25. The Department's user research<sup>15</sup> built on the Association of British Insurers' (ABI's) recommendation<sup>16</sup> that 'a non-commercial service, endorsed by the Government, must be made available'. The research found that people tended to show a preference for a single, Government-sponsored dashboard citing key reasons such as data security, trust, and commercial bias. It found some people, however, may prefer to use their own dashboard provider (possibly a bank or large pension provider) due to higher levels of familiarity and trust.

**Policy objective**

26. The overarching aim is to enable individuals to securely access their pensions information online, all in one place, and at a time of their choosing, to support better planning and preparation for retirement. The policy objectives as outlined in the consultation document<sup>17</sup> are to:
- Increase individual awareness and understanding of their pension information and estimated retirement income, in order to support better planning for retirement.
  - Build a greater sense of individual control and ownership of pensions.
  - Increase engagement, with more people (regardless of their pension wealth) taking advantage of the available advice and impartial guidance.

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<sup>14</sup> Pensions dashboards: feasibility report and consultation - GOV.UK ([www.gov.uk](http://www.gov.uk))

<sup>15</sup> Government response: Pensions dashboards ([publishing.service.gov.uk](http://publishing.service.gov.uk))

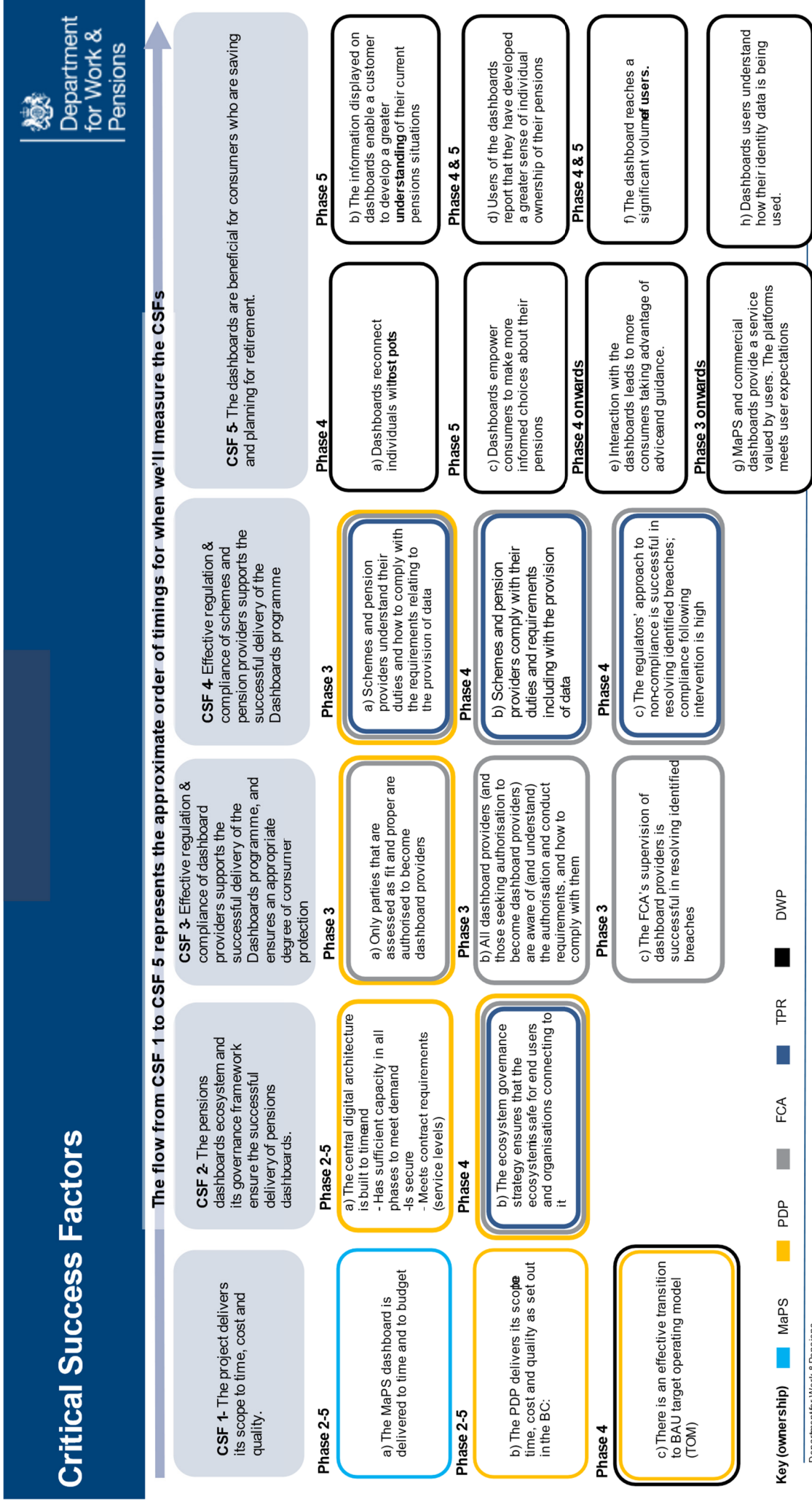
<sup>16</sup> ABI managed Pensions Dashboard project report published October 2017 - [reconnecting-people-with-their-pensions-final-10-october-2017.pdf](https://www.abi.org.uk/reconnecting-people-with-their-pensions-final-10-october-2017.pdf) ([abi.org.uk](http://abi.org.uk))

<sup>17</sup> <https://www.gov.uk/Government/consultations/pensions-dashboards-feasibility-report-and-consultation>

- Support the advice and guidance process by providing people with access to their pensions information at a time of their choosing, removing the need to search for this information during any advice and guidance session.
- Reconnect individuals with lost pots, benefitting the individual and industry.
- Enable more informed user choices in the decumulation phase (the point when a decision is made by a saver on how to access their savings) by making it easier to access the information on which to base these decisions.

27. Working in collaboration with stakeholders, DWP has outlined the following draft critical success factors for the delivery of the dashboards policy. The critical success factors (CSFs) will be monitored by the stakeholder organisations with, for example, DWP owning a consumer focussed CSF number 5: 'the dashboards are beneficial for consumers who are saving and planning for retirement'. DWP is leading on work to finalise a framework to monitor and evaluate the outcomes from the Programme. This work encompasses all areas and spans the different partners involved including the Money and Pensions Service (MaPS), the PDP, the Pensions Regulator (TPR) and the Financial Conduct Authority (FCA) and will look at the impact on individuals, the pensions industry and the government. These critical success factors (once finalised and fully agreed) will underpin this monitoring and evaluation framework.

Chart 1: Critical success factors



## Summary and preferred option with description of implementation plan

Preferred option: Government to introduce secondary legislation

28. Government established the framework to deliver the pensions dashboards initiative by introducing legislation in the shape of the Pension Schemes Act 2021. This primary legislation enables trustees and managers of occupational pension schemes to be required to provide and facilitate the provision of information to the pensions dashboards ecosystem. A legislative approach will help to ensure that most individuals are provided with a sufficiently complete picture of their pensions information via online platforms, whilst minimising the cost to the taxpayer.
29. Government was clear that secondary legislation would be required to allow for more detailed requirements to be set out, such as the data requirements, connection and staging, the compliance and enforcement regime and the requirements to be fulfilled by qualifying dashboards providers etc. Given this, it is now our preference to introduce that secondary legislation to add detail to the framework set out in primary legislation. The draft Pensions Dashboards Regulations set out the requirements to be met to launch pensions dashboards to the public. The draft Regulations outline:
- Requirements to be met by pensions dashboards services to be “qualifying pensions dashboards services” (QPDSs) (Part 2 of the Regulations).
  - Requirements on trustees or managers of relevant occupational pension schemes in relation to cooperating with and connecting to the Money and Pensions Service (the MaPS digital architecture), and the data they must provide to individuals via MaPS digital architecture (Part 3 of the Regulations).
  - Provisions for The Pensions Regulator (TPR) to take enforcement action in relation to pension schemes that do not comply (Part 4 of the Regulations).
30. Dashboards will provide individuals with an understanding of what a person may receive in retirement. Information on State Pensions will be included on dashboards from day one and as set out in primary legislation, people will be able to access a dashboard service that is publicly owned, provided by the Money and Pensions Service, which will form part of a comprehensive retirement planning hub, although the hub itself isn’t a requisite of the Primary legislation. We want dashboards to be accessed by as many people as possible and, to that end, we will allow other organisations who meet prescribed requirements and obtain and maintain FCA authorisation and permission to undertake a new regulated activity to develop and host their own qualifying pensions dashboards services (QPDSs).
31. Within the draft Regulations, we require compliance with standards to be set by MaPS, potentially in one limited case by TPR and by the DWP Secretary of State, in the case of State Pension Standards. Standards will provide further detail on how schemes and QPDSs must comply with their legislative duties. The detail contained within standards would not be appropriate to specify in regulations as they are largely technical and may need to evolve at a faster rate than would be practical for regulations. DWP will however have overview of the MaPS standards: the DWP Secretary of State must approve standards (and any subsequent changes that go beyond minor / technical changes) before they can be introduced. FCA-regulated personal and stakeholder schemes fall outside the scope of our regulations. But the Act requires the FCA make corresponding rules covering the requirements on these schemes in relation to pensions dashboards. This impact assessment therefore takes into account the costs for these providers as well as occupational scheme trustees.
32. Subject to the draft Regulations being approved by Parliament, pension schemes will be required to work towards meeting their staging deadlines. The staging deadline is the latest

