EXPLANATORY MEMORANDUM TO

THE PENSIONS DASHBOARDS (NO. 2) REGULATIONS (NORTHERN IRELAND) 2023

S.R. 2023 No. 209

1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Department for Communities to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.

1.2 The Statutory Rule is made under Articles 215A, 215B, 215D, 215E, 215G and 287(2) and (3) of the Pensions (Northern Ireland) Order 2005 and is subject to the confirmatory procedure.

2. Purpose

2.1 These Regulations revoke and re-enact the Pensions Dashboards Regulations (Northern Ireland) 2023, as amended by the Pensions Dashboards (Amendment) Regulations (Northern Ireland) 2023, which would otherwise cease to have effect by virtue of Article 288(2)(b) of the Pensions (Northern Ireland) Order 2005. Pensions dashboard services are an electronic communications service which will allow individuals to see their pensions information (including the State pension) in one place online. Pensions dashboard services will help individuals to be reunited with lost pensions and support people in better planning for their retirement. These Regulations set out requirements that need to be in place to enable pensions dashboard services to operate effectively.

3. Background

3.1 One of the impacts of changing work patterns and automatic enrolment is that there has been an increase in the number of people with multiple pension pots and, with the passage of time, they can lose track of one or more of their pensions. These Regulations introduce requirements that will bring the pensions dashboard services into operation. The aim is to make it easier for people to access their pensions information (including State pension) which will help to improve individuals' awareness and understanding of their pension and estimated retirement income.

3.2 Organisations that wish to provide a pensions dashboard service will have their pensions dashboard service exist alongside the pensions dashboard service that is to be provided by the Money and Pensions Service (MaPS). MaPS will offer a government-led dashboard for those who wish to use it. These Regulations introduce provisions which providers of dashboard services would be required to abide by to be considered a "qualifying pensions dashboard service". Providers must also have permission from the Financial Conduct Authority to operate in that capacity.

3.3 These Regulations require occupational pension schemes in scope to connect to pensions dashboards by the connection deadline set out in the Regulations (31st October 2026) and to be ready to respond to data requests and in the correct data format.

3.4 These Regulations set out the requirements for organisations wishing to provide a pensions dashboard service. They will help to ensure that pensions dashboard services can be introduced safely and within a reasonable timeframe. The aim is for a comprehensive dashboard service to be available to the public at the earliest opportunity, whilst also ensuring the requirements are achievable for the pensions industry.

3.5 These Regulations provide that qualifying pensions dashboard services are to be made available to the general public from the Dashboards Available Point. This will be the date specified in a notice issued in accordance with regulation 4(1) of the Pensions Dashboards Regulations 2022. The Regulations also set out the various requirements which pensions dashboard services, and the providers of these services will need to meet and continue to meet to be qualifying pensions dashboard services. The requirements include adherence to standards set by MaPS. Failure to comply with certain standards will result in a qualifying pensions dashboard service being disconnected from the dashboards ecosystem.

3.6 These Regulations set out the requirements imposed on trustees or managers of relevant occupational pension schemes. For example, they outline how schemes must co-operate with and connect to MaPS to fulfil their duties in relation to matching an individual with their data. They set out what schemes must do to provide an individual with their pensions information (when requested).

3.7 These Regulations set out a robust and effective enforcement regime which allows the Pensions Regulator to take appropriate enforcement action in the case of a failure to adhere to any of the proposed requirements and provides a significant deterrent to non-compliance. For a single breach of the Regulations, the Regulator may issue a penalty notice up to a maximum of £5,000 for an individual, or up to £50,000 if the person is a body corporate (including corporate trustees). If there are multiple contraventions of the Regulations, the Regulator may issue multiple penalty notices.

3.8 These Regulations also enable MaPS to share information with the Pensions Regulator in connection with their functions under the Regulations. They also require trustees and managers of relevant pension schemes to have regard to guidance on connection to support schemes with the connection process.

4. Consultation

4.1 There is no requirement to consult on these Regulations. They make in relation to Northern Ireland only provision corresponding to provision contained in regulations made by the Secretary of State for Work and Pensions in relation to Great Britain.

5. Equality Impact

5.1 In accordance with its duty under section 75 of the Northern Ireland Act 1998, the Department has conducted a screening exercise on the legislative proposals for these Regulations. The Department has concluded that they would not have significant implications for equality of opportunity and considers that an Equality Impact Assessment is not necessary.

6. Regulatory Impact

6.1 A Regulatory Impact Assessment which accompanied the Pensions Dashboards (Amendment) Regulations (Northern Ireland) 2023 is attached in the Annex to this Explanatory Memorandum.

7. Financial Implications

7.1 None for the Department.

8. Section 24 of the Northern Ireland Act 1998

8.1 The Department is content that these Regulations comply with section 24 of the Northern Ireland Act 1998 (Convention rights, etc.).

9. EU Implications

9.1 Not applicable.

10. Parity or Replicatory Measure

10.1 The Great Britain Regulations are the Pensions Dashboards Regulations 2022 (S.I. 2022/1220) as amended by the Pensions Dashboards (Amendment) Regulations 2023 (S.I. 2023/858).

