

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

PENSION SCHEMES BILL [*LORDS*]

Second Sitting

Tuesday 3 November 2020

(Afternoon)

CONTENTS

CLAUSES 107 TO 116 agreed to.
SCHEDULE 7 agreed to.
CLAUSE 117 agreed to.
SCHEDULE 8 agreed to.
CLAUSES 118 TO 120 agreed to, one with an amendment.
SCHEDULE 9 agreed to.
CLAUSES 121 AND 122 agreed to, one with an amendment.
Adjourned till Thursday 5 November at half-past Eleven o'clock.
Written evidence reported to the House.

No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

not later than

Saturday 7 November 2020

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The Committee consisted of the following Members:

Chairs: †MR LAURENCE ROBERTSON, GRAHAM STRINGER

- | | |
|--|---|
| † Bailey, Shaun (<i>West Bromwich West</i>) (Con) | † Malhotra, Seema (<i>Feltham and Heston</i>) (Lab/Co-op) |
| † Baker, Duncan (<i>North Norfolk</i>) (Con) | † Morris, James (<i>Lord Commissioner of Her Majesty's Treasury</i>) |
| † Baldwin, Harriett (<i>West Worcestershire</i>) (Con) | † Opperman, Guy (<i>Parliamentary Under-Secretary of State for Work and Pensions</i>) |
| Bell, Aaron (<i>Newcastle-under-Lyme</i>) (Con) | † Roberts, Rob (<i>Delyn</i>) (Con) |
| † Buck, Ms Karen (<i>Westminster North</i>) (Lab) | † Thomson, Richard (<i>Gordon</i>) (SNP) |
| † Davies, Gareth (<i>Grantham and Stamford</i>) (Con) | † Timms, Stephen (<i>East Ham</i>) (Lab) |
| † Drummond, Mrs Flick (<i>Meon Valley</i>) (Con) | Kenneth Fox, Huw Yardley, <i>Committee Clerks</i> |
| † Eagle, Ms Angela (<i>Wallasey</i>) (Lab) | † attended the Committee |
| † Eshalomi, Florence (<i>Vauxhall</i>) (Lab/Co-op) | |
| † Gray, Neil (<i>Airdrie and Shotts</i>) (SNP) | |
| † Griffiths, Kate (<i>Burton</i>) (Con) | |

Public Bill Committee

Tuesday 3 November 2020

(Afternoon)

[MR LAURENCE ROBERTSON *in the Chair*]

Pension Schemes Bill [Lords]

Clause 107

SANCTIONS FOR AVOIDANCE OF EMPLOYER DEBT ETC

2 pm

The Chair: Before we resume our scrutiny, I remind Members to maintain social distancing. *Hansard* colleagues would be grateful if Members could email their speaking notes to hansardnotes@parliament.uk.

I understand that there was some uncertainty about the effect of the grouping of amendments with clauses 107 to 117 stand part. I have therefore decided to exercise the Chair's right to amend groupings, and I am grateful to the Minister for his flexibility. Once we have disposed of amendment 20, I will allow a debate on clause 107 stand part, with which it will be convenient to debate clauses 108 to 116, schedule 7, clause 117 and schedule 8. Mr Gray, do you wish to move amendment 20?

Neil Gray (Airdrie and Shotts) (SNP): No, Mr Robertson.

The Chair: The amendment is not moved.

Question proposed, That the clause stand part of the Bill.

The Chair: With this it will be convenient to discuss the following:

Clauses 108 to 116 stand part.

That schedule 7 be the Seventh schedule to the Bill.

Clause 117 stand part.

That schedule 8 be the Eighth schedule to the Bill.

Seema Malhotra (Feltham and Heston) (Lab/Co-op): I am grateful to be able to make some comments about clause 107. This morning's debate gave us the opportunity to put on the record some of our thoughts and to acknowledge our support for part 3 of the Bill. There has been some debate, and I seek some further assurances from the Minister.

On the role of the Pensions Regulator, we support strengthening the existing sanctions regime with the introduction of new criminal offences and higher penalties for wrongdoing. The pensions landscape has been troubled in recent years by scandals, including the BHS and Carillion scandals, which have had catastrophic consequences for the scheme members involved. My right hon. Friend the Member for East Ham and my hon. Friend the Member for Wallasey also made that point. The Minister made the important remark that callous crooks who put at risk other people's pensions cannot be allowed to get away with it.

It is right that those who intentionally or knowingly mishandle pension schemes or endanger workers' pensions face severe penalties, which is why we wholeheartedly support the relevant provisions in the Bill. The only note of concern is the scope of the provisions, and I refer to the very helpful and instructive debates in the other place on that issue. We are firm in the view that the offence must apply to unscrupulous employers or directors of companies, but there is fear that it is so wide in scope that pretty much anyone involved in the management of a pension scheme could be exposed to sanctions, including third parties such as advisers, banks and even trade unions. Colleagues from the SNP have made some of those points effectively.

Government representatives have assured us that the courts will have the necessary discretion to ensure that only those who have genuinely been involved in wrongdoing will be caught by the new offences, but I note that pensions lawyers have realised similar concerns to those that we are raising today. It would be helpful to have further confirmation, following the Minister's comments this morning, of whether there are further plans to review whether the offences work as intended or whether there are any other unforeseen consequences.

The Parliamentary Under-Secretary of State for Work and Pensions (Guy Opperman): Welcome to the Committee, Mr Robertson. We hope that we will be well behaved under your chairmanship.