date by which a scheme must be connected to the digital architecture. The staging profile is a plan requiring the progressive connection of pension schemes to the digital architecture prioritising schemes by size and type. Schemes will have the choice of connecting earlier than in the window (either three months or one month) leading up to their staging deadline following clearance by MaPS and TPR but must have connected by their staging deadline. TPR will have discretion in taking enforcement action against scheme trustees or managers under the powers outlined in part 4 of the draft Regulations should they fail to do so. Schedule 2 of the draft Regulations provides a detailed overview of the staging profile.

33. Before dashboards can be launched to the public, it is important that, for example:

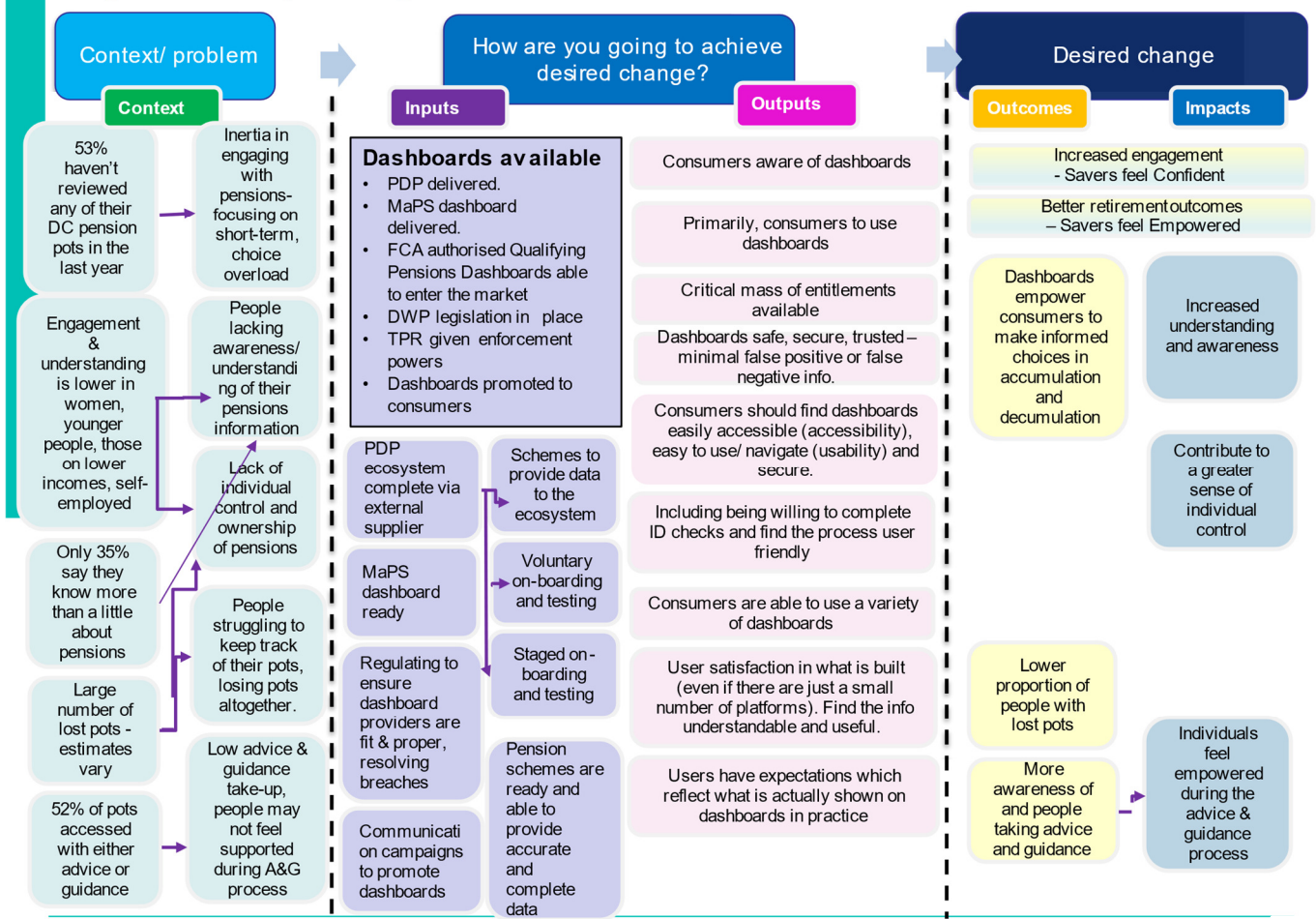
- They are as complete as possible as an incomplete dashboard risks a poor user experience and the success of the project.
- They work effectively from a technological perspective.
- The security of the ecosystem is assured.
- The information provided is clear to the user.

34. For these reasons, thorough testing will be required, and pensions dashboards will not be launched to the public until we reach the 'Dashboards Available Point' (DAP). The point at which the pensions dashboards service is made available to the public will depend on a number of factors including what proportion of all memberships will be available to find. The draft Regulations outline that before specifying the DAP, the Secretary of State must be satisfied that the dashboards ecosystem is ready to support widespread use of qualifying pensions dashboard services by the public and have regard to matters such as security and conformance testing. The matters which the Secretary of State should consider in making this decision are outlined in the Government's response to the further consultation on pensions dashboards, which is due to be published alongside the draft Regulations.

35. DWP held a theory of change workshop to formalise thinking about the changes that dashboards are expected to make. The focus of the dashboards theory of change workshop was on consumers, including their behaviours, how we want them to be using dashboards and the desired changes and outcomes. See Chart 2 below, which shows the process described in the workshop.

# Chart 2: Theory of change

## High Level Theory of Change for Dashboards consumers



Department for Work & Pensions



## **Who will be responsible for ongoing operation and enforcement of the new arrangements?**

36. In terms of the ongoing operation following closure of the PDP in March 2025, the transition to business-as-usual will be subject to collaboration with government, relevant regulatory bodies, industry, and consumer bodies to ensure that there is a functioning and sustainable ecosystem. The PDP intends to put forward options concerning the future ownership of the pensions dashboards ecosystem to the DWP in 2023.
37. The draft Regulations outline the requirements to be met by both pension schemes and dashboard providers. In some parts of the regulations, we propose compliance with standards. Standards will provide further details on how pension schemes and dashboard providers must comply with their legislative duties and compliance with them is mandatory. A range of standards (data; technical; design; reporting; and a code of connection) will be set by MaPS and potentially, in one limited case, by TPR in relation to reporting standards.
38. To ensure that the setting of standards is appropriate, the DWP Secretary of State will have oversight powers and will be responsible for approving the first set of standards as well as subsequent changes which contain amendments that are more than minor technical changes. The regulators will play a crucial role in relation to compliance with both the regulations and standards.

### **Role of the regulators:**

#### **The Pensions Regulator (TPR):**

39. Part 4 of the Statutory Instrument provides the Pensions Regulator (TPR) with new powers to issue statutory notices for breaches of any requirements set out in Part 3. These statutory notices include:
- Compliance notices
  - Third party compliance notices
  - Penalty notices.
40. In the event of a breach of the Regulations, TPR may issue trustees or managers of occupational pension schemes a compliance notice, or a penalty notice. If TPR are of the opinion that a third party is at fault for any breaches by trustees or managers, then they may issue a third-party compliance notice to the third party. A failure to comply with a compliance notice, or a third-party compliance notice can result in a penalty notice being issued. The maximum penalty for an individual breach of the Regulations is £5,000 in the case of an individual, or £50,000 in all other cases.

#### **Financial Conduct Authority (FCA):**

41. Government has committed that a new regulated activity will be introduced by HMT. This means that organisations other than MaPS that wish to host their own dashboards will need to obtain FCA authorisation and the new regulatory permission. Once a dashboard provider is authorised by the FCA, it would be subject to FCA principles for businesses and the relevant FCA rules, including those that would be specific to QPDS, on which the FCA will consult. Failure to adhere to these rules could result in disciplinary or enforcement action by the FCA, including the withdrawal of a firm's authorisation. The FCA will also make rules for FCA regulated pension schemes which they are required to adhere to. When made, these rules will then be subject to FCA's usual tools and powers for supervision and enforcement. The FCA will enforce compliance of these rules, including personal and stakeholder pension schemes' compliance (mirroring the DWP regulations) and standards.