10.2 These Regulations were made, and brought into operation on 8th December 2023. They revoke and re-enact the Pensions Dashboards Regulations (Northern Ireland) 2023, as amended by the Pensions Dashboards (Amendment) Regulations (Northern Ireland) 2023, which came into operation on 10th June 2023, and would otherwise cease to have effect by virtue of Article 288(2)(b) of the Pensions (Northern Ireland) Order 2005. Under that Article, regulations cease to have effect unless approved by resolution of the Assembly within six months of coming into operation. It was therefore necessary to make the Regulations during the period of interregnum.

REGULATORY IMPACT ASSESSMENT

The Pensions Dashboards (Amendment) Regulations (Northern Ireland) 2023

The costs and savings outlined in this Regulatory Impact Assessment are calculated on a UK-wide basis.

The majority of this assessment remains the same as the assessment for the Pensions Dashboards Regulations which have been in operation since 12 December 2022. However, key areas that have been changed are:

- Costs faced by pensions providers have been moved to occur later to reflect the new timing of their connections to dashboards. It is recognised that some schemes already face cost and estimates have been provided.
- Modifying the approach to requiring pension schemes to connect with a single deadline, a new staging order with Public Sector schemes and Master Trusts joining first, has been assumed.
- A new user profile in line with a new estimated dashboards available point (DAP). Given that the consumer surplus benefits occur after the later dashboards available point assumed in the central scenario, the estimates for this have decreased.
- Revision to estimated lost pots recovered by users based on new lost pots figures published in 2022 by the Pensions Policy Institute[1] . The significant increase in the value of the stock of lost pots for a key demographic of users (55–74-year-olds) is reflected in increased estimated benefits from recovered pots. These recoveries are assumed to be captured within 18 months of the DAP and so are fully realised in the 10-year profile and drive the estimate of a higher net present value (NPV) than shown in the 2022 impact assessment.

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,

[1] 2022-10-27 Briefing Note 134 - Lost Pensions 2022: What's the scale and impact? | Pensions Policy Institute

- 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[2] 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[3]. However these may arrive at different points across the year. And the onus is typically on the individual to tell their scheme of any change in contact details. Over 8 million active and deferred members are in schemes where there is no obligation to send a statement annually (though if requested, these 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 Pension Tracing Service (PTS)[4] 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.

[2] https://www.thepensionsregulator.gov.uk/en/document-library/research-and-analysis

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

[4] 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

7. Research shows the difficulty individuals have with accessing and understanding information on their pension savings. FCA's Financial Advice Market Review[5] demonstrated that people often find it difficult to access their data from financial institutions. Pensions dashboard research also highlighted that many individuals have limited understanding of their own pension information[6].

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[7].

    - 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[8]. 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[9].

9. Based on responses to the Pension Policy Institute's (PPI) Lost Pensions Survey 2022 and using the provider definition of "gone away customers", the aggregate value of lost pension assets was estimated at around £26.6bn[10].

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. For example, an industry led project in 2016 led by HMT and managed by the Association of British Insurers (ABI), 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

[5] https://www.fca.org.uk/publication/corporate/famr-final-report.pdf
[6] https://www.moneyandpensionsservice.org.uk/wp-content/uploads/2021/03/pensions-dashboard-2cv-research.pdf
[7] https://www.fca.org.uk/publication/data/data-bulletin-issue-12.pdf
8 Internal analysis of Wealth and Assets Survey, round 7; and findings confirmed with internal analysis of British Social Attitudes Survey, 2021
9 Internal analysis of Wealth and Assets Survey, round 7; and findings confirmed with internal analysis of British Social Attitudes Survey, 2021
[10] https://www.pensionspolicyinstitute.org.uk/media/2855/201810-bn110-lost-pensions-final.pdf

failures, driven by behavioural biases[11] 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 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 intervention will be necessary to solve this problem.

Rationale and evidence to justify the level of analysis used in the RIA (proportionality approach)

15. Given the scale of the change on industry, work has been undertaken to determine the best estimates of costs and benefits through the regulations. This has included a comprehensive cost research with a wide range of industry bodies, integrated service providers and large, medium, and small pension providers. This included attributing costs to detailed steps required to meet legislative requirements, which has allowed the derivation of transitionary and on-going costs.

16. Consumers are the key beneficiary of the policy and a two-strand approach to estimating the benefits has been adopted. Ipsos MORI carried out '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, it is possible to estimate the value of lost pots that will now be found.

17. Both the methodologies for the estimation of costs and benefits are considered proportionate for the analysis of this large-scale project.

11 Engaging people with pensions via digital dashboards (pensionsdashboardsprogramme.org.uk) Behavioural biases include: Inertia, the general tendency towards inaction. For pensions, the costs of engaging may include the mental effort required to understand information, 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 large effect on whether someone engages or not; Choice overload, where people feel overwhelmed by the number of options available; Lack of knowledge or ability, which inhibits people's ability to engage with the complex topic of pensions.

Description of options considered

Option 0: Do nothing –provision of individual pension information is left 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. Given the fragmented nature of the industry with around 30,000 pension schemes[12], 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 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 – intervention to coordinate industry

20. The coordination of an industry-led dashboard service online would 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 to supply State Pension data, so it would be expected that under this option CYSP would be kept separate from an industry dashboard. As this option would not therefore be likely to succeed, it has not been analysed further.