I take the hon. Lady's points on board, and I will repeat, as if I said them all, the comments that I made in respect of amendment 20. I stress that subsection (2)(c) sets out a complete defence to any particular assertion of wrongdoing, namely the "reasonable excuse for doing the act or engaging in the course of conduct".

The hon. Lady talks about the future. The regulator, who has rightly been much talked about today, is very mindful of the debates in Parliament and of what is said in this place and the other place. I have discussed the ongoing regulation, and the fact that we are going to have to introduce further regulation on these particular clauses and set out the guidance in more detail. I hope that will reassure her that the comments have been taken onboard and that we are not using a sledgehammer to crack a nut.

We all accept that there are grave and serious incidents, such as those that happened with BHS, Carillion and others, but we also want to ensure that the pensions system functions in a fair way. The hon. Lady will also be aware that, as always, all powers are kept under review. It is certainly my hope that we will introduce another pensions Bill before too long. As with any matter, were there to be any disagreement about the implementation, we can always revisit that.

Neil Gray: Obviously we have missed out on the amendments tabled alongside the Institute and Faculty of Actuaries. Between now and Report, will the Minister commit to discussing with some of those stakeholders, such as the IFoA, and with us, to lay out how he can allay the fears of stakeholders, if he cannot allay ours?

Guy Opperman: As always, I am delighted to discuss with anybody. There is no doubt that we have done huge amounts of discussion and engagement already.

My approach would normally be to set out in writing, as a preliminary, what I feel the position is and how we can provide the assurances, and discuss them off the back of that. At any stage, any parliamentarian is perfectly entitled to engage with the regulator and discuss their concerns, because it will be for the regulator to issue the guidance following Parliament passing the Act. I am sure that we can address the point being made.

Question put and agreed to.

Clause 107 accordingly ordered to stand part of the Bill.

Clauses 108 to 116 agreed to.

Schedule 7 agreed to.

Clause 117 ordered to stand part of the Bill.

Schedule 8 agreed to.

Clause 118

QUALIFYING PENSIONS DASHBOARD SERVICE

Guy Opperman: I beg to move amendment 7, in clause 118, page 104, leave out lines 20 to 22.

This amendment would remove a subsection which requires regulations under inserted section 238A of the Pensions Act 2004 to include a requirement excluding facilities for engaging in financial transaction activities from a qualifying pensions dashboard service.

Mr Robertson, may I address Opposition amendments 1, 2, 15, 14, 4 and 5 at the same time, on the strict understanding that, of course, individual votes will occur as and when needed?

The Chair: Is that agreed? Yes. Therefore, with this it will be convenient to discuss the following:

Amendment 1, in clause 118, page 104, line 41, at end insert—

“(5A) In subsection (5)(b), the “state pension information” to be prescribed must include—

- (a) a forecast of the individual’s future state pension entitlement,
- (b) information relating to the individual’s forecasted total income through the State Pension in the ten years following their 60th birthday,
- (c) information relating to the individual’s estimated total income through the State Pension in the ten years following their 60th birthday, had the pensionable age for men and women not been amended under the Pensions Act 2011,
- (d) a statement of the difference between the forecasts in (5A)(b) and (5A)(c).”

This amendment seeks to require the provision through the pensions dashboard service of information relating to the effect on the state pension income expected by those affected by changes to the timetable for equalisation of the state pension age made by the Pensions Act 2011.

Amendment 2, in clause 118, page 104, line 41, at end insert—

“(5A) In subsection (5)(b), the “state pension information” to be prescribed must include—

- (a) a forecast of the individual’s future state pension entitlement,
- (b) an estimate of what the individual’s future state pension entitlement would have been if the “triple lock” had not been implemented in 2011/2012 and that entitlement had instead increased in line with the minimum amount which could have been provided for each year in draft orders laid before Parliament under section 150A of the Social Security Administration Act 1992,
- (c) a statement of the difference between the forecasts in (5A)(a) and (5A)(b).

(5B) In subsection (5A), “triple lock” means the policy of uprating the basic State Pension, the additional State Pension and the new State Pension by the highest of—

- (a) the increase in average earnings,
- (b) the Consumer Prices Index (CPI), or
- (c) 2.5%.”

This amendment seeks to require the provision through the pensions dashboard service of information relating to the effect of the “triple lock” on state pension forecasts.

Amendment 15, in clause 118, page 104, line 41, at end insert—

“(5A) In subsection (5)(b), the “state pension information” to be prescribed must include the individual’s State Pension age and any changes to State Pension age affecting that person made under the Pension Act 1995 or any subsequent legislation.”

This amendment would ensure that an individual’s State Pension age (and any recent changes to that age) are clearly displayed on the dashboard.

Amendment 14, in clause 118, page 104, line 41, at end insert—

“(5A) Requirements prescribed under subsection (2) must include a requirement to provide information relating to the performance of pension schemes against environmental, social and corporate governance targets.”

This amendment would add information on environmental, social and corporate governance targets to the list of information displayed on the dashboard.

Amendment 4, in clause 118, page 105, line 20, at end insert—

“(6A) A requirement under subsection (6)(d) may require the provider of a pensions dashboard service to ensure that the needs of people in vulnerable circumstances, including but not exclusively—

- (a) persons who suffer long-term sickness or disability,
- (b) carers,
- (c) persons on low incomes, and
- (d) recipients of benefits,

are met and that resources are allocated in such a way as to allow specially trained advisers and guidance to be made available to them.”

