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PASA Consultation Response

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**PASA Experts for
Pensions Dashboards**

TPR - Dashboards compliance and enforcement policy consultation

February 2023

Acknowledgments

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About PASA

The Pensions Administration Standards Association (PASA) was created to provide an independent infrastructure to set, develop, guide and assess administration standards.

PASA acts as a focal point and engages with industry and government to create protocols for understanding good administration - but also appreciates there's no one size fits all. PASA develops evidential Accreditation practices allowing benchmarking across and between the industry regardless of how the administration is being delivered.

As well as raising the profile of pension administration generally, PASA focuses on three core activities:

1. Defining good standards of pensions administration relevant to all providers, whether in-house, third party or insurers
2. Publishing Guidance to support those standards
3. Being an independent Accreditation body, assessing the achievement of good standards by schemes

There's no organisation providing such services across schemes, yet there's a demand for evidence of service quality from scheme trustees, sponsors, administrators, insurers, savers and regulators.

Consultation questions and answers

Do you agree with the policy principles we have set out in this compliance and enforcement policy?

Yes. These are appropriate principles. We're concerned the launch (and confirmation of the DAP) might cause unprecedented demand on scheme administration capabilities and service delivery. The principles stated above suggest TPR will approach any problems encountered by schemes, third party administrators and technology providers in a positive and supportive way and we strongly echo the need for this approach as the scale of the challenges are unknown at this stage of development.

Do the key risk areas, within our regulatory remit, align to your understanding of where risks may exist for the saver?

Yes. The risk areas, in isolation, are sensible and appropriate. One area of concern is the provision of AVC information by a third-party provider as part of a scheme benefit. PASA is working to mitigate this risk as far as possible but based on past experience of some AVC providers it's important to highlight this as a significant compliance risk.

Does the policy provide sufficient clarity on our expectations of governing bodies (trustees and scheme managers) and third parties?

Yes. Based on our current understanding of the requirements we believe this approach is pragmatic and proportionate.

Maintaining an audit trail of the decisions made as part of connecting a scheme to the CDA is an important aspect of a TPAs due diligence so we don't see this as an onerous requirement and believe it's our role to support trustees in this aspect of the project.

Does the policy provide sufficient clarity on how we will monitor compliance?

Yes. This is a reasonable approach.

As administrators we're concerned about the potential level of breaches of both the dashboard regulations and the existing disclosure regulations if the peak of work immediately after the DAP is higher than anticipated. There's a significant risk of breaches occurring considering:

- the level of additional work is unknown at this stage
- the compliance SLAs are effective immediately after the DAP
- we only have six months in which to recruit and train the staff needed to manage the total work

In the circumstances it would be very helpful to have some clarity on what needs to be reported immediately after the DAP i.e. what constitutes a reportable breach, what would be considered systemic failure and so on. Without any guidance in this area, it's possible TPR will receive a significant number of reports which are a consequence of volumes of work.

Does the policy provide sufficient clarity on our approach to non-compliance?

Yes. This seems proportionate.

Does the policy provide sufficient clarity on the elements we may take into consideration?

Yes. In practice, more granular advice built on experience will be very helpful to all parties once this knowledge has been developed by both the Regulator and industry. There should be a commitment to review this guidance within a relatively short period to see how it has worked in practice and how it could be improved.

As outlined above, we remain concerned about the position after the DAP as the level of queries is unknown as is the period of time for which these might be at a higher than expected level. Trustees will be looking to administrators for a view on what would and wouldn't be considered reportable during this period so some further information on the approach to be taken is necessary.

Does the policy provide sufficient clarity on the regulatory options and powers available to us?

Yes, this seems clear. It will be interesting to see how TPR uses these powers in practice once dashboards go live. The treatment of missed deadlines ahead of DAP will be particularly interesting as these will not directly impact members at this point but are nonetheless important.

Do the scenarios we have included help with your understanding of our approach to compliance and enforcement?

Yes this certainly identifies the principles, which is very helpful. The way these principles are applied in practice will play out over time. Schemes and providers need to be onside from the outset to make dashboards successful. Continued two-way communication between the Regulators, MaPS and PDP and the industry is vital.

Are there any other key scenarios which you feel we need to include to provide additional clarity (bearing in mind we cannot give scheme specific advice)?

The reliance of dashboard architecture on unproven technology and new providers coupled with extremely short deadlines and the principle of a big-bang DAP may lead to system failures in practice. If this does happen, what mechanisms are in place to urgently review what is expected of schemes and providers?