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

22. Under this option stakeholders are brought together to coordinate delivery of dashboards. The Pensions Dashboards Programme (PDP, a Directorate of the Money and Pensions Service) has developed standards, technical solutions and put forward an implementation plan. This has informed the approach to the more detailed provisions involving secondary legislation. Primary legislation has introduced the necessary powers via the Pension Schemes Act 2021. The Pensions Dashboards Regulations 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. The proposed amending Regulations will modify the approach to requiring pension schemes to connect but leave other requirements unchanged.

23. By 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.

[12] Data Pensions Dashboards - auto enrolment - master trust | The Pensions Regulator

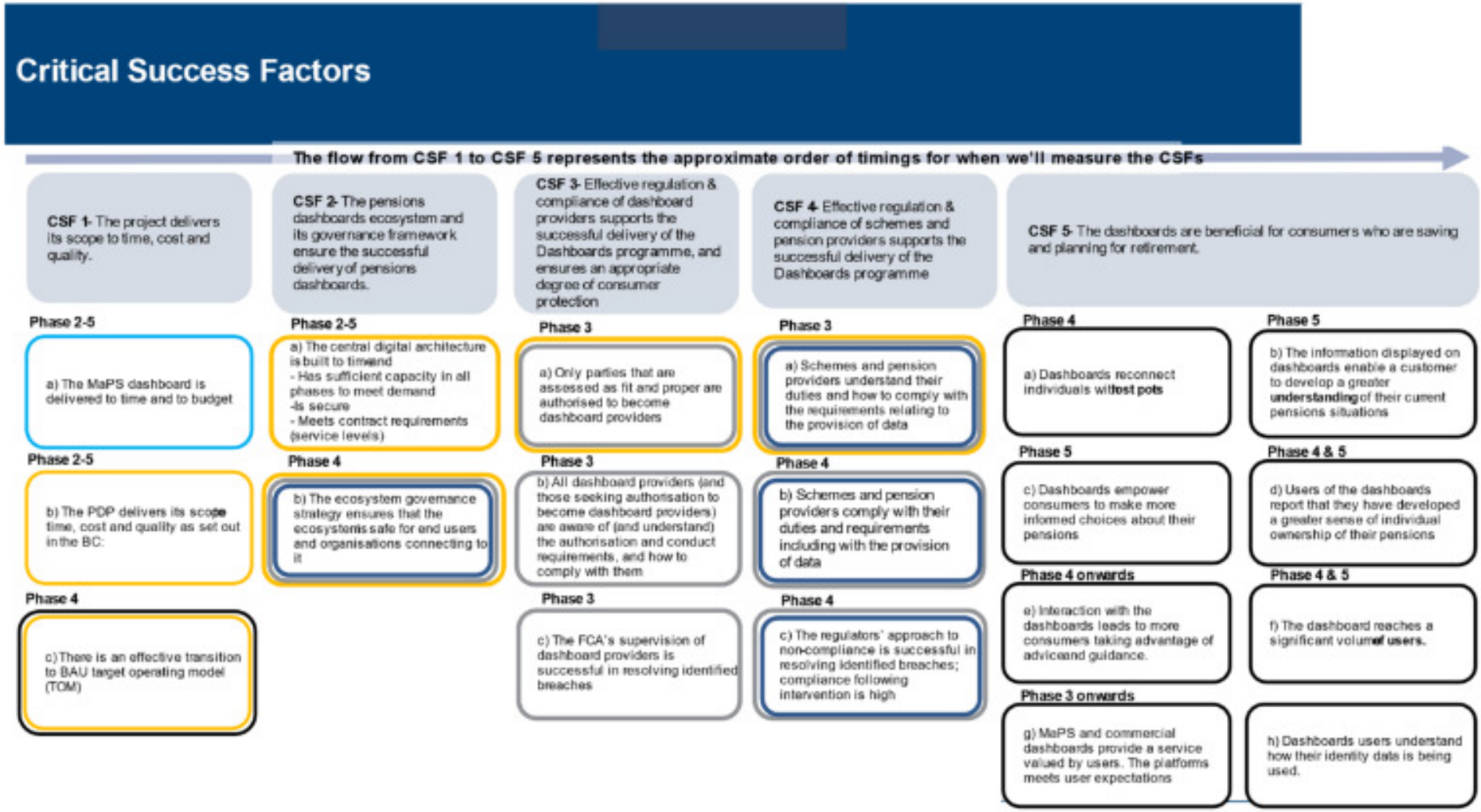
Policy objective

24. 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 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.
    - 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.

25. **It is concluded that Option 2 is the preferred option since this is the only option that will meet the policy objectives.**

Chart 1: Critical success factors



26. The following draft critical success factors (CSFs) for the delivery of the dashboards policy have been identified (see Chart 1 below). The CSFs will be monitored by the stakeholder organisations This work encompasses all areas and spans the different partners involved including the Money and Pensions Service (MaPS), the Pensions dashboards Programme (PDP), the Pensions Regulator (TPR) and the Financial Conduct Authority (FCA) and will look at the impact on individuals, the pensions industry and other stakeholders. These critical success factors (once finalised and fully agreed) will underpin this monitoring and evaluation framework.

Summary and preferred option with description of implementation plan

Preferred option: The introduction of secondary legislation

27. The framework to deliver the pensions Dashboards initiative was established by the Pension Schemes Act 2021 ('the Act') 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 Dashboard 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.