## Does the approach to implementation enable sufficient flexibility and scope for experimentation / piloting / trialling

42. The approach to implementation has a number of phases including where testing can start with the co-operation of volunteer data providers, which will identify any areas for improvement before other schemes onboard and to ensure that the ecosystem is functioning effectively for all parties including data providers, dashboard providers and users.
43. The legislative framework for dashboards, led by DWP, continues to be informed by user research as well as consultation with industry and other stakeholders. As part of its delivery role, the PDP leads an evolving programme of user research and testing, which is being used to inform the legislation and more detailed design work. As set out in its progress update report published<sup>18</sup> in April 2022, the PDP's initial (alpha) build and test phase of the programme started in December 2021. The programme is working with its lead suppliers (Capgemini, Origo and Digidentity) to build the digital architecture and test its functionality. This is being supported with the voluntary participation of several data providers and would-be dashboard service providers. This testing will increase in scale and include live data which, alongside ongoing research and stakeholder consultation, will be used to finalise the legislation, FCA rules and design standards for initial dashboards. Several schemes have volunteered to take part in this testing phase.
44. There will continue to be scope for the dashboards service to evolve over the longer term as we improve our understanding of the way in which users interact with dashboards.

## Monetised and non-monetised costs and benefits

### Monetised Costs

45. Overall discounted costs (summarised in Table 1) over a 10-year period are estimated to be £1,089.5m. This is largely on business (£850.1m) with additional costs being met by regulators/State (£239.4m). These costs are driven by industry costs in the first two years during the transition and then broadly level off at around £90 million per year (undiscounted). However, there is a degree of uncertainty, as presented by low and high estimates; these are discussed in more detail.

**Table 1: Costs summary (£ millions) - discounted**

	Low	Central	High
Industry costs	£493.6m	£850.1m	£1,323.2m
Public administration costs	£215.5m	£239.4m	£263.4m
Total	£709.1m	£1,089.5m	£1,586.6m

### Industry costs

46. Personal pensions, stakeholder pensions, workplace and occupational pensions, as well as State Pensions are all in scope of the initiative. To estimate the costs facing the pensions providers/administrators/trustees, DWP conducted a data gather in December 2021 asking about the costs of each detailed steps that would be required by legislation (see **annex 3** for questions asked). We received 32 responses from a sample of providers (covering over 50% of pension membership) including:

<sup>18</sup> <https://www.pensionsdashboardsprogramme.org.uk/pur/>

- 2 industry trade bodies
- 13 DC providers / administrators
- 6 DB schemes
- 8 DB administrators
- 3 Integrated Service Providers/technology providers.

47. On the back of the survey, the cost for industry is estimated to be around £850 million (discounted to present value) over 10 years under the central scenario – this accounts for £271m of upfront costs and £579m for ongoing costs.

48. The upfront costs (which relate to steps 1-9 of our survey shown in annex 3), are summarised as the system setup costs so that the dashboards ‘find’ and ‘view’ functions work smoothly. Upfront costs also include the familiarisation with the regulatory requirements, ensuring the data is consistent and ready for uploading, and then testing the process. The ongoing costs (steps 10-14 in annex 3) include:

- Updating and maintenance of data.
- Handling additional queries which result from dashboards.
- Ensuring ongoing regulatory compliance.
- Using an Integrated Service Provider (ISP) or other administrator to connect to the dashboards ecosystem.

49. Using the information gathered, we calculated mean upfront and ongoing costs for small, medium, and large DC administrators and DB schemes (see **Tables 2** and **3** below). (The small, medium and large definitions that we have used in this analysis differ to those used for the purposes of staging set out in the draft Regulations.) For the DC side, responses from our research were largely provided by administrators, while for DB costs were provided on a per scheme basis. As some schemes/ providers provided us a range of costs in response to our research, we calculated means for low, central and high costs.

50. We excluded an estimate from a DC provider which we judged to be an outlier. The cost they provided was disproportionately high (75% higher than the next highest cost).

51. Using TPR data on the number of administrators and schemes<sup>19</sup> onboarding to dashboards in each financial year (broken down by size and type of administrator and scheme), we calculated total industry upfront costs per year as well as ongoing costs. The methodology is as follows:

- Given scheme size will impact costs, we:
  - Split costs by scheme size (based on memberships).
  - Estimated a “per member” cost based on scheme size (small/medium/large).
  - Used the current roll-out plan for dashboards which differs by pension type and firm size.
  - Applied the mean upfront and ongoing costs.
  - High/low costs were derived based on the cost ranges provided.
- Anticipating that costs will start to be accrued before being connected to the dashboards:
  - Assume upfront costs happen 12 months before compliance date.
  - Ongoing costs happen annually each year from compliance date.

52. If the timings or the profile of the roll-out were to be changed, then the associated costs and benefits would correspondingly change. However, the schedule of dates of compulsion is the best available evidence on the time of on-boarding to dashboards for all schemes.

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<sup>19</sup> This included personal and stakeholder pensions

**Table 2: Estimated costs for Defined Contribution administrators and providers (per entity) to the nearest £1,000**

		Central	High	Low
Small administrator (100-9,999 members)	Up-front costs	£75,000	£82,000	£68,000
	Ongoing costs	£10,000	£11,000	£10,000
Medium administrator (10,000-49,999 members)	Up-front costs	£175,000	£192,000	£158,000
	Ongoing costs	£37,000	£39,000	£36,000
Large administrator (50,000+ members)	Up-front costs	£2,321,000	£2,543,000	£2,099,000
	Ongoing costs	£332,000	£348,000	£316,000

**Table 3: Estimated costs for Defined Benefit schemes (per scheme) to the nearest £1,000**

		Central	High	Low
Small scheme (100-9,999 members)	Up-front costs	£54,000	£69,000	£40,000
	Ongoing costs	£16,000	£23,000	£9,000
Medium scheme (10,000-49,999 members)	Up-front costs	£185,000	£235,000	£136,000
	Ongoing costs	£57,000	£83,000	£32,000
Large scheme (50,000+ members)	Up-front costs	£2,131,000	£2,697,000	£1,565,000
	Ongoing costs	£841,000	£1,212,000	£469,000

53. The roll-out profile has been developed using an index model in work that was led by TPR. It starts with Master Trusts (the month of compulsion being August 2023) and personal pension schemes in the same month. Broadly larger DC schemes are staged on to dashboards before DB and smaller schemes. The very smallest schemes with less than 100 active and deferred members are out of scope of these regulations. The complete roll-out profile is shown in **Annex 2**<sup>20</sup>.

54. We adjusted both upfront and ongoing costs for pessimism bias, whilst also adjusting ongoing costs for wage inflation and learning efficiencies per annum.

- **Pessimism bias:** We applied a pessimism bias to reflect the range in estimates and the potential for there to be a natural bias from industry towards thinking costs may be higher than they are. This was supported by a wide range of estimates being made and significant differences between mean and median costs. As a result, the midpoint between the median and mean costs (85%) was used as a factor to multiply total costs by.
- **Learning per annum:** We made this adjustment to reflect efficiency gains as we move into business as usual and based the rate on the UK's growing productivity per year.
- **Uprating:** We made this adjustment to reflect wage inflation and used the Bank of England's target for the Consumer Price Index to estimate price growth in subsequent years.

<sup>20</sup> Correct as the IA was drafted in Summer 2022

**Table 4: Adjustments and assumptions**

Applied to	Rate	Evidence
<b>1. Learning per annum (decreasing on-going costs)</b>		
Mean estimates	100.7%	Average Learning - labour productivity (services) 2009-2019 (ONS (Office for National Statistics))
High estimates	100.0%	No learning
Low estimates	101.4%	High learning
<b>2. Pessimism bias (decreasing all costs)</b>		
Mean estimates	85%	Midpoint in difference between estimates of mean to median
High estimates	100%	No bias
Low estimates	69%	Median values
<b>3. Uprating (increasing on-going costs)</b>		
Mean estimates	102%	Consumer Price Index target for Bank of England
High estimates	103%	High uprating
Low estimates	101%	Low uprating

**Table 5: Cost to Industry – undiscounted**

(£ millions, rounded to 1 decimal place)

	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	Totals
Central scenario	98.6	137.2	115.5	86.3	87.4	88.5	89.7	90.9	92.1	93.3	979.5
High scenario	135.9	198.4	167.1	134.9	139.0	143.1	147.4	151.9	156.4	161.1	1535.2
Low scenario	67.3	87.2	73.3	48.4	48.3	48.1	47.9	47.8	47.6	47.4	563.3

### Public administration costs

55. The costs to public administration reflect the costs forecast in the latest spending review proposal for DWP (2021), including the costs of connecting to State Pension information. The most significant costs to public administration are the PDP costs, which includes the provision of the digital architecture and the identity service solution. As the PDP is part of MaPS, its costs are funded by two industry levies – the General Pensions Levy and the Financial Services Levy- so these are not directly from the public purse. The Programme runs from April 2019 to March 2025 and revised costs are estimated to be £93.7m over that period, of which £34.8m are the technical architecture costs up to when the programme closes at the end of the financial year 2024/25. The technical architecture and other costs will continue beyond the financial year 2024/25. Where specific estimates are unavailable for the later years we have rolled on the last available estimates.