This amendment would require that specially trained advisers and guidance are made available to people in vulnerable circumstances and would provide an indicative list of what vulnerable circumstances should include.

Amendment 5, in clause 118, page 105, line 20, at end insert—

“(6A) A requirement under subsection (6)(d) may require the provider of a pensions dashboard service to communicate to an individual using the dashboard the difference between—

- (a) provision of information,
- (b) provision of guidance, and
- (c) provision of advice.”

This amendment would require the provider of a pensions dashboard service to ensure that users are made aware of the differences between “information”, “guidance” and “advice”.

Guy Opperman: I am delighted to speak to clause 118, which I accept is a matter for debate. It relates to the pensions dashboard, which has been the product of a huge amount of work thus far to get it to this stage. The clause gives the Secretary of State legislative powers in relation to England, Wales and Scotland to create a set of requirements that pensions dashboard providers must meet in order to be considered a qualifying pensions dashboard service.

Only qualifying pensions dashboard services will be allowed access the approved infrastructure, providing pensions information to consumers. These requirements

[Guy Opperman]

may include what information is provided and the circumstances in which it must be provided. They may also include requirements relating to data security, identity verification and standards, ensuring that the information shown to the individual is accurate, secure and consistent across all dashboard providers. This information may cover state, occupational and personal pensions. The pensions dashboard will bring together an individual's savings from multiple pensions, including their state pension, online and in one place. Clause 118 defines the service itself and provides powers to set the standards required of a qualifying dashboard service.

The provisions are complicated and extensive, but I will try to explain how data flows will be dealt with, because we have frequently been asked, particularly on Second Reading, how data will move through the pensions dashboard infrastructure and how an individual can access that data. The first step will be an individual logging on to their choice of dashboard. If that is the first time they have used the dashboard, the next step will be to verify their identity. Once their identity has been verified, information will pass from the pension finder service to connected pension schemes, asking them to match the individual's information. If the pension scheme finds a match, it will confirm that to the pension finder service and then respond to the individual via their chosen dashboard that it holds some data for them. When the individual next logs on to their dashboard, the information from the pension scheme will be viewable by the individual.

The best analogy for how that information becomes viewable on a dashboard is probably the cashpoint idea. Whatever cashpoint individuals use, they can view the current balance of their account on the screen. However, the operator of the cashpoint is not able to see that information, as it is encrypted and only unlocked in combination with one's cash card and a personal identification number. Dashboards will operate in a similar way. The information will be shown on screen but will not be viewable or collected by the organisation delivering the dashboard. The decryption of the data will happen only after an individual has logged in and asked to have the data presented. I should note that an individual can give delegated access to their information to an independent financial adviser or under Money and Pensions Service guidelines. This delegated access is time-limited and can be revoked at any point.

That is a broad outline of the provisions and what we are trying to do with the dashboard. Self-evidently, this project has been many years in the making. It is supported by industry and by consumer groups across the country. It is also a logistical challenge on an epic level, with nearly 40,000 schemes having to operate and provide data in a suitable format so that it can all be accessed. It is with regret that the Government are having to legislate to force providers to provide the data. I would have preferred the industry to have done this itself, but it is unquestionably the case that we now have to compel it to provide the data. It is quite clear that we also have to regulate this process.

Progress of this particular part of the legislation includes the amendment to clause 118, inserted by their lordships, in respect of financial transactions. The Government resist this amendment and will seek to

overturn it. There are many reasons why this is not an appropriate way forward, but we strongly believe that the fundamental reason is that prescribing and preventing financial transactions both misunderstands what a dashboard is intended to be and would place undue restrictions on what it can do. While a dashboard will initially provide a simple find-and-view service, we expect dashboard functionality to evolve over time. We want to allow for innovations that could give members more control over their pension savings, which is why it is vital that we do not, at this stage, limit the future capabilities of the system. That applies to a number of different amendments that we will deal with.

New regulations on activity will ensure that dashboard providers will be subject to a robust regime, including Financial Conduct Authority authorisation and supervision. We want to make dashboards easily accessible for members of different ages and with different priorities and preferences for viewing their pension savings.

The practical reality is that if financial transactions were prevented, the idea of consolidation, for example, would be exceptionally hard to progress with. All aspects of greater understanding of a larger or lower contribution, and any aspect that required any financial aspect to it, would be prevented. It is certainly not something that we would support at this stage.

2.15 pm

In support of that, I pray in aid the comments of the No. 1 consumer organisation, Which?, which submitted a briefing on Second Reading that addressed the Government's amendment on this point and subsequent Government amendments. It supported the Government's position, as opposed to the amendment put forward by the House of Lords, stating: "From the most recent amending stages in the House of Lords, amendments 52 and 63 are the most complex for us. Whilst we support the sentiment of both amendments, we do not want to see bad outcomes for consumers, which could happen if they are exploited through commercial dashboards and/or being able to transact with platforms. But we do not agree that the introduction of commercial dashboards should be delayed, or that the transactions should be banned."

It expands and goes on to say: "Which? agrees that there is a need to protect consumers from the risk of commercial dashboards and from bad outcomes from transactions through the dashboard. However, this must be done via the introduction of consumer protections and regulatory oversight rather than a blanket ban. For example, we believe that the pensions industry should be required and enabled to take on greater responsibility for vetting pension transfers and pension liberation requests and alerting law enforcement and regulators."