28. Secondary legislation is 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. The Pensions Dashboards Regulations set out the requirements to be met to launch pensions dashboards to the public. The regulations outline:

    - Requirements to be met by pensions dashboard services to be "qualifying pensions dashboard services" (QPDS) (Part 2 of the Regulations).
    - Requirements on trustees or managers of relevant occupational pension schemes in relation to cooperating with and connecting to the MaPS digital architecture, and the data they must provide to individuals via the 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).

29. 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 MaPS. Dashboards should be accessed by as many people as possible and, to that end, other organisations who meet prescribed requirements and obtain and maintain FCA authorisation and permission to undertake a new regulated activity, will be permitted to develop and host their own QPDS.

30. Within the regulations, there is a requirement for compliance with standards to be set by MaPS (and potentially in one limited case by TPR) and by the Department in the case of State Pension Standards. Standards will provide further detail on how schemes and QPDS 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. FCA-regulated personal and stakeholder schemes fall outside the scope of the regulations. But the Act requires the FCA to 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.

31. The Pensions Dashboards Programme (PDP), which is responsible for delivering the digital architecture that underpins pensions dashboards, requires additional time to deliver the complex technical solution to enable the connection of pension providers and schemes, in accordance with the connection deadlines set out in the Pensions Dashboards Regulations and the Financial Conduct Authority's corresponding pensions dashboard rules. A reset of the PDP commenced to put the programme on a firmer footing to deliver pensions dashboards.

32. The proposed amending Regulations will replace the staged approach to connection by schemes to the central digital architecture which is currently set out in regulations with a single deadline of October 2026, by which all schemes in scope must have connected. This will be supplemented by a connection timetable set out in guidance, to which schemes must have regard to, with the intention of maintaining the staged approach but introducing greater flexibility both for industry and the PDP.

33. The remainder of the requirements already set out in the Pensions Dashboards Regulations remain in place.

34. 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.

35. For these reasons, thorough testing will be required, and pensions dashboards will not be launched to the public until the 'Dashboards Available Point' (DAP) is reached. The point at which the pensions dashboard 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.

Responsible for ongoing operation and enforcement of the new arrangements

36. The transition to the business as usual will be subject to collaboration with relevant regulatory bodies, industry and consumer bodies to ensure that there is a functioning and sustainable ecosystem.

37. The Pensions Dashboards Regulations outline the requirements to be met by both pension schemes and dashboard providers. In some parts of the regulations, it is proposed that compliance will be 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. The amending regulations will additionally allow the Department to issue guidance in respect of connection.

38. 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 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. 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 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 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.

44. There will continue to be scope for the dashboards service to evolve over the longer term as greater understanding is gained 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 £847.1m. This is largely on business (£687.9m) with additional costs being met by regulators/State (£251.4m). These costs are driven by industry costs in the first two years during the transition and then broadly level off at around £80m 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	£408.4m	£687.9m	£1109.7m
Public administration costs[13]	£226.2m	£251.4m	£276.5m

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, a survey of a sample of providers (covering over 50% of pension membership) was carried out in 2021 asking about the costs of each detailed step that would be required by legislation.

47. On the back of the survey, the cost for industry is estimated to be around £687.9m (discounted to present value) over 10 years under the central scenario – this accounts for £324.0m of upfront costs and £363.9m for ongoing costs.

48. The upfront costs 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 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, allowed the calculation of 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 are 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 research were largely provided by administrators, while for DB costs were provided on a per scheme basis. As some schemes/ providers provided a range of costs in response to the research, this allowed the calculation of means for low, central and high costs.

[13] The majority of Public Administration costs are ascribed to the PDP and are largely paid via the General Pensions Levy and the Financial Services Levy rather than directly from the public purse. A proportion of the costs are related to the provision of State Pension information by DWP. Pensions in GB and NI are paid via DWP computer systems. It is therefore DWP which will provide UK State Pension data via its systems.

50. Using TPR data on the number of administrators and schemes[14] onboarding to dashboards in each financial year (broken down by size and type of administrator and scheme), total industry upfront costs per year as well as ongoing costs were calculated.

51. Previously, a staging profile was designed and put into regulations, largely based on scheme size. The new regulations have one single connection date (Oct 2026). This will be supplemented by guidance from the regulators to encourage schemes to connect at various points. This guidance has not yet been published and it cannot be known how schemes may respond to it. Some evidence suggests many individuals/schemes will largely wait until near the deadline, for example self-assessment evidence[15] ; however, many may wish to test/learn and therefore connect earlier.

52. In the absence of evidence, a simplistic approach is taken that assumes:

- The largest schemes (Master Trusts and PS) which account for around 52% of members will onboard first.
- The remaining schemes connect the following year.
- If the timings or the profile of onboarding were to be changed, then the associated costs would correspondingly change.

53. The methodology is as follows:

- Given scheme size will impact costs allows:
  - The estimation of a cost based on scheme size (small/medium/large) for both Defined Contribution providers and Defined Benefit schemes.
  - In advance of guidance on staging being published and not having evidence on adherence to that guidance, it is assumed that onboarding for dashboards will follow firm size in descending order numbers of members. It is further assumed that onboarding will vary in the high/low scenarios as shown in **Table 2** below:
  - Note: the very smallest schemes with less than 100 active and deferred members are out of scope of these regulations.
  - 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 the completion deadline.
  - Ongoing costs happen annually each year from the completion deadline.
  - It is assumed that 10% of the upfront costs from the first schemes to onboard are sunk in preparation for the single deadline, and so these are included every year until onboarding.
  - It is also assumed there will be a 10% uplift in upfront costs given advice from schemes that these costs have increased since 2021.