56. DWP costs reflect the continued ownership of the policy and the provision of State Pension information to dashboards. The costs to MaPS are specific to the development of their dashboard.

57. The costs borne by The Pensions Regulator (TPR) and the Financial Conduct Authority (FCA) are incurred for the regulation of pension trustees and providers dashboard obligations and are funded by the general levy and the financial services levy, both industry

levies, so not directly from the public purse. TPR has provided relevant staff and non-staff costs per annum, which are shown in the total below. This includes contingency costs for April 23 onwards, consistent with normal project disciplines. These estimates should not be considered predictors of annual levies – these will be assessed and calculated each year in the ordinary way. FCA estimates reflect that supervision of the new requirements will be incorporated into ongoing supervisory processes for FCA regulated pension providers; and the estimates do not include the costs that would arise should enforcement investigation and action prove necessary.

58. The total cost to public administration of delivering and regulating the Programme are £239.4m over 10 years in present values from 2022/23 to 2031/32. To calculate the high and low scenarios we have increased / decreased the estimates by 10% respectively.

**Table 6: Costs to Public Administration – undiscounted**

(£ millions, rounded to 1 decimal place)

	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	Totals
PDP	£19.5	£17.9	£29.1	£41.0	£37.9	£17.6	£17.5	£17.6	£17.7	£17.8	<b>£233.4</b>
DWP	£1.4	£1.1	£1.1	£1.1	£1.1	£1.1	£1.1	£1.1	£1.1	£1.1	<b>£10.8</b>
MaP S	£1.6	£1.6	£2.0	£1.5	£1.5	£1.5	£1.5	£1.5	£1.5	£1.5	<b>£15.9</b>
TPR	£2.3	£2.6	£2.5	£2.3	£0.4	£0.4	£0.4	£0.4	£0.4	£0.4	<b>£12.3</b>
FCA <sup>21</sup>	£0.3	£0.2	£0.2	£0.2	£0.2	£0.2	£0.2	£0.2	£0.2	£0.2	<b>£2.1</b>
<b>Total</b>	<b>£25.0</b>	<b>£23.3</b>	<b>£34.8</b>	<b>£46.1</b>	<b>£41.1</b>	<b>£20.8</b>	<b>£20.7</b>	<b>£20.8</b>	<b>£20.9</b>	<b>£21.0</b>	<b>£274.5</b>

## Monetised Benefits

59. The main purpose of dashboards is to provide benefits to scheme members who will be able to access all their pensions information (including the State Pension) in one place at the time of their choosing. dashboards will be available to the entire adult GB population, but it is envisaged that demand will be highest amongst those with uncrystallised pension pots. There are no direct costs to consumers as they will not be required to pay to access and use of dashboards is entirely voluntary.

60. The direct benefits to consumers are:

- **Time savings and consumer surplus** (reduced search costs equivalent to the value of their own time, or for those who engage financial advisors the value of time advisors spend retrieving information on their behalf). The consumer surplus reflects the value that consumers accrue from accessing a free service which they would otherwise have been willing to pay for.
- **Recovering lost pots.** The concept of ‘lost’ pensions has multiple definitions, with a wide range of estimates (£400m to £19.4bn). The value of recovering lost pots will depend on

<sup>21</sup> FCA costs for authorising and regulating QPDS firms, when the necessary legislative change is made, are outside the scope of this impact assessment.

the level of take up amongst members, since pots can only be found for individuals who engage with the dashboard.

61. In theory there are potentially significant indirect benefits to individuals on the basis that information failure currently prevents individuals from saving enough for the retirement they want and/or making optimal decisions about how to use their pension wealth in retirement. dashboards reflect principles of influencing behaviour as set out in the EAST (easy, accessible, social, timely) framework. As far as the dashboards are a necessary but not sufficient condition, and there is no robust evidence to attach causality and monetise the benefits in terms of increased retirement income that result from the dashboards. However, given the number of pension scheme members (memberships of non-hybrid DC master trusts have increased from 270,000, at the beginning of 2012, to just over 20.5 million this year) and value of total assets in DC trust-schemes (around £113.5 billion reported as of 31 December 2021)<sup>22</sup> and both of which are expected to grow further because of Automatic Enrolment, such benefits could be material for many millions of individuals in the long term.

## Volumes of users

62. In terms of assumed dashboard usage, and as a comparison, the Pension Tracing Service (which had limited publicity) supported 1.2 million customer traces in 2017/18<sup>23</sup>, whilst Check Your State Pension has had over 10 million uses since its launch in 2016<sup>24</sup>. We would expect higher take up of dashboards as an improved service offer which may grow over time as the number of pension pots increases.

63. To estimate the volumes of users of dashboards we have used the results of a quantitative survey of the UK adult population on Willingness to Pay research carried out by Ipsos MORI for PDP. This survey, conducted in winter 2021/22, asked around 2,000 adults to read a description of the pension dashboards service<sup>25</sup> and then asked them how likely they would be to use the service.

64. As there is a 'say-do' gap in research i.e., there is a gap between what people report that they will do in a survey and what they actually do, we have used 3 scenarios to estimate the numbers of users. There is little evidence on the size of the 'say-do' gap in financial services or pensions research. However, given that pensions engagement has been historically low, we have used a conservative range of assumptions to estimate the number of users from the survey responses of those saying that are 'very likely' or 'fairly likely' to use dashboards.

65. To estimate the volumes of dashboards users we take the UK population estimate by age group and then apply the likelihood estimates (assuming 75% of 'very likely' and 50% of 'fairly likely' go on to use dashboards). This gives a steady state estimate of 16.3m users after roll-out and results in estimates ranging from 12.7m users to 19.4m users for the low and high scenarios in steady state respectively.

66. We checked our assumptions for usage by triangulating with other sources, notably the ABI Pensions dashboards survey and international dashboard usage statistics.

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17 DC trust: scheme return data 2021 to 2022 | The Pensions Regulator

18 <https://www.gov.uk/performance/find-pension-contact-details/transactions-by-channel#from=2017-04-01T00:00:00Z&to=2018-03-01T00:00:00Z>

19 Internal analysis of data extract received from TPR January 2018

20 Respondents were shown a static explanation of the pensions dashboards service and could also view a video describing the pensions dashboards service via this link <https://youtube/o27-R-EkmR8>

67. The ABI Pensions dashboards survey<sup>26</sup> asked around 4,000 adults about their likelihood of use of dashboards in autumn/ winter 2021. The ABI survey question also assumes that all pensions would be available to view on dashboards. The survey results show a similar picture to the Willingness to Pay survey with the youngest and oldest age groups reporting that they are least likely to use dashboards. By contrast, the ABI survey has higher reported usage for the youngest age group by around 10 percentage points and a slightly lower proportion of the 50+ age group reporting that they would be likely to use dashboards.

68. Our estimate of 16.3m users in steady state is, however, comparable with the numbers of users experienced by other countries who have implemented a similar service. DWP and PDP have been liaising with international dashboard teams, in spring 2022, about their experiences of usage of dashboards, including Denmark, the Netherlands, Norway and Belgium. Using data received from these teams, we can see that the proportion of unique visitors to their respective dashboards in 2021 ranged between 24 to 45% of the working age population and 19 to 34% of the adult population. Our assumption of 16.3m is equivalent to around 42% of the working age population and around 36% of the adult population, so in line with but at the upper end of these ranges.

69. We have considered three possible options for the date at which the dashboards service is launched to the public. The dates reflect when 95% of DC memberships will be findable, when at least 95% of all DB and DC memberships will be findable and when over 95% of DB and DC memberships will be available to view respectively. The scheme on-boarding staging profile is evolving over time and the dates may be subject to minor changes.