We will come to clause 125 and the provisions that we are setting forward at a later stage.

Harriett Baldwin (West Worcestershire) (Con): The Minister is making a powerful case for rejecting the approach that was taken in the other place. Could he elaborate on the costs of this platform, and who ultimately will pay for building a pensions dashboard?

Guy Opperman: The costs are substantial. There are a variety of ways in which this is being paid for, but first and foremost, it will not be paid for by the individual.

Our constituents will be able to access the dashboard, and the facility that we are creating, for free. My hon. Friend will have to forgive me for giving a generalised answer, because I cannot give the pounds, shillings and pence now, but I will be happy to do so in writing before Report.

The cost is fundamentally met in respect of the work on state pension; there was a budget announcement many years ago for the expensive work that is required by Her Majesty's Revenue and Customs to provide the state pension provision as part of the dashboard, as it is our intention that state pensions will be part of this from day one. I believe that £5 million was set aside to pay for that part.

There is ongoing payment for the Money and Pensions Service, which is through a variety of means. Some is from Treasury funding, but it is paid for primarily through the pension levy, which pays for a variety of things in the usual way, from the regulator to the Pension Protection Fund and the Money and Pensions Service. Ultimately, the cost is borne by individual schemes and members, but not by the individual constituent accessing the dashboard—it is not expected in any way that there should be a cost for doing that.

It is clearly our intention and desire that a commercial dashboard should be available. That leads me to a point that I will come back to in more detail: do we go to where the customer is, or do we make the customer come to us? In this particular example, we strongly believe that we should go to where the customer is.

It is entirely right that we design a system with a data portal that could in no way be utilised for bad purposes, but that could be accessed by an individual, whether they are presently with Aviva, PensionBee or another organisation. They can then work with a particular independent financial advisor—whether my hon. Friend the Member for Delyn in a former life or other independent financial advisors—who would have to be specifically approved to do this work. They already have a relationship with those people and they are already in the position of having an understanding. If we do not have that commercial capability, we will lose out on a significant chunk of the market and there will be a significant deficit in the ability of what we all believe is a great idea to have a practical effect. That is the fundamental point in respect of costs. I am happy to give my hon. Friend the Member for West Worcestershire a detailed breakdown before Report and Third Reading.

I may return to Government amendment 7 but I shall first try to address amendments 1, 2 and 15 on the state pension. I am certain that I will be invited to comment on a variety of matters relating to the women's state pension increase, but my only comment at the outset is that it is not the Government's intention to amend the Pensions Acts of 1995, 2007, 2008 or 2011. We intend that the state pension will be part of the original provision of the dashboard. We are working with HMRC, which is responsible for that information, so that we can identify the date of state pension age and the amount that people might be expected to receive at the present stage. We do not intend to take into account what their entitlement would have been with or without the amendments to the 2011 Act, as proposed in amendment 1, or what it would have been with or without the benefit of the triple lock, as proposed in amendment 2, or in respect of the 1995 Act, as proposed in amendment 15.

I am sure that I will be tempted to cast a view on the future of the triple lock, but I am delighted to say that that is a matter for the Chancellor. As we discussed in the Social Security (Up-rating of Benefits) Bill, the decision has been made in respect of the upcoming year of 2021-22, and that is the extent of the matter at present.

Amendment 14 concerns the extent to which the dashboard should add information on environmental, social and corporate governance matters. I am delighted to have been the Minister who brought ESG into part of this country's pensions system and drove forward change in the pension and asset management systems, with due credit to Chris Woolard and the Financial Conduct Authority for changing their original views and coming on board with our timetable. I am utterly in support of the principle of ESG and of ensuring that individuals have as much information, on a long-term basis, about what their pension fund is being invested in. However, I shall resist the amendment for several reasons.

First, we intend that the dashboard should start with simple information. We want to ensure that the information available in the dashboard service is easily understood by consumers and that the impact on user behaviour is considered. Trustees must have a policy on ESG and must disclose it in any event, but we do not think that the provision of that information should be prescribed in the Bill, and nor do I want to prejudice the pensions dashboard programme consultation, which began earlier this year, about what information could be shown. The consultation specifically includes signposting users to schemes' statements of investment principles and implementation documentation, including information on schemes' ESG policies and work. The programme will publish an initial version of a proposal for data standards by the end of the year, and we will respond in respect of what specific information will flow from that at a later stage.

Amendments 4 and 5 in the name of the hon. Member for Airdrie and Shotts deal with people in vulnerable circumstances. Although I applaud the principles behind them, the matter is slightly more complicated than the amendments necessarily make it appear. I am happy to explain in more detail at a later stage, but it starts with the fundamental principle that the Money and Pensions Service, which oversees the dashboard programme, has a statutory objective to ensure that information and guidance is available to those most in need of it, bearing in mind in particular the needs of people in vulnerable circumstances. It must have regard to that in the development of pensions dashboards.

The pensions dashboard programme usability working group—a catchy title, I accept—will explore how best to help users to understand the information being presented to them and where they can get more help, including those who are most vulnerable. That could include making recommendations about mandatory signposting to guidance and/or advice. Money and Pensions Service guiders are trained to recognise that some customers may need additional or different types of help.

The Financial Conduct Authority will seek to introduce a new regulated activity and amend the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, consulting on rules relating to that activity. That may also include a requirement to signpost users to guidance

[Guy Opperman]

and to provide information about how to find regulated financial advice. We believe that the best way to do that is through the FCA rules and not in the Bill.