[14] This included personal and stakeholder pensions

[15] On-time Self Assessment returns break the record again - GOV.UK (www.gov.uk)

Table 2: Scheme onboarding assumptions

	2024-2025	2025-2026	2026-2027
High			100% of schemes
Central		52% members (PS schemes and Master Trusts)	48% members (remaining schemes)
Low	52% members (PS schemes and Master Trusts)	36% members (FCA Large schemes)	12% members (remaining schemes)

Table 3: 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 4: 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

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

- **Pessimism bias**: A pessimism bias was applied 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**: This adjustment was made to reflect efficiency gains as the dashboards move into business as usual and based the rate on the UK's growing productivity per year.
- **Uprating**: This adjustment was made to reflect wage inflation and used the Bank of England's target for the Consumer Price Index to estimate price growth in subsequent years.

Table 5: Adjustments and assumptions

Applied to	Rate	Evidence
1. Learning per annum (decreasing on-going costs)		
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
2. Pessimism bias (decreasing all costs)		
Mean estimates	85%	Midpoint in difference between estimates of mean to median
High estimates	100%	No bias
Low estimates	69%	Median values
3. Uprating (increasing on-going costs)		
Mean estimates	102%	Consumer Price Index target for Bank of England
High estimates	103%	High uprating
Low estimates	101%	Low uprating

Table 6: 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
Central scenario	£13.4	£13.4	£13.4	£146.9	£217.1	£81.1	£82.2	£83.3	£84.4	£85.5
High scenario	£41.6	£41.6	£41.6	£41.6	£457.6	132.6	136.5	£140.6	144.9	149.2
Low scenario	£8.7	£8.7	£95.3	£29.8	£128.9	£41.8	£41.6	£41.5	£41.3	£41.2

Public administration costs

55. 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.

56. Public Administration 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 TPR and the 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 (revised since the first policy impact assessment), which are shown in the total below. TPR envisage costs increasing as project work will extend into 2026/27 and 2027/28 (to manage any non-compliance with the single deadline). These estimates should not be considered predictors of annual levies – these will be assessed and calculated each year in the ordinary way.

58. 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. The FCA is not able to fully estimate additional costs incurred by the reset of the Pensions Dashboards Programme at this time, as the FCA is waiting on a revised project plan from MaPS on which to base future projections.

59. The total cost to public administration of delivering and regulating the Programme are £251.4m over 10 years in present values from 2022/23 to 2031/32. To calculate the high and low scenarios the estimates have been increased / decreased by 10% respectively.

Table 7: 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
PDP	£19.2	£17.9	£29.1	£41.8	£39.4	£18.7	£18.9	£19.4	£19.4	£19.4
DWP	£1.4	£1.1	£1.1	£1.1	£1.1	£1.1	£1.1	£1.1	£1.1	£1.1
MaPS	£1.6	£3.1	£1.4	£1.6	£1.7	£1.7	£1.7	£1.8	£1.8	£1.8
TPR	£1.8	£1.8	£2.3	£2.4	£2.9	£1.8	£0.4	£0.4	£0.4	£0.4
FCA	£0.3	£0.2	£0.2	£0.2	£0.2	£0.2	£0.2	£0.2	£0.2	£0.2
Total	**£24.3**	**£24.0**	**£34.0**	**£47.1**	**£45.3**	**£23.5**	**£22.3**	**£22.9**	**£22.9**	**£22.9**

Monetised Benefits

60. 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 UK 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 for access and use of dashboards is entirely voluntary.

61. 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 the 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 £26.6bn). The value of recovering lost pots will depend on the level of take up amongst members, since pots can only be found for individuals who engage with the dashboard.

62. 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. There is however no robust evidence to easily monetise the benefits of dashboards in terms of increased retirement income that could 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 the value of total assets in DC trust-schemes (around £113.5 billion reported as of 31 December 2021[16]), 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

63. In terms of assumed dashboard usage, and as a comparison, the PTS (which had limited publicity) supported 1.2 million customer traces in 2017/18[17], whilst CYSP has had over 10 million uses since its launch in 2016[18]. It is expected that there would be high take up of dashboards as an improved service offer and this would further grow over time as the number of pension pots increases.

64. To estimate the volume of dashboards users the results of a quantitative survey of the UK adult population on Willingness to Pay research carried out by Ipsos MORI for PDP have been used. This survey, conducted in 2021/22, asked around 2,000 adults to read a description of the pension dashboards service[19] and then asked them how likely they would be to use the service.

65. As there is a 'say-do gap' between what people report that they will do in a survey and what they actually do, three scenarios have been used 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, a conservative range of assumptions has been used to estimate the number of users from the survey responses of those saying that they are 'very likely' or 'fairly likely' to use dashboards.

66. To estimate the volumes of dashboards users the likelihood estimates (assuming 75% of 'very likely' and 50% of 'fairly likely' go on to use dashboards) are applied to the UK population estimate by age group. 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.

