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The Baroness Altmann CBE
House of Lords
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20th March 2023

Dear Ros,

**PRIVATE MEMBER'S BILL –
PENSIONS DASHBOARDS (PROHIBITION OF INDEMNIFICATION)**

Following on from the Second Reading of the Pensions Dashboards (Prohibition of Indemnification) Bill on 3 March, I am writing to answer your questions about errors in state pension records, readiness of public sector pension schemes to connect to pensions dashboards, and penalties for providing incorrect data to dashboards.

You asked for an update on progress on the Department's state pension records' correction exercise. The Department's aim is to complete the exercise by the end of 2023 for Category BL cases – people who are married or in a civil partnership who reached State Pension age before 6 April 2016 and may be entitled to an uplift based on their partner's National Insurance contributions, and Category D cases – people aged over 80 who get some basic State Pension, but less than £85.00 a week in 2022-23, and satisfy certain residency conditions. For missed conversion cases – people who have been widowed and their State Pension was not increased to include any amounts they are entitled to inherit from their late husband, wife, or civil partner – the exercise could run through to late 2024.

We continue to allocate additional resources towards the underpayments exercise. At its peak, we plan to have around 1,500 staff dedicated to the exercise. As a result of these extra resources, we expect the speed at which the exercise is progressing to keep increasing.

The latest update on the progress of the correction activity was published on gov.uk on 29 November 2022. This showed that between the start of the exercise and 31 October 2022, a total of 31,817 underpayments have been identified and £209.3 million arrears paid.

You also raised a concern on the readiness of public sector pension schemes to connect to dashboards in light of the significant administration issues linked to the McCloud remedy. One of the key implications of McCloud and its interactions with pensions dashboards is the risk of displaying values via dashboards that do

not reflect the McCloud remedy. Alongside this is a concern over a lack of administrative capacity to meet requirements to implement the McCloud remedy alongside meeting dashboard data requirements.

My Department recognises that the McCloud remedy represents a unique challenge for public service pension schemes on top of more widely-shared industry constraints. In light of this, the Department introduced a mitigation for this cohort of schemes which would stagger the requirements for dashboard implementation over a longer period than originally proposed, reducing the pressure schemes would face while managing the gap in dashboard coverage for members who may wish to use dashboards in this period.

In the Pensions Dashboards Regulations 2022, public service pension schemes would only be required to provide value data once a statement reflecting McCloud changes had been issued in relation to a member, or by 1 April 2025 at the latest. With statements being issued at different times across these schemes, some members' value information could be made available via dashboards prior to April 2025, rather than them all having to wait until all members' information was updated.

This mitigation for public service pension schemes demonstrates Government's commitment to delivering dashboards and balances the requirements on this group of schemes with the timescales being imposed on private industry.

As you are aware, the Pensions Dashboards Programme is experiencing delays in delivering the digital architecture for pensions dashboards, and the Department will amend the Pensions Dashboards Regulations 2022 at the earliest opportunity to provide clarity to schemes. This will ensure that the pensions industry has adequate time and the necessary technical information to prepare for any revised connection deadlines. We will engage with the pensions industry, including public service pension schemes, on the details of our plans in due course.

Finally, you asked whether loading incorrect data to pensions dashboards would incur penalties. In order to supply data to individuals via dashboards on request, schemes must first connect to the dashboard digital architecture. Pensions dashboards and the technology behind them are designed to maximise data security and Government is committed to ensure that consumers see data on what they have accumulated and an estimate of what they can expect when they retire, including their State Pension. Schemes' data quality will be integral to the success of pensions dashboards. The accuracy principle under Article 5(1)(d) of the UK GDPR requires that organisations ensure data remains accurate and up to date.

Where schemes don't comply with UK GDPR, The Pensions Regulator set out in its consultation on the draft compliance and enforcement policy for pensions dashboards that it shares a common interest with the Information

Commissioner's Office in the controls put in place by schemes to ensure that data is accurate and used appropriately. Where they become aware of data breaches – for example, where an individual's data is sent to the wrong person – they may share information between themselves as and when necessary, in the pursuit of their respective functions. Schemes will endeavour to ensure that in these cases, the most appropriate body or bodies leads investigations and regulatory action.

If a scheme fails to put in place appropriate controls around data (including appropriate controls for UK GDPR), this would be considered a failure to maintain appropriate internal controls as per sections 249A and 249B of the Pensions Act 2004. In such cases, The Pensions Regulator can open a governance case to investigate the situation and there are multiple powers which could be utilised, such as Improvement Notices, 3rd Party Improvement notices, skilled persons reports, appointing/removing trustees, and penalty notices if the scheme failed to comply with the improvement notice.

I hope this clarifies these issues. I will place a copy of this letter in the House library.

*With best wishes,
James*

**VISCOUNT YOUNGER
PARLIAMENTARY UNDER SECRETARY OF STATE FOR WORK AND
PENSIONS (LORDS)**