I will make two other points on the vulnerability issue. The Department for Work and Pensions, the FCA and the Money and Pensions Service all have a duty to comply with the public sector equality duty in section 149 of the Equality Act 2010. Although dashboard providers will be regulated, there has also been a recent consultation on guidance on the fair treatment of vulnerable consumers, and that will be responded to in guidance published by the FCA either later this year or in early 2021.

My final comment on the proposals on vulnerable individuals would be on the potential difficulty where, as I explained a dashboard is merely a find-and-view service. Were the amendments taken to their ultimate conclusion, they would require a pension scheme to make further inquiry of the individual themselves before the release of the information. I fear that the practical reality of that in a find-and-view service of this nature is neither appropriate nor in the best interests of all parties. I entirely accept the principle behind the amendments, but I believe that we may be able to navigate the problem in an alternative way.

Seema Malhotra: I am grateful to have the opportunity to respond to the Minister, and I thank him for those detailed remarks. I wish to speak against amendment 7, and I will lay out my arguments, and to speak to our amendments 15 and 14 and the reasons why we tabled them. I do not intend to push them to a vote, but we will listen to what the Minister has to say.

It is disappointing to see the Government row back on the positive progress on commercial transactions that was made in the Lords. A serious concern of ours, which was raised in the other place, is that the introduction of commercial dashboards paired with the ability to engage in commercial transaction activities would make it easier for savers to be encouraged into detrimental pensions decisions and inappropriate products.

2.30 pm

The Minister will not need persuading of the risks that savers currently face. Scammers prey on the uncertainty and fear now felt by many about the potential impact of coronavirus on their pension pots and about the challenges that children and grandchildren may face. As Baroness Drake pointed out in the Lords,

“The impact of scams, mis-selling, provider nudging and poor decision-making could increase if an individual’s total savings are displayed in one place, the dashboard allows financial transactions, and the wrap of consumer protection is not fit for purpose. For some vulnerable customers, poor decisions could be more costly if the impact is across all their savings, and if people are scammed, they could be scammed out of everything.”—[*Official Report, House of Lords*, 30 June 2020; Vol. 804, c. 647.]

Previous pension scandals, such as the mis-selling of pensions in the 1980s and the defined-benefit transfers after 2015, show the dangers of opening up the market before appropriate safeguards are in place. The Treasury’s July 2014 consultation on pension freedoms expected only a small number of additional requests for DB transfers. The Treasury predicted that the reforms would stimulate innovation and competition, but we also saw innovation from scammers. In 2018, the Work and Pensions Committee

detailed the activity of vultures who attracted British Steel workers to transfer their pensions by providing sausage and chips lunches. In February 2020, almost six years after the reforms, the FCA said that product sales data indicated that

“a substantial volume of assets continues to move from DB schemes into the non-workplace market.”

It also said that

“Unsuitable DB-DC transfers remain a significant source of harm”,

and

“could, collectively, result in losses of up to £20 billion worth of guarantees over 5 years.”

Going back 34 years to the Social Security Act 1986, the Secretary of State for Social Services said that changes to rules for personal pensions

“will not only give the public a wider choice and a greater say in how their savings are invested; it will also increase competition between providers of pensions, to the benefit of the consumer.”—[*Official Report*, 26 January 1986; Vol. 90, c. 820.]

The result of those changes was an £11.8 billion pensions mis-selling scandal.

Labour’s view is simply that this move is too great a risk. The Government should take a greater role in protecting individuals from potentially catastrophic decisions that cannot be reversed, and should provide further clarity on that point. We want clarification on whether the Government intend ever to allow transactions on the dashboards—the Minister’s remarks on that point were not completely clear. If they do, what protections are planned for consumers to avoid risks of the kind that I have set out; and if they do not, why do the Government want to remove new section 238A(3) of the Pensions Act 2004, inserted by clause 118(2), which makes that position clear in the Bill?

Amendment 15 is about the state pension age. The Minister mentioned that he would expect the state pension age and the details of the state pension to be on the dashboard. Our amendment seeks to include the state pension age and any changes made to the state pension age under the Pensions Act 1995 or any subsequent legislation that affect the person. The Minister ruled that out in his earlier comments, but I want to put some of our points on the record, as we may indeed come back to this.

Amendment 15 is intended to help people to access and understand information relating to their state pension age, and is motivated by concern about the way that women have been affected by state pension age changes and the way they have been treated by the Government. Recent research by Labour found that almost 15,000 women over the age of 65 are claiming universal credit. That number may well be higher now, because of the coronavirus crisis. Labour believes that the Government should consider immediate action to support that group. We have made a number of asks of the Government to prevent people falling through these gaps during this crisis, but it is unacceptable that the ’50s women have been forgotten by the Conservative Government both within the crisis and out. Under a Labour Government, that would never be allowed to happen.

The amendment is aimed at helping people to access clear information about their state pension age. Many women will be shocked to find out that they will retire later than they had expected to, often destroying plans

that they had and causing considerable injustice and hardship. I am sure the Minister has been approached by women affected, just as I and colleagues across the House have been. Poor communication and administration of the changes has made matters much worse. By providing retirement age information in a clear fashion, the amendment would give women and men the proper time to prepare for retirement, give them transparency as to their own finances, and allow them to get help when they need it in a clearer way.