[16] DC trust: scheme return data 2021 to 2022 | The Pensions Regulator

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

[18] Analysis of data extract from TPR January 2018

[19] Respondents were shown a static explanation of the pensions dashboard service and could also view a video describing the pensions dashboard service via this link https://youtube/o27-R-EkmR8

67. Assumptions for usage were checked by triangulating with other sources, notably the ABI Pensions dashboards survey and international dashboard usage statistics.

68. The ABI Pensions dashboards survey 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.

69. The 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. Data from international dashboard teams including Denmark, the Netherlands, Norway and Belgium, shows that the proportion of unique visitors to their respective dashboards in 2021 ranged between 24 to 45% of the working age population. The assumption of 16.3m users after roll out is equivalent to around 42% of the working age population, so is in line with but at the upper end of these ranges.

70. Three possible options for the date at which the dashboards service is launched to the public have been considered. The date reflects the date in the proposed amendment regulations (31 October 2026) with, purely for analytical sensitivity, estimates 6 months earlier/later for high/low scenarios.

71. Three potential time periods over which the number of users increases to the steady state number have been used. These are: over 18 months, 24 months and 30 months, with 24 months as the central assumption. For the population assumption, ONS population projections (2020-based principal projection) have been used and held constant over the period being assessed.

72. Consideration has also been given to how often individuals will use dashboards. The Willingness to Pay (WtP) survey 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, it is assumed that individuals return annually to view their dashboards. It is 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 8: Volumes of users (millions, rounded to 1 decimal place)

Scenario	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Central					1.8	8.8	15.0	14.6	15.6	16.6
High						2.4	7.2	11.6	11.8	12.7
Low					7.5	18.4	17.1	18.1	19.0	20.0

Benefit to consumers

73. To capture benefits the Ipsos Mori WtP research is used. This approach is recognised in the 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.

74. The approach used to monetise the responses is the Gabor-Granger approach. 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.

75. 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.

76. It was assessed that willingness to pay approaches are the best methodology to estimate the price for a live pensions dashboard service. The willingness to pay approach enables the determination of:

    - How much consumers would be willing to pay for a pensions dashboard 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.

77. The price points in Table 9 below were determined based on similar services[20] 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 9: price points used in the research

	Annual price / cost
Price 1	£5
Price 2	£10
Price 3	£15
Price 4	£20
Price 5	£25
Price 6	£30
Price 7	£35
Price 8	£40
Price 9	£45

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

79. For those who responded that they were willing to pay for dashboards usage, the minimum annual price in the research was set 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

[20] 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.

the average maximum price calculations, 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, was used. The maximum price paid has been varied based on a range of responses to probably pay and definitely pay (100% and 50%). Table 10 sets out the different average maximum annual prices by age group.

Table 10: 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

80. For the analysis the average annual maximum prices was used, 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 it is not known how much that gain would be 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 shown in Table 10 below.

81. 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 surplus benefits (discounted)	£ 165.0m	£ 356.0m	£ 523.2m

Lost pots recovered

82. Although some pension tracing services exist (e.g. PTS[21] and commercial offerings) dashboards are still likely to deliver additional gains for individuals from lost pots as:

- Most services rely on significant consumer engagement, knowledge of existing pension benefits and proactivity.

[21] https://www.gov.uk/find-pension-contact-details

- 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).

83. 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[22]. 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.
- The acceptance of a death claim.

84. It is 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.

85. The PPI's Briefing Note Number 134: Lost Pensions 2022: What's the scale and impact? estimates that there are around £11.9 billion in 'gone away' lost pots for 55–74-year-olds. This figure is used 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'. A recovery rate of 77% is estimated, 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.

86. To estimate the proportion of the lost pots that would be recovered by dashboards users each year the following methodology was adopted:

'Flow' calculations

- From analysis of Round 7 of the Wealth and Assets Survey (2018-2020), it is possible to arrive at an estimate of the number of pots held by people aged between 40-75 who have a private pension entitlement.
- The estimated flow of lost pensions (£22.5 million from the dormant assets estimate, still the most appropriate estimate for just the flow) was divided 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, this allowed the average value of a lost pot per private pension pot per year to be calculated.
- The average value of lost pots was multiplied by the estimated number per year of dashboards users, for the period where dashboards go live.
- This estimates that around £11m (undiscounted) in lost pots will be found every year as a result of dashboards.

[22] Commission on Dormant Assets (2017) Tackling dormant assets: Recommendations to benefit investors and society

'Stock' calculations

- The estimated number of dashboards users per year was divided by the number of pots held by people aged 40-75 with private pensions.
- The result was multiplied by the stock of lost pension pots (£11.9bn) 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 it is assumed that there are no further lost pots recovered this ensures that there is no double count of the unique users revisiting dashboards.
- This estimates around £776m (undiscounted) will be found in lost pots from the existing stock of lost pension pots as a result of dashboards.

87. 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. As a result, the estimates are likely to be a significant underestimate.

88. 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)	£ 430.0m	£ 776.0m	£ 1122.2m

Benefits – non-monetised

89. 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 – see the following list of such benefits:

- value of feeling ownership of pension pots;
- value of increased engagement;
- value of increased awareness;
- value of improved understanding of retirement arrangements;
- increasing savings actions; and,
- more informed savings decisions.

