RPC

TPR issues compliance and enforcement policy for pensions dashboard

23 September 2024

On 5 September 2024, the Pensions Regulator (TPR) introduced its new compliance and enforcement policy for the pensions dashboard. Accompanying this announcement was a blog post titled "Act now on pensions dashboards so we don't have to", which serves as a reminder about the importance of timely compliance.

Pensions dashboards will provide individuals with free access to their pension information all in one online location whenever they choose, which will allow savers to track down lost or forgotten pensions. All relevant schemes and providers are legally required to be connected to the pensions dashboards ecosystem and ready to respond to information requests by 31 October 2026. The Department for Work and Pensions (**DWP**) has issued guidance (Pensions dashboards: guidance on connection: the staged timetable) detailing a phased connection timetable aimed at reducing delivery risks and managing industry capacity, with the first connection date scheduled for 30 April 2025.

In November 2022, TPR shared a draft version of its compliance and enforcement policy for public consultation. The regulator received 48 responses from a diverse range of stakeholders, with the majority expressing support for the key principles and risk areas outlined in the draft. However, some concerns were raised about issues such as third-party cooperation and differing interpretations of the policy's intent. TPR has taken this feedback into account to refine its approach and clarify its guidance.

The main message from TPR is that trustees and scheme managers of trust-based pension schemes must take immediate steps to comply with their duties related to the pensions dashboard. Key points to note include:

1. Pension schemes must ensure they are prepared to connect to the dashboards as required. Non-compliance could involve failing to meet connection deadlines or not adhering to the guidance provided by TPR and the Money and Pensions Service (**MaPS**).
2. As connection dates approach, TPR has noted that whilst many schemes are preparing effectively, some have not adequately measured or improved their data quality. TPR plans to engage with numerous schemes in autumn 2024 to assess how they are managing critical elements.
3. Schemes are expected to maintain clear and comprehensive audit trails to demonstrate compliance. This involves documenting monitoring processes, adhering to MaPS' reporting standards and detailing actions taken to address any data-related issues.

In its blog, TPR emphasises the need for trustees and scheme managers of trust-based pension schemes to prepare thoroughly for the pensions dashboard. To achieve this, they must fully understand their duties by reviewing TPR's guidance on compliance and enforcement. Effective planning for a staged and orderly connection process in line with the DWP guidance. Furthermore, trustees should manage resources effectively, which includes establishing robust controls and contractual agreements with service providers.

Trustees must ensure that their data is accurate and reliable. TPR recommends several best practices to achieve this objective, including identifying, evaluating and documenting any risks whilst implementing appropriate controls to address these concerns. Continuous review and enhancement of existing controls are also necessary to maintain high data quality. It is important to keep clear records of decisions made and advice received, as well as to monitor progress reports from the regulator. Lastly, any breaches must be reported to TPR promptly, along with taking steps to mitigate any issues.

The introduction of the pensions dashboard is likely to bring both benefits and risks. TPR's enforcement policy highlights the risks in terms of schemes failing to adhere to deadlines and obligations placed on them by the pensions dashboard. This is a risk for trustees (and with that their PTL insurers) and for pension providers (and with that FI insurers with the FCA providing its own enforcement policy for FCA regulated pension schemes). Further, in the run up to the launch of the pensions dashboard the blog highlights TPR's concerns over scheme data quality which is likely to be an issue for trustees of trust-based arrangements in particular. It will be interesting to see if TPR uses its powers to require schemes to clean up their data.