Are there any aspects of our expectations that you think would discriminate against, disadvantage or present an additional or exceptional challenge to anyone with a protected characteristic?

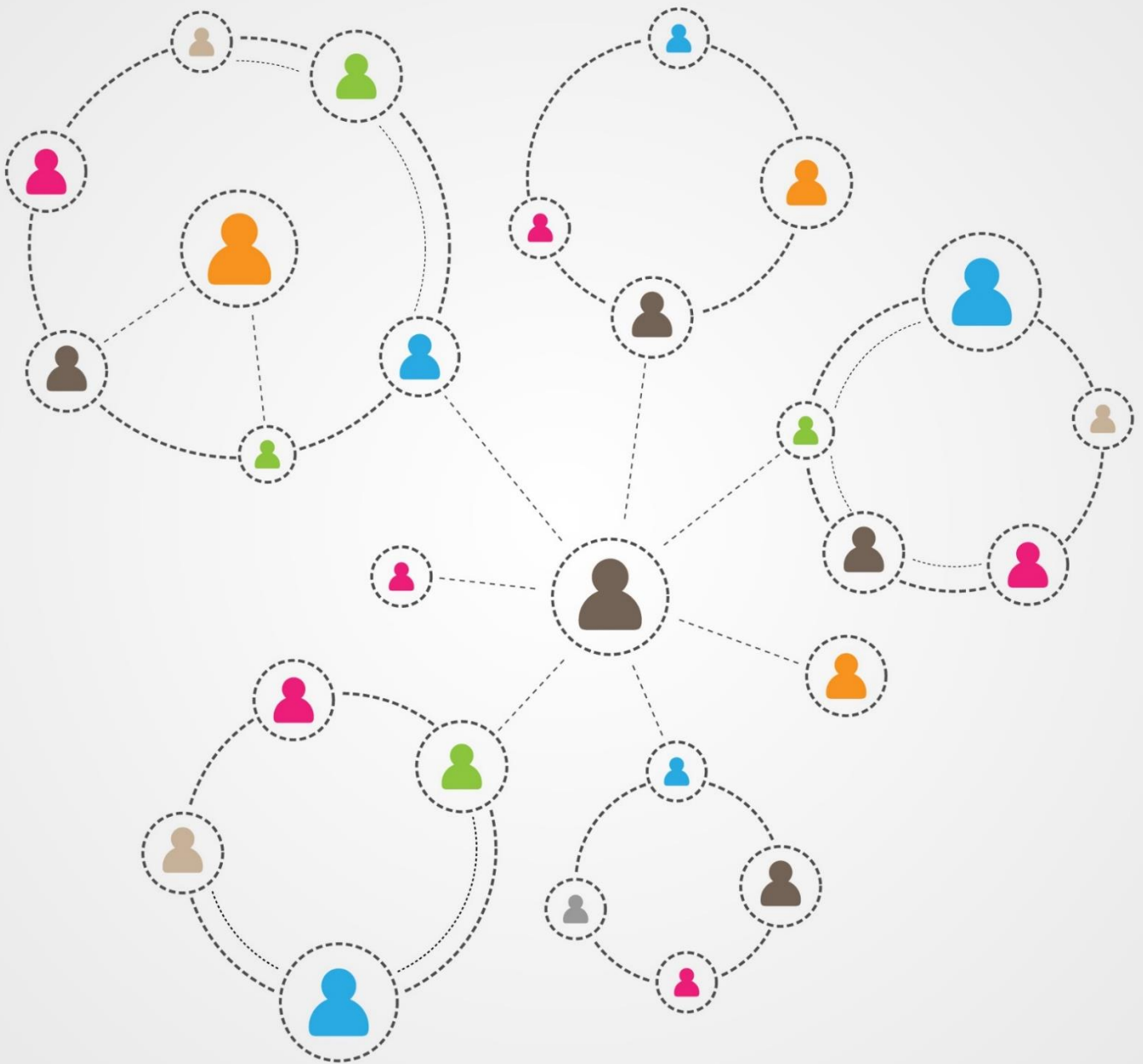
Some groups will consider the provision of binary sex data as discriminatory. Also, some users may find the technology harder to use and this may disproportionately affect certain age groups.

Do you have any other comments on our draft compliance and enforcement policy?

As mentioned, the high-level nature of this guidance makes it helpful but not entirely instructive of how TPR will exercise its enforcement powers. However, this level of detail is difficult to provide ahead of go live.

Do you have any feedback on the new type of online survey we have used for this consultation?

No



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