90. 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).

91. There are likely to be benefits to the pension industry/providers from dashboards which cannot readily be monetised. Examples provided by the pensions industry of benefits associated with dashboards and with using a commercial dashboard include:

- The ability to support customers better.
- Increased engagement with customers.
- 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.

92. Some of these industry benefits will materialise when dashboards available point (DAP) occurs and some potentially from future iterations of dashboards.

Risks and assumptions

Benefit assumptions

93. To estimate the value of lost pots likely to be recovered by savers, the latest data available, which is derived from an update to the Pensions Policy Institute lost pots survey of pension schemes, has been used. The main assumption is that the stock of lost pots will be equal to that of 55–75-year-olds, as a key demographic for dashboards users, but a figure which has increased substantially (from £6.5bn to £11.9bn). It is assumed that the majority (77.5%) of these lost pots will be recovered prior to retirement and that a proportion of the remaining stock will be recovered by dashboard users over a period of 18 months. It is believed that this figure represents the best available evidence, reflects what is known about the market and is important to include as an update as:

- The number of lost pots is expected to grow because the Defined Contribution (DC) market is growing, but also because the problem naturally worsens over time, as many people are unaware they have pension savings, and events that may cause people to lose track of their pension pots take place. For example, many have been affected by COVID-19 related job loss in this period, and therefore to acquire a deferred pot that might become lost.
- Since 2018, many more pots are likely to be accrued by those who have been brought into saving through automatic enrolment, which is dependent on inertia and

correlated with lower levels of engagement and higher likelihood of being unaware of having a pension pot.

- The higher value for 55-74-year-olds is likely because of pots created via automatic enrolment in this older, and generally higher earning, cohort having had time to grow.
- In just using the figure for 55-74-year-olds rather than for other age groups likely to use dashboards caution has been exercised. Furthermore, a high-end assumption has been used for the rate that the lost pots will be recovered.

94. Table 13 below shows the sensitivity of the benefits and overall net present value to the change in value of lost pots reflected in the updated figures. As highlighted, the lost pot benefits would be estimated to be £331m lower if the 2018 figure was used, which would result in a negative net present value over ten years of -£124.8m.

Table 13: Sensitivity analysis: Assumption for lost pots (discounted, central scenario)

Lost pot assumption	Lost pot benefits (stock and flow)	Total benefits	Net present value
2022 figure (£11.9bn)	£776m	£1021m	£173.8m
2018 figure (£6.54bn)	£445m (£331m difference)	£722m	-£124.8m

95. In order to estimate the consumer benefits, we have used a range of assumptions set out in Table 14 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 14: Assumptions for high-central-low benefits scenarios

	High	**Central**	**Low**
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
DAP	DAP plus 6 months	1 November 2026	DAP minus 6 months
Time for volume ramp-up to 'steady state'	30 months	24 months	18 months
Value for users not wtp at least £5 but likely to use the service	£0	£1	£2

Value for users prior to 'launch' (when 75% pensions findable)	0%	0%	0%

96. The Dashboard Reset is ongoing, so guidance on the staging timeline is not yet available. This is a critical element in making an assessment of when the Dashboard Available Point might be, since dashboard coverage is one of the key factors in the triggering of the DAP. Given this, an assumption has been made of the DAP based only on the 31 October 2026 single deadline, since at the time of analysis, this is the date there is greatest certainty about. It is assumed that the DAP could be triggered six months ahead of the final deadline, with it coming into force on 1 November 2026. For the purpose of this analysis and in lieu of information about the staging timeline, this is the central estimate. A 6-month tolerance of this date both sides has been added, to provide higher and lower estimates. It should be noted that the estimated DAP in the central estimate is highly variable, and in particular, dependent on the dates to be provided in the forthcoming guidance. It could therefore be earlier than the dates used for this analysis.

97. The three assumed go-live dates are 1 May 2026, 1 November 2026 and 1 May 2027. There are only 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. Therefore, any changes to the 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 the assumptions of the ramp up of use of dashboards, so it is assumed that there is a steady increase in the number of users over 18, 24 or 30 months.

99. It is believed 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; and
    - 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, consideration has been given to the number of people who report that they will definitely or probably pay at least £5 for the service and the average maximum prices that they would be willing to pay has been estimated. 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. A nominal £1 or £2 maximum price that this group would be willing to pay has been assumed as it is not known how many would pay and how much less than £5 they would be willing to pay. 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.

Cost assumptions

101. To test the sensitivity of industry costs around the cost assumptions per DC administrator and DB scheme, a variance of +/- 10% and +/- 25% for large administrators / schemes, who face the largest costs. Table 15 below, shows that if large provider costs vary by 25%, industry costs increase or decrease by £103.2m under the central scenario.