Amendment 14 deals with ESG information. I thank the Minister for his remarks; I know of his commitment to this agenda and the work that he has done. The amendment follows on from the fantastic progress made in the Lords on the role of pensions investments in tackling climate change. Indeed, when the Bill was first published by the Government, it included no reference to climate change. Working across parties, Labour was able to secure a Government consultation on how recommendations from the Taskforce on Climate-related Financial Disclosure relate to pension schemes, and for it to be completed within one year.

Guy Opperman: I am certain that the hon. Lady does not want to make an issue of this, but does she not accept that it was the Conservative Government who sat down over Christmas and amended the Bill specifically to address TCFD recommendations and to include climate change in the Bill? We added a new clause on climate change. I totally accept that Labour colleagues worked on a cross-party basis to do that, but it would be wrong to say anything other than that the Government started the process to ensure that climate change was in the Bill and that the TCFD was part of it, and we are doing a consultation on the implications of it. I am sure she does not want to mislead the Committee on that.

Seema Malhotra: Indeed, I acknowledged in my opening remarks the Minister's commitment to this agenda. He has also acknowledged Labour's working with the Government on this agenda, but also helping to secure the amendments that have led to the new subsections in the Bill. The amendments require trustees and managers to take into account the Paris agreement and domestic climate targets in the overall governance, and disclosure of climate change risk and opportunities. It is a credit to the way in which we have proceeded on this agenda that for the first time climate change has featured in domestic pensions legislation.

The amendment would build on the commitments by providing information relating to the scheme's performance against environmental, social, and corporate governance targets, adding to the list of information on the dashboard and empowering individuals to better understand the role their savings play in tackling climate change and achieving other social and environmental goals. We are aware that the Government intend to keep the dashboard simple at first—indeed, the Minister commented on that in his opening remarks—but we note that Baroness Stedman-Scott said in the other place:

“We are very interested in how dashboards can support and increase engagement, including whether information on areas such as ESG, which trustees are required to cover as part of their disclosure obligations, may be incorporated into the dashboards. This is to be informed by user testing and may evolve over time.”—*[Official Report, House of Lords, 26 February 2020; Vol. 802, c. GC163.]*

I know that the Minister has had further conversations on this issue. He also referred to the ongoing consultation about what could be on the dashboard. However, I hope that he will be able to confirm that that is something he hopes to implement as the dashboard is developed further.

Neil Gray: It is a pleasure to serve under your chairmanship, Mr Robertson, during this important part of the Committee's deliberations. Like the shadow Minister, Scottish National party Members are concerned about Government amendment 7. We strongly support the premise of a pensions dashboard and hope that allowing people greater access to information about their pensions will encourage informed choices that ensure long-term savings and investments that provide dignity in retirement. However, we are concerned that the Government amendments to this section of the Bill will mean that the creation of the MaPS dashboard could be a missed opportunity.

Amendment 7 is a case in point. It would allow commercial dashboards to facilitate financial transactions, which we feel is a mistake and is a big reason why we want a lead-in period before commercial dashboards become operational. We feel that the impartial information that we want the MaPS dashboard to provide should be entirely separate from transactions, at least to begin with. That position is supported by the Pensions and Lifetime Savings Association, for all the reasons outlined by the shadow Minister.

Providing digital platforms to bring together a person's savings landscape is a huge step forward, but exposing that information to marketing and commercialisation will remove the power of the saver to access information that is presented impartially and without commercial motive and hand it to organisations that will encourage individuals to take big decisions about potentially their largest financial asset. As the shadow Minister said, it could also make people vulnerable to scammers.

The UK Government appear not to have learned from the oft-worn problems associated with pension freedoms. Customer satisfaction in Pension Wise is high, and its evaluation score published last month makes for good reading, yet only 14% of all pension pots accessed—not people who access their pots, but pots accessed—were accessed after receiving guidance from Pension Wise. The House of Commons Library report earlier this summer highlighted that, as a result of pension freedoms, more people were choosing to shift their savings from secure defined-benefit schemes to riskier defined-contribution schemes, and a large proportion of those drawing down their pension were doing so without seeking advice or guidance. That is likely to be exacerbated if commercial dashboards are allowed to contain financial transactions. We think that is really risky. Allowing financial transactions to take place on the dashboard without having first assessed and accounted for the risks is clearly a recipe for trouble, and I urge the Government to reconsider.

We want the dashboard to provide as much information as possible for savers, which is why we tabled amendments 1, 2, 4 and 5 and support amendments 14 and 15, tabled by the Labour Front Benchers. These amendments seek to add information relating to a person's state pension to the dashboard, ensuring that the impact of policy changes can be tracked by savers. Amendment 1 would

[Neil Gray]

show the detriment suffered by 1950s-born women. The Bill's scope to provide more meaningful help and support to women born in the 1950s, who have seen their state pension age increase with little or, in some cases, no notice, is extremely limited. We have been clear and consistent in our support for women born in the 1950s. We want the Government to carry out a full impact assessment of the detriment suffered by them from various changes, and to use that to inform payments to be made to them. However, these amendments are as far as the Bill's scope allows us to go. They would give these women more information about how the state pension changes have affected them. They would also act as a strong deterrent against this type of mishandled policy change happening again.

Public dashboards should be as clever as possible, to account for complexity in individual circumstances and to more accurately project lifetime savings. That view is shared by some of those who have provided evidence to the Committee, including the Institute and Faculty of Actuaries and the Pensions and Lifetime Savings Association. Therefore, the SNP has tabled amendments to mandate specific information on the dashboard.