- 1 May 2024 (High scenario)
- 1 October 2024 (Central scenario)
- 1 April 2025 (Low scenario)

70. We have used 3 potential time periods over which the number of users increases to the steady state number: over 18 months, 24 months and 30 months. We have used 24 months as our central assumption. The three scenarios mean that steady state starts in October 2025, October 2026 or October 2027. For our population assumption, we have used ONS population projections (2020-based principal projection) and held this constant over the period being assessed.

71. We have also considered how often individuals will use dashboards. In our Willingness to Pay (WtP) survey research we asked respondents how often they would be likely to use dashboards. The average response given was around every 4 months. As there is no other evidence which shows how frequently individuals are likely to return to use dashboards and given the information on dashboards is only required to be updated annually, we have assumed that individuals return annually to view their dashboards. We have also assumed that individuals may not return to dashboards every year, rather, of the 'stock' of dashboard users 80% return in any given year.

**Table 7: Volumes of users (millions, rounded to 1 decimal place)**

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Central			3.1	10.1	14.7	14.7	15.7	16.6	17.6	18.6
High			10.5	19.3	18.5	19.4	20.4	21.4	22.3	23.3
Low			2.0	5.0	8.5	11.3	11.8	12.7	13.7	14.6

21 britain-things-pensions-dashboard-report-jan-2022.pdf (abi.org.uk)



## Benefit to consumers

72. To capture benefits, we used the Ipsos Mori Willingness to Pay research. This approach is recognised in the HMT Green Book as a technique for the inference of value of a non-marketed good or service from the amount that respondents are willing to pay to acquire a good or service. The primary purpose of this research was to deploy a suitable approach with a representative sample of the UK population to assess the price (and price range) that individuals would be willing to pay for a dashboard product. Data generated by this approach was then used by MaPS to inform estimates of the annual value of the benefit.
73. The approach to monetise the responses was called Gabor-Granger. This technique is used to assess a single product to determine levels of purchase intent or change in demand at different prices. It has the advantages of being simple to complete as well as isolating the element of price from all other factors, however this does rely on setting realistic price points to begin with.
74. As no pensions dashboard product currently exists in the UK market, the approach is conceptual, there are no other 'market equivalents' to be able to inform or compare against and the pensions dashboard itself will be free to use, meaning any estimated price points can only be viewed as offering a proxy for valuing the benefit. The survey was designed to bring the product to life, ensuring that any decisions on price points are as informed as possible. Relevant stimulus materials about the dashboard product were used to help support and enhance any text-based descriptions included as part of the survey questions. The materials were tested by undergoing cognitive testing with the public before finalisation and running via the Knowledge Panel (see below). Furthermore, to test public reaction to the questionnaire a small-scale feasibility test was run. This involved running the questionnaire module on an initial wave of 150 responses and analysis of their responses to assess if the pricing values were meaningful and appropriate.
75. DWP and PDP assessed that willingness to pay approaches are the best methodology to estimate the price for a live pensions dashboards service. The willingness to pay approach enable us to determine:
- How much consumers would be willing to pay for a pensions dashboards service including what are the upper and lower limits.
  - Whether the price/value assigned to dashboards differ for different groups of potential dashboard users, e.g., by looking at characteristics including age, income, sex, pension entitlements held.
76. The price points in Table 8 below were determined based on similar services<sup>27</sup> that are currently commercially available and the results of cognitive interviews and a pilot stage of the research that tested how individuals were responding to the draft questions and different price points.

**Table 8: price points used in the research**

	Annual price / cost
Price 1	£5
Price 2	£10

<sup>22</sup> Some providers charge a fee for finding an individual's pensions, that fee is sometimes waived if an individual decides to consolidate all their pensions with that provider.

Price 3	£15
Price 4	£20
Price 5	£25
Price 6	£30
Price 7	£35
Price 8	£40
Price 9	£45

77. The results of the survey show the average maximum annual prices that individuals would be willing to pay for a dashboards service. We looked at average maximum annual prices by age group as the international literature shows that age is a key driver of pensions engagement.

78. For those who responded that they were willing to pay for dashboards usage, we set the minimum annual price in the research at £5; there were several respondents who reported that they would be likely to use dashboards but would not be willing to pay at least £5. For the average maximum price calculations, we have therefore calculated a range of average maximum prices based on assigning values of £0, £1 and £2 to those who would not be willing to pay at least £5. We have also varied the maximum price paid based on a range of responses to probably pay and definitely pay (100% and 50%). Table 9 sets out the different average maximum annual prices by age group.

**Table 9: Average maximum annual prices different groups report being willing to pay**

	100% definitely / 100% probably		100% definitely / 50% probably
Age range	£1 assumed for those not 'wtp' at least £5	£2 assumed for those not 'wtp' at least £5	£0 assumed for those not 'wtp' at least £5
18-29	£8.20	£8.38	£6.38
30-39	£7.51	£7.85	£5.27
40-49	£7.55	£7.80	£5.95
50-59	£7.56	£7.82	£6.06
60-65	£6.39	£6.62	£5.12
66-75	£4.02	£4.15	£2.88

Source: Analysis of Willingness to Pay research, Ipsos MORI 2022

79. For the analysis we use the average annual maximum prices based on assigning £1 to those individuals who report they would be likely to use dashboards but would not pay at least £5 per year. This is because these individuals would gain some value from a full dashboard service, but we do not know how much as the research did not explore this further. The annual amounts of value (of a full dashboards service) under steady states in the different scenarios are:

**Table 10: annual value to consumers under the steady state in different scenarios**

	Low	Central	High
Annual value to consumers	£71.4m	£119.4m	£146.4m

80. The research question explored how much value individuals assigned to a full dashboard service. It is likely that some users will derive value from dashboards before there is a full coverage, as this is dependent on the number of pension pots and type of scheme these are held with. We have considered 3 options to estimate what value some individuals may derive from seeing an incomplete service. We have assumed that some value will be derived once 75% of memberships are available to view. We have considered:

- £0 value before a live service
- 25% value once 75% of memberships are available to view
- 50% value once 75% of memberships are available to view

81. To calculate the monetised consumer benefits of the Programme we have:

- Used ONS population estimates to estimate the number of individuals in different age groups.
- We have then applied our usage assumptions to calculate the number of people who are likely to use dashboards (annually) in a live service by age group.
- We have estimated the number of users on a month-by-month basis by using estimates of users from the identity service business case up until the end of 2023 and then ramping up the numbers of users using our assumptions outlined earlier. We also assume that 80% of the stock of users use dashboards in a given year.
- We have applied the average maximum annual prices individuals are willing to pay, by age group, to the number of individuals to estimate the value of the monetised benefits.
- We have used these estimates of benefits for the live service and applied our assumptions on when to assign values to users to get total benefits under the different scenarios – low-central-high.

82. **Table 11** below shows the different estimates of monetised consumer benefits under the three different scenarios – low-central-high. The results presented show that there is a great deal of uncertainty around estimating the benefits from the Programme.

**Table 11: Estimates of consumer benefits under different scenarios between 22/23 and 31/32**

	Low	Central	High
Value of consumer benefits (discounted)	£312.0m	£578.2m	£830.3m

### Lost pots recovered

83. Although some pension tracing services exist (e.g., the Pension Tracing Service<sup>28</sup> and commercial offerings) dashboards are still likely to deliver additional gains from individuals from lost pots as:

- Most services rely on significant consumer engagement, knowledge of existing pension benefits and proactivity.
- Unlike commercial offerings, the service is free and will capture a greater coverage of “lost pots” (as those who didn’t realise they’d lost a pension pot will see this; not just those searching for one).

<sup>28</sup> <https://www.gov.uk/find-pension-contact-details>

84. The Commission on Dormant Assets estimated, in 2017, that around £400m to £500m of insurance and pension assets were dormant, with a further £40m to £50m becoming dormant on an annual basis.<sup>29</sup> The Commission stated that assets should be considered dormant in the case of:
- Pension policies with a contractual end date or trigger point for crystallisation of benefits (beginning to receive pension payments), seven years after the contractual end or trigger date;
  - Policies with no contractual end or trigger date, when the individual's age is greater than 120 years old; or
  - The acceptance of a death claim.
85. We have assumed that half of the flow of dormant assets (the mid-point between £40-£50 million), are unclaimed pension assets on an annual basis. This estimate equates to £22.5 million in unclaimed pension assets per year and is the basis for estimates of the 'flow' of lost pots recovered.
86. The PPI's Briefing Note Number 110: 'Lost pensions: what's the scale and impact?'<sup>30</sup> estimates that there are around £6.54 billion in 'gone away' lost pots for 55–74-year-olds. We have used this figure as the basis for the 'stock' of lost pots as this age demographic is most likely to look to recover their pots prior to retirement and international evidence suggests this is likely to be a key group of dashboards users. The gone away pots are assets that could still be reunited with their owners in the future as they are defined as gone away if a written communication regarding the pension pot has been sent and subsequently returned as 'Not at this address' or 'Return to sender'. We therefore estimated a recovery rate of 77%, which is the mid-point between 95% and 60%; this represents high-end recoveries estimated in the Dormant Assets Commission research and PPI paper respectively.
87. To estimate the proportion of the lost pots that would be recovered by dashboards users each year we adopted the following specific methodology:

#### 'Flow' calculations

- From analysis of Round 7 of the Wealth and Assets Survey (2018-2020), we estimated the number of pots held by people aged between 40-75 who have a private pension entitlement.
- We divided the estimated flow of lost pensions (£22.5 million from the dormant assets estimate, still the most appropriate estimate for just the flow) by the number of pots held by people aged 40-75 (to reflect that those starting work must have gone several years before a pension pot will become "dormant") with private pensions, which equated to £0.72 - the average value of a lost pot per private pension pot per year.
- We then multiplied the £0.72 by the estimated number per year of dashboards users, for the period where dashboards has gone live.
- This estimates around £11m (undiscounted) lost pots will be found every year as a result of dashboards.