Table 15: Sensitivity analysis: Differences in industry costs with large providers variations in costs over 2022/23 to 2031/32 - undiscounted

	Industry costs - Central	Unit costs +/- 10% (large providers)	Unit costs +/- 25% (large providers)
Total costs	£820.6m	£861.9m	£923.8m
Difference	-	£41.3m	£103.2m

102. 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 the costs research and is applied to each year's costs, including the transitionary and ongoing costs. The adjustment decreases annual costs by 15% in the central scenario. To analyse the impact of this assumption the industry costs are presented in constant prices with and without the assumption applying. The results in Table 16 below show that by applying the assumption, costs decrease by £148.9m in the central scenario and by £212.2m 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%	£478.7m	£690.9m	£212.2m
Central	85%	£820.6m	£969.5m	£148.9m
High	100%	£1,327.9m	£1,327.9m	-

103. As noted above, in addition to the pessimism bias assumption, an estimate from one DC provider was excluded as it was judged to be an outlier that could overstate industry costs. The cost provided was disproportionately high (75% higher than the next highest cost) and was considered unrepresentative of the costs facing the large DC providers.

Consolidation

104. If the current trend for falling numbers of DC schemes by between 8 to 10% each year continues alongside the falling numbers of DB schemes, it is expected there would be around 1,000 (non-micro) DC schemes operating in five years' time. Research has explored how to increase consolidation in the DC market23. 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).

[23] Future of the defined contribution pension market: the case for greater consolidation - GOV.UK (www.gov.uk)

Impact on small and micro businesses

105. The impact on small business is estimated to be around £166 million (discounted to present value) over 10 years under the central scenario. The costs facing small pensions providers break down as around £78 million for the upfront transitionary period and £88 million for the ongoing elements over 10 years from 2022-23 until 2031-32. As there is no information on the number of employees per provider, the size of providers has been defined by using their membership size. For the purposes of research and costs modelling small pension providers (and therefore small and micro businesses) are defined as having between 100-1000 members.

106. To minimise the impact of the requirements on small businesses (employing up to 50 people), all schemes under 100 active and deferred members are not required in the 2022 Regulations to connect to dashboards, and this is not changing in the amending set of regulations.

107. 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

108. 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 pensions. For this reason, dashboards are not seen as discriminatory. If for any reason a person has no access to digital 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.

109. 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[24].
    - **Age and sex:** the gap in self-reported engagement and understanding between males and females persists from age 25 onwards.
    - **Age and Ethnicity:** there is evidence that people from a White background become more engaged as they get older in comparison to people from an ethnic minority background.
    - **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.

[24] Internal analysis of Wealth & Assets Survey, round 7; and findings confirmed with internal analysis of British Social Attitudes Survey, 2021

- **Sex:** Similar proportions of men and women, who are eligible for AE, are currently actively contributing to a workplace pension[25]. However, amongst all women who haven't retired, 33% say they don't have a pension or don't know if they have a pension that hasn't been decumulated, compared with 27% of men[26].

  Women are also less likely to be engaged with their pensions and only 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.

- **Disability**: disabled people have a lower employment rate (53%) than those without a disability (83%), they are therefore less likely to have workplace pensions[27]. The prevalence of disability rises with age.

- **Ethnicity:** Among employees eligible for AE, 86% of people from a white background are actively contributing to a pension, compared with 71% of people from an Indian background, 66% from a Pakistani and Bangladeshi background, and 80% from a Black background. Looking at all adults who haven't retired, 28% of people from a white background say they have no pension scheme (or don't know if they have one), compared with 45% of people from an ethnic minority background .

  Evidence is mixed around engagement and ethnicity, although there is some evidence to suggest that people from an ethnic minority background may be less engaged than those from a white background.

  - **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[28].

110. Consideration has been given to 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.

111. 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.

[25] DWP Workplace pension participation and saving trends of eligible employees: 2009 to 2021. Table 1.5. workplace-pension-participation-and-savings-trends-2009-to-2021.xlsx (live.com)

[26] FCA Financial Lives survey 2020. Tables volume 3 product ownership part 2. Table 235. financial-lives-survey-2020-tables-volume-3-product-ownership-part-2.xlsx

[27] ONS Labour Market Statistics. 2019. Table https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/labourmarketstatusofdisabledpeoplea08

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

112. It is not expected that the enactment of the secondary legislation measures will 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.

113. 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

114. Given the significant investment in dashboards, monitoring and evaluation is important, 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.

115. Findings from monitoring and evaluation will feed into the development of pensions dashboards policy and ensure the policy is delivering for consumers and the pensions industry.

Other Impacts

Equality

116. The Pension Schemes Act 2021, which made provision for pensions dashboard requirements, was subject to an Impact Assessment. In accordance with its duty under section 75 of the Northern Ireland Act 1998, the Department has conducted a screening exercise on these legislative proposals and has concluded that they would not have significant implications for equality of opportunity and considers that an Equality Impact Assessment is not necessary.

Environmental

117. There are no implications.

Rural proofing

118. There are no implications.

Health

119. There are no implications.

Human rights

120. The Department considers that the regulations are compliant with the Human Rights Act 1998.

Competition

121. There are no implications.

Approved by:	 David Tarr Director of Social Security Policy, Legislation and Decision Making Services	**Date: 21/06/23**

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Annex 1: Pensions engagement analysis

Data was 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 the analysis:

From the Wealth and Assets Survey, both of the following questions were asked to all adults who were 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 gender	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%

Pensions engagement by age	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%

Pensions engagement by ethnic background	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%*	*Sample size too small*	*Sample size too small*	*Sample size too small*
% who have reviewed how much at least one of their DC pots is worth in the last 12 months.	47%	44%	46%*	43%	43%*

*Sample sizes ≤60.

Pensions engagement by household income	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%