2.45 pm

Amendment 2 would mandate information on the effect of the triple lock on state pension forecasts. The triple lock is a vital guarantee for our pensioners, and the SNP wants a clear commitment from the UK Government to its being maintained in the future. The Minister's response to the amendment will give a clear indication of the UK Government's policy agenda with regard to the triple lock. I can understand the Minister hesitating and not wanting to show where the women's state pension has suffered detriment and where it would have been without the various changes—with varying levels of notice, ranging from some to none—as that would highlight the significant detriment that has been incurred, but maintaining the triple lock has been an undoubted positive, so I can only imagine that the Government would not want this information to be shown because they do not have a long-term commitment to the triple lock.

Our amendments 4 and 5 seek to tie up some loose ends left by pension freedoms and the creation of MaPS. We need strong consumer protection to ensure that people get the most out of their savings. The UK Government failed to ensure that when they introduced pension freedoms, but we hope that they have now learned their lesson. The SNP has tabled amendment 4 to require that specially trained advisers and guidance are made available to people in vulnerable circumstances, including, but not limited to, persons who suffer long-term sickness or disability, carers, persons on low incomes and recipients of benefits. Those types of circumstances can have a significant impact on people's finances and long-term savings plans. It is also the case that people in difficult financial circumstances may be more likely to utilise new pension freedoms, but at a cost to their long-term pensions saving. It is clear that the UK Government had not put in place for older people opting to free up funds adequate safeguards to ensure that they would not end up in a desperate financial situation later. That was highlighted by the Library report from the summer that I have talked about.

Those with less money are more vulnerable to economic shocks in their personal finances, as well as being potentially more vulnerable to scammers who give misleading or false advice for a fee. Additionally, being a carer or disabled can incur extra lifestyle costs. Specially trained advisers and resources must make up part of the new body, so that people can have confidence in its ability to support those in vulnerable circumstances.

The SNP has tabled amendment 5 to ensure that customers using the pensions dashboard are made aware of the differences between “information”, “guidance” and “advice”. Guidance, information and advice are very different things. People expecting advice as to what route to take may be disappointed to receive only various pieces of information. Likewise, there may be issues about exactly what the body is allowed to advise and to what extent it is able to advise on options available. It is a simple amendment, but we feel that it would be extremely helpful in taking this issue forward.

I accept that there are some complexities, a number of which the Minister outlined, in addressing vulnerable customers under amendment 4, but I do not accept that nothing further can be done here. I hope that the Government, agreeing with the premise of our amendment, might want to look again at whether something can be done on Report. I am not clear on why the issue addressed in amendment 5 should not be dealt with in the Bill and why people cannot be signposted to information regarding “advice”, “guidance” and “information” on the dashboard. Why should we hope that people will be able to find it elsewhere when we could use the opportunity of the dashboard to provide that information up front?

We support amendment 14, which would provide greater information to consumers regarding

“the performance of pension schemes against environmental, social and corporate governance targets.”

That would build on the success of the Labour Lords in leading the Government to amend the Bill in the House of Lords with regard to other areas of environmental and climate change reporting. We also support amendment 15, which seeks to add to the dashboard a person's pension age and any related information regarding recent changes.

Rob Roberts (Delyn) (Con): It is a pleasure to be able to speak to clause 118 and discuss the related amendments. I am delighted finally to be here. I am sure that my hon. Friend the Minister will not thank me for pointing out that it was the Budget speech in 2016 that said that we would have a fully functioning dashboard by 2019. We got there in the end, or we are getting there in the end. I am delighted that we are making progress.

It is very important for everyone to remember—I failed to do so and have caused a lot of hair pulling for the Minister and his team over the last few weeks—that the Bill seeks to lay out the foundation, the framework, for the data standards that will be adopted and is not necessarily about getting bogged down in the minutiae of what the dashboard will look like in the end and the final functionality of it. We live in an information age. The watchwords of both the Pensions Regulator and the Financial Conduct Authority for at least the last decade have been all about informed decisions. Pensions are a vital part of anyone's life and they need to catch up with the rest of the world. We risk non-engagement

from this and future generations if we cannot give them the information that they want in the manner in which they want it.

Auto-enrolment has been an amazing thing and has seen millions more people saving in pensions. We have a complacency risk coming down the line; people think that where we are with auto-enrolment is going to be sufficient to get them the retirement they dream of. We run the risk of that not necessarily always being the case, but that is another story for another day.

Auto-enrolment has led to multiple pots over many people's working lives. How do we track those? How do we service them? How do we maximise their value? How difficult is it now for consumers to be able to look at all of those different pots and understand how they relate to each other and what that is going to mean for them at the end of the day?

I was delighted that about six weeks ago the Minister put in place a small pots working group, which will be very useful in understanding where to go in relation to small pots. There are currently 8 million or so in the UK, with the expectation that by 2035 that will have gone up to around 27 million. It is a huge issue that needs addressing. The biggest problem with small pots is their erosion over time due to the effect of charges. We definitely need to address that issue in some way.

On the amendments, I start with Government amendment 7. The ability to conduct transactions is not inherently bad and there are already safeguards in regulations. To rule out every type of transaction in primary legislation feels heavy-handed.