#### 'Stock' calculations

- We divided the estimated number of dashboards users per year by the number of pots held by people aged 40-75 with private pensions.

<sup>22</sup> Commission on Dormant Assets (2017) Tackling dormant assets: Recommendations to benefit investors and society

<sup>30</sup> <https://www.pensionspolicyinstitute.org.uk/media/2855/201810-bn110-lost-pensions-final.pdf>

- We then multiplied the result by the stock of lost pension pots (£6.5bn) in the PPI research and adjusted for pots which may have been recovered in the future (23%) to give the value of the stock of lost pots recovered by users each year, after dashboards go live.
- For subsequent years, until there is peak usage, the value that has been recovered is subtracted from the overall stock and the result is used instead of the initial stock.
- At the point where usage peaks we have assumed that there are no further lost pots recovered so that we don't double count the unique users revisiting dashboards.
- This estimates around £535m (undiscounted) will be found in lost pots from the existing stock of lost pension pots as a result of dashboards.

88. This does not account for whether dashboard users are more or less likely to have a lost pot and any estimate is highly uncertain based on a wide range of assumptions. However, in the absence of evidence, it seems a sensible and conservative approach, especially as those with known lost pots may be more likely to use dashboards and Automatic Enrolment is likely to have expanded the number of pension pots but we have not adjusted the 2017 estimates. As a result, our estimates are likely to be a significant underestimate.

89. The results of the analysis under different scenarios (low-central-high) are shown in Table 12 below.

**Table 12: Estimates of lost pots recovered under different scenarios over 2022/23 and 2031/32 - discounted**

	Low	Central	High
Value of lost pots recovered (discounted)	£258.5m	£540.9m	£1098.7m

### **Benefits – non-monetised**

90. There are likely to be other less tangible benefits to consumers. Some of these factors will be encapsulated in the willingness of consumers to pay for the service and some are less likely to be. These benefits are likely to materialise but have not been individually monetised due to lack of available evidence to undertake the analysis.

- a. value of feeling ownership of pension pots
- b. value of increased engagement
- c. value of increased awareness
- d. value of improved understanding of retirement arrangements
- e. increasing savings actions
- f. more informed savings decisions

91. There may be some interaction with the financial advice market. On the one hand, if it is easier for individuals to find information without advice then individuals could see cost savings (with correspondingly lower independent financial advisor (IFA) revenue). On the other, if the dashboard acts as a springboard which encourages individuals to seek financial advice, this could improve retirement incomes if more consumers take advice which leads to improved individual outcomes (and would act to increase IFA revenue).

92. There are likely to be benefits to pensions and dashboards providers. DWP asked the members of the Pension Dashboards Programme's Usability Working Group a series of questions to find out what benefits potential dashboards providers were anticipating from their initial or future iterations of dashboards. These benefits centred on increased consolidation, improved efficiency of finding lost pots and better-quality data.
93. We asked the group 'What will be the advantages to dashboards providers of providing a dashboard'? The responses centred on the following areas:
- The ability to support customers better will be the main advantage to dashboard providers.
  - Increased engagement with customers.
94. We also explored the following question: What do you envisage the key benefits to consumers will be of using a commercial dashboard, rather than using the MaPS one? Their responses included:
- Having greater interactivity and consumers can have a more holistic view of their pensions.
  - Commercial dashboards may include tools to analyse pensions (e.g., to model increasing contributions).
  - Greater understanding for consumers e.g., through links to support or pensions sitting alongside tools such as the PLSA (Pensions and Lifetime Savings Association) Retirement Living Standards.
  - In future iterations of dashboards, transactions could be enabled through dashboards (e.g., allowing customers to pay into their pension).
  - Greater engagement with commercial dashboards, as using commercial dashboards may involve less 'friction' for consumers.
  - A couple of providers mentioned that future iterations of the dashboards could link to consolidation services.
95. As a result, there are likely to be significant benefits to the pension industry/providers from dashboards which we have been unable to monetise. Some of these industry benefits will materialise when the dashboards available point (DAP) occurs and some potentially from future iterations of dashboards.

## Risks and assumptions

### Benefit assumptions

96. In order to estimate the consumer benefits, we have used a range of assumptions set out in **Table 13** below. Changes to the assumption about what proportions to use of the people who have reported that they are very or fairly likely to report using dashboards affects the number of users and therefore the value of the benefits. In the central scenario every 1 million additional users increases the undiscounted benefits by around £7m for every year they use dashboards.

**Table 13: Assumptions for high-central-low benefits scenarios**

	Low	Central	High
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Number of users	12.7m 75% Very likely 25% Fairly likely	16.3m 75% Very likely 50% Fairly likely	19.4m 100% Very likely 50% Fairly likely
Go-live date	Apr 2025	Oct 2024	May 2024
Volume ramp-up to 'steady state'	30 months Oct 2027	24 months Oct 2026	18 months Oct 2025
Value for users not willing to pay at least £5 but likely to use the service	£0	£1	£2
Value prior to 'launch' (when 75% pensions findable)	0%	25%	50%

97. The three assumed go-live dates are 1 May 2024, 1 October 2024 and 1 April 2025. There are only 5 months and 6 months between the earliest and central date and central date and the latest date, so this assumption results in relatively small differences in the total amount of benefits. For the central scenario, a change in date from 1 October 2024 to 1 May 2024 results in an increase in total value of benefits of around £5m. Furthermore, steady state costs do not change with the change in go-live date either. Therefore, any changes to start date may delay the benefits but not the steady state profile.

98. International evidence indicates that use of dashboards increases steadily over time. There are many other factors that will also affect individuals' use of dashboards including how complete the service is, how many commercial dashboards are available, whether there is likely to be a communications or marketing campaign to accompany any dashboards launch and how often information is updated on dashboards. There is no comparable service to base our assumptions of the ramp up of use of dashboards, so we have assumed that there is a steady increase in the number of users over 18, 24 or 30 months.

99. We believe that the number of users will reach a steady state. ONS population projections show that the whole population increases over the period between 2022 and 2031 by 2.6%, however, the key age groups that are likely to use dashboards show a more mixed picture with:

- reductions in those aged between 25-34 and 50-59, which are the groups that are more likely to use dashboards
- the largest increases in those aged between 15-24, and those aged over 65 who are the least likely to use dashboards

100. In assigning value for users of dashboards we have looked at the number of people who report that they will definitely or probably pay at least £5 for the service and estimated the average maximum prices that they would be willing to pay. There is a group of people who say that they are likely to use the service but who report not willing to pay at least £5. We

have therefore assumed a nominal £1 or £2 maximum price that this group would be willing to pay as we do not know how many would pay and how much they would be willing to pay less than £5. When comparing the average (annual) maximum prices for the different scenarios, there is only a small difference between a nominal £1 compared with a nominal £2; £7.31 compared with £7.56 respectively. The average maximum price for the low scenario is lower at £5.61.

- 101. It is likely that some users will derive some value from dashboards even if it is not a full service. Our research did not explore how much value would be derived from a partial service; qualitative research shows that this service is still useful for some groups of individuals. Therefore, we have assumed that some value is derived once 75% of memberships are available to view.
- 102. Where 25% of value is assigned once 75% of memberships are available to view, in the central scenario, the total value of benefits would only increase by less than £5 million as our usage assumptions have less than 1 million users over the 5-month period from May 2024 to September 2024 when 75% of memberships are available to view. This assumption does not result in a large increase in the number of users and therefore the value.

