PPI response to the Department for Work and Pensions' Pensions dashboards: consultation on the draft Pensions Dashboards Regulations 2022

Response from the Pensions Policy Institute, March 2022

1. This is the Pensions Policy Institute's (PPI) response to the DWP's call for evidence on the Pensions Dashboard Regulations consultation.

2. The PPI promotes the study of pensions and other provision for retirement and old age. The PPI is unique as it is independent (no political bias or vested interest), focused and expert in the field, and takes a long-term perspective across all elements of the pensions system. The PPI exists to contribute facts, analysis and commentary to help all commentators and decision-makers to take informed policy decisions on pensions and retirement provision.

3. This submission does not address all consultation paper questions. Rather, the response takes the form of a 2022 PPI report, *What needs to be considered when delivering a data-based research project involving multiple UK pension providers*[1] and a 2021 PPI report, *How have other countries dealt with small, deferred member pension pots?*[2] This covering letter sets out the main conclusions of the research as it relates to pensions dashboards. Please read the reports for the underlying analysis.

4. We would be happy to discuss the contents further if that would help the consultation.

Main conclusions of research on what needs to be considered when delivering a data-based research project involving multiple UK pension providers

5. Based on the work to date from The Pensions Data Project, anyone wanting to undertake a similar project, involving the use of personal data from different providers needs to consider the following points as they go through the process.

6. **Governance**
   - The project objectives and outcomes need to be clearly defined and documented at the start.
   - Clear legal documents outlining roles, responsibilities and protections need to be established, agreed to, and formalised at the start of the process.

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[1] These learnings reflect the experience of the Pensions Policy Institute (PPI), Smart Pension, B&CE, provider of the People's Pension, National Employment Savings Trust Corporation (Nest), Legal and General (L&G) and NOW:Pensions in delivering "The Pensions Data Project".

[2] This work was commissioned by the Master Trust Small Pots Expert Panel convened by the Department for Work and Pensions as part of its investigation into ways of dealing with small, deferred member pension pots.

- A neutral organisation can play a key governance role helping to facilitate and coordinate activity as well as acting as an 'honest broker' outside the competitive relationships between providers.
- A formal, and clearly documented, governance framework is essential when working across several organisations, especially competitors.
- Privacy policies and notices of the providers must permit data to be used for data analysis purposes.
- Smooth and timely decisions require a clear map of the processes and gatekeepers within each involved organisation.
- Understanding and agreeing where liability sits among and between the various participants is essential.
- It must be clear who will have access to the merged data.

7. Data

- A Data Protection Impact Assessment must be completed where a project involves processing personal data. It will also help to identify possible risks and issues for the project.
- A trusted third party will need to be engaged, to act as data aggregator, receiving and aggregating data from the providers and enabling analysts to use the merged data securely.
- Develop and agree a set of specific data analysis questions to be addressed, and use this to develop clear, explicit data scope so that all parties are working to the same parameters.
- Any data scope should include explicit instructions and examples of how data should be laid out and formatted.
- Test, test and test again the data definitions and formatting with an initial trial project that is more limited in scope than the ultimate goal, including using both dummy and real data.
- Establish the impact of a provider's privacy policy on format of data including:
  - Whether data needs to be pseudonymised or anonymised.
  - The process for pseudonymisation / anonymisation.
  - Resolve the process and protocols for merging and storing the aggregated data.
  - Ensure suitable consideration is given on how data will be matched.
  - Determine a secure and compliant way to transfer data.
  - Agree and document for how long and where the raw and merged data is held.

8. Teamwork

- Agree clear, common project goals, objectives and outcomes, which are defined and documented and are in line with competition law safeguards.
- Allow time and space to build trust and confidence and to establish ways of working between the project participants, by running a number of initial trial projects that are more limited in scope than the ultimate goal.
- Be patient. Be prepared to go through multiple iterations to achieve the desired outcome.
- Ensure that the necessary resources are in place in all participants, ahead of being needed, specifically from the data, legal and policy team.

- Learn from the process, learn from others and share lessons.
- There is no such thing as over communication.

Main conclusions of research on How other countries have dealt with small, deferred member pension pots?

9. This report contains three in-depth case studies on Australia, Ireland and the USA, and eight country profiles on Belgium, Chile, Denmark, Israel, Mexico, New Zealand, Norway and Sweden. The following conclusions, relevant to dashboards were derived from these studies.

10. Dashboards complement existing policies, increase the availability of information to members, and reduce the likelihood of lost pots.
    - Australia, Denmark, Israel and Sweden all operate member dashboards in conjunction with other policies, though impact varies between countries based on the wider policy context.
    - Dashboards are generally associated with higher levels of consolidation, particularly when accompanied by a communications campaign.
    - Dashboards can be united with comparative data on member charges and scheme returns (Australia) to support informed decision making.
    - A national consolidation system will achieve more significant improvements than a dashboard on its own.
    - Comprehensive dashboards are good complements to existing policies, increase the availability of information to members and reduce the likelihood of lost pots

11. Without unique identification numbers, centralised data systems are less effective.
    - Without a unique identifier, a lot of resources are required to ensure that the correct pots are being put together.
    - While the UK has some numbers which could potentially be developed to become national identity numbers, at this point, the lack of such a number is an impediment to the easy sharing of data.

12. Unified data standards help to ensure a less costly and speedier data sharing system.
    - Data standards allow a central system to more easily collect data on individuals and pension schemes.
    - Data standards should result in faster data sharing.