**Cost assumptions**

103. To test the sensitivity of industry costs around the cost assumptions per DC administrator and DB scheme, we varied them by +/- 10% and +/- 25% for each of small, medium and large administrators / schemes. **Tables 14** and **15** below, show that the main variance in costs is driven by changing the costs for the large providers. For example, if large provider costs vary by 25%, industry costs increase or decrease by £151.0m under the central scenario.

**Table 14: Industry costs over 2022/23 to 2031/32 - undiscounted**

	Low	Central	High
Total	£563.3m	£979.3m	£1,535.3m

**Table 15: Differences in industry costs with small, medium or large providers variations in costs over 2022/23 to 2031/32 - undiscounted**

Provider size	Central costs	+/-10%	+/-25%
Small	£979.3m	+/- £1.3m	+/- £3.2m
Medium		+/- £7.7m	+/- £19.2m
Large		+/- £60.4m	+/- £151.0m

104. A key concept employed in estimating the industry costs is pessimism bias. This adjustment is made to reflect the natural bias from industry towards thinking compliance costs may be higher than they are and, in a reticence to change business as usual in the research results. The adjustment is quantified as the midpoint of the higher mean and lower median estimates in our costs research and is applied to each year's costs, including the transitional and ongoing costs. The adjustment decreases annual costs by 15% in the central scenario. To analyse the impact of this assumption we have presented the industry costs in constant prices with and without the assumption applying. The results in **Table 16**



below show that by applying the assumption costs decrease by £177.7 million in the central scenario and by £249.6 million in the low scenario.

**Table 16: Sensitivity analysis: pessimism bias (undiscounted)**

Scenario	Assumption	Total industry costs with assumption	Total industry costs without assumption	Difference
Low	69%	£563.3m	£812.9m	+ £249.6m
Central	85%	£979.3m	£1,157.0m	+ £177.7m
High	100%	£1,535.3m	£1,535.3m	-

## Consolidation

105. If the current trend for falling numbers of Defined Contribution (DC) schemes by between 8 to 10% each year continues alongside the falling numbers of Defined Benefit schemes, we would expect there to be around 1,000 (non-micro) DC schemes operating in five years' time. Government consultations have explored how to increase consolidation in the DC market<sup>31</sup>. The pace of both DB and DC scheme consolidation going forwards is uncertain and so the impacts have not been incorporated into the cost modelling. However, fewer schemes in the market would lead to lower total business costs from dashboards (as fewer schemes would be required to implement and service dashboard requests).

## Impact on small and micro businesses

106. The impact on small business is estimated to be around £176 million (discounted to present value) over 10 years under the central scenario. The costs facing small pensions providers break down as around £61 million for the upfront transitional period and £115 million for the ongoing elements over 10 years from 2022-23 until 2031-32. As we do not have information on the number of employees per provider, we have defined the size of providers using their membership size. For the purposes of DWP research and costs modelling we have defined small pension providers (and therefore small and micro businesses) as having between 100-1000 members.

107. To minimise the impact of the requirements on small businesses (employing up to 50 people), the approach taken is to have a staging timeline with larger schemes staging earlier than smaller schemes and all schemes under 100 active and deferred members are not required in the draft Regulations to connect to dashboards.

108. The basis for the final decision on what action to take to assist small businesses has been based on feedback from the 2018 'Pensions Dashboards: Working together for the consumer' consultation as well as feedback from PDP's call for input on staging published in 2021.

## Wider impacts

109. Dashboards are expected to have positive social impacts on all members who use them. dashboards make information about pension savings more accessible, by providing an additional and easier way for individuals to see their information. As dashboards are a voluntary service, they do not reduce any options that are already in place to understand

<sup>24</sup> [Future of the defined contribution pension market: the case for greater consolidation - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/future-of-the-defined-contribution-pension-market-the-case-for-greater-consolidation)

pensions. For this reason, dashboards are not seen as discriminatory. If for any reason a person has no access to digitalised media, they will still receive the same service they had previously such as receiving annual benefit statements (if they were entitled). All efforts will be made to make dashboards universally accessible, however clearly the digitally excluded will not be able to take advantage of the dashboards service. Digital exclusion itself is not a protected characteristic, however it can be an indicator of other underlying vulnerabilities such as age, disability, and poverty.

110. There are variations in participation, engagement and understanding of pensions for some people with protected characteristics. It is possible that those people with lower rates of participation, engagement and understanding will be less likely to use the dashboards. The prevalence of using dashboards is not likely to have an impact on the protected characteristics themselves.

- **Age:** different age subgroups, except those below 21 and those aged 65 and over, have broadly similar workplace pension participation rates. However, younger people are less likely to be engaged with their pensions.<sup>32</sup>
  - **Age and sex:** the gap in self-reported engagement and understanding between males and females persists from age 25 onwards.<sup>33</sup>
  - **Age and Ethnicity:** There is evidence that people from a White background become more engaged as they get older than people from an ethnic minority background.<sup>34</sup>
  - **Age and household income:** the gap in self-reported engagement and understanding between people on lower and higher incomes persists all the way up the age scale.<sup>35</sup>
- **Sex:** According to the Purple Book 2018<sup>36</sup>, about two thirds of DB scheme members that are managed by PPF (Pension Protection Fund) i.e., private sector, are male. Additionally of those actively contributing to an occupational DC pension, 59% are male and 41% are female. Women are also less likely to be engaged with their pensions and 38% of women say that they understand enough about pensions to make decisions about saving for retirement, compared to 55% of men.
  - **Sex and Ethnicity:** Women from an ethnic minority are less likely to have thought about how many years of retirement they would like than women from a white background. On the other hand, with the understanding variable there is no clear link between understanding and ethnicity.<sup>37</sup>
- **Disability:** disabled people have a lower employment rate (53%) than those without a disability (82%), they are therefore less likely to have a workplace pensions.<sup>38</sup> Additionally, the prevalence of disability rises with age. Around 8% of children are

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25 Internal analysis of Wealth and Assets Survey, round 7; and findings confirmed with internal analysis of British Social Attitudes Survey, 2021

26 Internal analysis of Wealth and Assets Survey, round 7; and findings confirmed with internal analysis of British Social Attitudes Survey, 2021

27 Internal analysis of Wealth and Assets Survey, round 7; and findings confirmed with internal analysis of British Social Attitudes Survey, 2021

28 Internal analysis of Wealth and Assets Survey, round 7; and findings confirmed with internal analysis of British Social Attitudes Survey, 2021

29 PPF\_PurpleBook\_2018.pdf

30 Internal analysis of Wealth and Assets Survey, round 7; and findings confirmed with internal analysis of British Social Attitudes Survey, 2021

31 ONS Labour Market Statistics. 2019. Table A08

disabled, compared to 18% of working age adults and 44% of adults over State Pension age.<sup>39</sup>

- **Ethnicity:** Research by the University of Southampton<sup>40</sup>, which used data from the UK Household Longitudinal Study, explores patterns of employment and the odds ratios of membership in an employer's pension scheme among working-age individuals from minority ethnic groups and the White British population. It concludes that people from ethnic minorities have a lower probability of being a member of an occupational pension scheme.
  - **Ethnicity and household income:** Analysis shows that the gap in engagement between people from a White background and people from an ethnic minority background may increase in higher income groups. However, evidence around understanding does not show such a link.

111. DWP has considered equality on the remaining 'protected characteristic' groups below, but there is no available data or analysis to assess the impact of the measures on these groups:

- Religion or Belief
- Gender Reassignment
- Sexual Orientation
- Pregnancy and Maternity

112. One of the objectives of dashboards is to increase pensions equality by helping specific cohorts to engage and plan more effectively for retirement. There are clear opportunities to help those more disadvantaged within pensions to do this. To this end, DC schemes, and in particular those used for AE, are considered as part of the first cohort for staging.

113. We do not expect the enactment of the secondary legislation measures to have specific impacts on the above characteristics, beyond any differences in the existing pension population with each of these characteristics. None of the above characteristics were raised in any of the consultation responses.

114. One opportunity cost of industry investment in dashboards may be that it is prohibitive to other forms of innovation in pensions engagement by pensions providers. Increased costs and the administrative burden for providers may raise any barriers to entry to the market. These arguments have not been formally tested with the industry. However, dashboards are expected to evolve over time and commercial dashboards will have capacity to innovate.

## Monitoring and Evaluation

115. Given the significant investment in dashboards, monitoring and evaluation is an important part of DWP's focus, with a multi-strand evaluation strategy being explored. This will be developed alongside PDP, FCA, and TPR, to ensure the critical success factors can be successfully tested with learning helping to further develop dashboards over time. Our plans include:

- Longitudinal quantitative survey to monitor outcomes from dashboard usage,
- Qualitative research with consumers to explore dashboard use,

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32 DWP Family Resources Survey: financial year 2017/18.

33 Ethnicity and Occupational Pension Membership in the UK, Athina Vlachantoni et al, December 2015. Available at: <https://onlinelibrary.wiley.com/doi/pdf/10.1111/spol.12137>

- Qualitative research with the pensions industry,
  - Estimating changes in number and value of lost pension pots,
  - Monitoring information provided by dashboard providers (e.g., MaPS and qualifying pensions dashboard services).
116. The monitoring information will feed into our initial understanding of how many users dashboards are reaching, and whether we are meeting expected volumes of users. This will be embedded in DWP's management of the policy once dashboards become publicly available and ongoing tracking starts. Dashboard providers use of Monitoring Information could help to inform future changes with the digital architecture, as well as any groups they may want to target, for example.
117. We will use the findings from monitoring and evaluation to develop pensions dashboards policy further and ensure the policy is delivering for consumers and the pensions industry.
118. A post implementation review (PIR) of the service is expected to take place after the PDP closes and the digital architecture transitions to business as usual in 2025.

## Annex 1: Pensions engagement analysis

DWP used data taken from the Wealth and Assets Survey round 7 (2018-2020) and FCA Financial Lives Survey (2020) to create a current picture of people's pensions engagement.

The following questions were used in our analysis:

From the Wealth and Assets Survey (Both of the following questions were asked to all adults who are not retired.):

- Have you ever thought how many years of retirement you might need to fund?
- 'I feel I understand enough about pensions to make decisions about saving for retirement'. To what extent do you agree or disagree?

From the Financial Lives Survey (Asked to adults with at least one DC pension that has not been decumulated at all.):

- Do you know how much annual income you expect to have from your defined contribution pension(s)?
- For your defined contribution pension, you will have a pot of money. In the last 12 months have you reviewed how much your defined contribution pension pot is worth?

### Results from the analysis:

Pensions engagement	Total
% who have ever thought about how many years of retirement they might need to fund	33%
% who feel that they understand enough about pensions to make decisions about saving for retirement	46%
% who have a good idea about how much annual income they expect to receive from their pension	45%
% who have reviewed how much at least one of their DC pots is worth in the last 12 months	47%

Pensions engagement by sex	Female	Male
% who have ever thought about how many years of retirement they might need to fund	31%	35%
% who feel that they understand enough about pensions to make decisions about saving for retirement	38%	55%
% who have a good idea about how much annual income they expect to receive from their pension	35%	52%
% who have reviewed how much at least one of their DC pots is worth in the last 12 months	40%	52%

<b>Pensions engagement by age</b>	18-24	25-34	35-44	45-54	55-64
% who have ever thought about how many years of retirement they might need to fund	11%	26%	34%	38%	40%
% who feel that they understand enough about pensions to make decisions about saving for retirement	22%	36%	45%	50%	56%
% who have a good idea about how much annual income they expect to receive from their pension	n/a	n/a	n/a	32%	53%
% who have reviewed how much at least one of their DC pots is worth in the last 12 months	24%	40%	44%	49%	68%

<b>Pensions engagement by ethnic background</b>	White	All Ethnic minority background	Black & Black British	Asian	Mixed race
% who have ever thought about how many years of retirement they might need to fund	34%	23%	21%	22%	29%
% who feel that they understand enough about pensions to make decisions about saving for retirement	46%	46%	45%	48%	39%
% who have a good idea about how much annual income they expect to receive from their pension	46%	37%*	<i>Sample size too small</i>	<i>Sample size too small</i>	<i>Sample size too small</i>
% who have reviewed how much at least one of their DC pots is worth in the last 12 months	47%	44%	46%*	43%	43%*

s ≤60.

<b>Pensions engagement by household income</b>	Less than £15k	£15k - <£30k	SUM (<£30k)	£30k - <£50k	£50k+
% who have ever thought about how many years of retirement they might need to fund	19%	26%	24%	33%	45%

% who feel that they understand enough about pensions to make decisions about saving for retirement	35%	39%	38%	46%	57%
% who have a good idea about how much annual income they expect to receive from their pension	40%	31%	34%	40%	55%
% who have reviewed how much at least one of their DC pots is worth in the last 12 months	38%	37%	37%	43%	58%

**Annex 2: Table 18: Pensions landscape by month of staging**

<b>Compulsion Month</b>	<b>Group Name</b>	<b>Description</b>
Jun-23	Large Master Trust	MTs (excl. sub 20,000)
Jun-23	PPS Large	PPS 1,000+
Jul-23	DC used for AE - Large 6	L6 50,000-999,999
Jul-23	DC used for AE - Large 5	L5 20,000 -49,999
Sep-23	Master Trust - Large 4	L4 10,000-19,999
Sep-23	DC used for AE - Large 4	L4 10,000-19,999
Oct-23	Master Trust - Large 3	L3 5,000-9,999
Oct-23	DC used for AE - Large 3	L3 5,000-9,999
Nov-23	Defined Benefit - Large 6	L6 50,000-999,999
Nov-23	Defined Benefit - Large 5	L5 20,000 -49,999
Nov-23	Other DC - Large 6	L6 50,000-999,999
Nov-23	Hybrid - Large 6	L6 50,000-999,999
Nov-23	Hybrid - Large 5	L5 20,000 -49,999
Jan-24	Master Trust - Large 2	L2 2,500-4,999
Jan-24	DC used for AE - Large 2	L2 2,500-4,999
Feb-24	DC used for AE - Large 1	L1 1,000-2,499
Mar-24	Defined Benefit - Large 4	L4 10,000-19,999
Mar-24	Hybrid - Large 4	L4 10,000-19,999
Mar-24	Other DC - Large 4	L4 10,000-19,999
Jun-24	Defined Benefit - Large 3	L3 5,000-9,999
Jun-24	Hybrid - Large 3	L3 5,000-9,999
Jun-24	Other DC - Large 3	L3 5,000-9,999
Jul-24	Defined Benefit - Large 2	L2 2,500-4,999
Jul-24	Hybrid - Large 2	L2 2,500-4,999
Jul-24	Other DC - Large 2	L2 2,500-4,999
Aug-24	Defined Benefit - Large 1.b	L1b 1,500-2,499
Aug-24	Other DC - Large 1.b	L1b 1,500-2,499
Aug-24	Hybrid - Large 1.b	L1b 1,500-2,499
Sep-24	Defined Benefit - Large 1.a	L1a 1,000-1,499
Sep-24	Hybrid - Large 1.a	L1a 1,000-1,499
Sep-24	Other DC - Large 1.a	L1a 1,000-1,499
Sep-24	Public Service	Public Service
Oct-24	Medium 4.b	M4b 850-999
Oct-24	PPS Med/Small	PPS <1000
Nov-24	Medium 4.a	M4a 750-849
Jan-25	Medium 3.b	M3b 600-749
Feb-25	Medium 3.a	M3a 500-599
Mar-25	Medium 2.c	M2c 400-499
Apr-25	Medium 2.b	M2b 320-399
May-25	Medium 2.a	M2a 250-319
Jul-25	Medium 1.d	M1d 195-249
Aug-25	Medium 1.c	M1c 155-194
Sep-25	Medium 1.b	M1b 125-154
Oct-25	Medium 1.a	M1a 100-124



NA	Small and Micro	Small and Micro
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\*Small and Micro (<100 members) providers are out of scope of these regulations

### **Annex 3: Steps outlined to providers in the industry costs data gather**

These steps were outlined to providers:

1. For the find data, you must ensure the relevant data items are loaded onto your core systems in a digital format and are searchable and able to undertake matching.
2. For the view data, you must also ensure the relevant data items are loaded onto your core systems in a digital format, and you are able to return the data to dashboards.
3. Consider whether you will need to make any system changes, including data migration, to meet the requirements for dashboards.
4. Changes you will need to make as a result of DWP's proposed position on value data, as set out in our accompanying letter.
5. Any other work to ensure data elements are in an appropriate format and searching/ matching as well as the return of view data to dashboards can be undertaken.
6. Complete software conformance testing, including of your Find and View interfaces (API).
7. Undergo a test cycle to ensure that all aspects of searches & matching are working as expected.
8. Connecting to the ecosystem, including implementation of your connection solution and building Find and View Interfaces (API) and the UMA interface. This may also include investing in software/ IT architecture to be able to provide data to dashboards. Your scheme may also use an ISP to connect.
9. Familiarisation with the onboarding process and the lawful requirements you will have to meet.
10. Undertaking matching and providing the required pensions data to the user at their dashboard.
11. Updating and maintenance of data.
12. Handling additional queries which result from dashboards.
13. Ensuring ongoing regulatory compliance.
14. Using an Integrated Service Provider (ISP) or other administrator to connect to the dashboards ecosystem?
15. Please also detail any other costs you may face arising from Pension dashboards.