In Committee in the Lords, Earl Howe said:

"It is of course very important that individuals access advice and guidance before making decisions on undertaking significant pensions transactions."—[*Official Report, House of Lords, 2 March 2020; Vol. 802, c. GC207.*]

I completely agree with the noble Earl. The regulations are in place around what is significant; it is the word "significant" that is key. There is no need to rule out everything in primary legislation. Why go to all the trouble of informing people about what they have got, if we do not give them any means of interacting with it?

Financial transactions could be to increase or decrease a contribution level or make a one-off lump sum payment. How empowering it would be for the consumer to be able to do that and look, in real time, at the impact of those changes on the end result. We must not restrict the ability to make any transactions; regulations around what transactions should be allowed are already there and will undoubtedly be strengthened in further regulations down the line.

Talk about people losing the safeguards around DB schemes or being moved into DC are wildly off the mark. That cannot be done now, so why on earth would anyone be able to do it just because we change from paper transactions to making transactions through the dashboard? We do not allow it now; why would we allow it in future? It is a ludicrous and scaremongering suggestion, and I do not like it.

Amendments 1, 2 and 15 are not relevant. The dashboard should show what people are going to get, not what they would have got if the rules were different or they had not changed or the Government had not changed this or that policy. It is supposed to be an accurate picture of what someone is actually going to get, at

that time. Seeing multiple sets of figures, only one of which is correct and actually relevant to what they are going to get, would just cause confusion for the consumer.

Unfortunately, as many people have let out of the bag, the amendment on the state pension age and the WASPI women in particular was tabled specifically to highlight a campaign issue and the unfairness of a Government policy decision. It cannot be good law and it will create a horrible precedent, however well-meaning the amendment might be, to put such provisions in primary legislation. I hesitate to say it, but it feels a little like tabling amendments to incite dissatisfaction in previous Government policy, but I am sure that hon. Members would never seek to do that.

The Minister said in his opening remarks everything that I had written down on amendments 4 and 5. I found amendment 14 very interesting. People who are concerned with environmental, social and corporate governance targets will always seek them out, and always have done. We do not need to force that information on people who do not want it. Believe it or not, plenty of people think that their pension is something to provide them with an income in retirement, not necessarily a tool to solve the ills of society.

There are consumers who want that level of detail, and they will undoubtedly be able to select the dashboard provider that meets their needs and gives them all the information that they want, but there is no need to make that happen in primary legislation because the market will work itself out and the people who want that information will be able to access it via other providers.

Seema Malhotra: I understand that the hon. Member is concerned about the provision of information, but can he see a downside to it being there?

Rob Roberts: No, but I also do not see a downside to lots of other types of information being there, so why this type and not others? The purpose of primary legislation should not necessarily be to say all the things that should be there. Lots of things potentially should be there, but that does not mean that they have to be there, and prescribing that they must be there does not really fit in.

Seema Malhotra: I understand that, but the information is designed to assist in decision making, and may be helpful for those who are reviewing their pensions. In the context of much change across society and concern about such issues, does the hon. Member agree that that information may be helpful to those who want to base decisions on ESG information, and has no downside for those who do not?

Rob Roberts: That may be, but as I mentioned earlier, it muddies the waters. If people want to access that information, there is a slew of providers out there. If they want the one that provides the most ESG information, they will gravitate towards it. We do not need to override the general public's ability to make an informed choice by legislating to make it happen. As I mentioned earlier, "informed choices" are the big words. The ability to go that way should be entirely left in the hands of the consumer.

[Rob Roberts]

As I said, the Minister mentioned everything that I wanted to on amendments 4 and 5, but I reiterate that I am very happy to see the pensions dashboard finally taking a few steps closer towards completion. Hopefully the clause will stand part of the Bill.

Ms Angela Eagle (Wallasey) (Lab): It is a pleasure to see you in the Chair this afternoon, Mr Robertson, after the dynamic chairing from your colleague this morning; we made a lot of progress. I will make some observations about dashboards, and talk particularly about Government amendment 7, which, as colleagues know, removes the Drake amendment that was added in the other place. However, I will first comment on how potentially beneficial a good working pensions dashboard coming into existence would be for many millions of pensioners looking to plan for their retirement.

Many of us who have been involved in pensions policy making—in Opposition, in Government or both—know that the holy grails in this area are: first, to get people to think about pension saving in the first place; secondly, to get people, especially when they are younger, to think that they may ever reach retirement age, and to start planning for what their income might be when they get there; and thirdly, having established from a young age that interest in considering what their income will be when they are older and in setting money aside to ensure that they have a secure income, to ask them to navigate the current pensions landscape in the UK, which is asking an awful lot of most of our citizens, because it is extremely complicated and changes over time. We have the confluence of many different sorts of pension availability, from the much more effective DB schemes, which used to be more common but in which 10 million people still have savings, it has to be pointed out, to the evolving and developing DC and individual savings schemes.

3 pm

One feature of the entire pensions industry, apart from its complexity, and in many ways its lack of transparency, is that a lot of hidden charges eat away at people's pension entitlements when they finally retire. Of course, once they get to retirement, by definition, their chances of putting more money away to make sure that they have a secure retirement have gone, so the aim of a pensions dashboard is to somehow chart a way through the jungle of different sorts of pension schemes, entitlements and payments so that an interested individual—we already know that there are not enough of those—has a sensible chance of being able to look at something like this and understanding the advantages that setting more money aside from their current income might give them when they come to retire.

That seems such a simple thing to want to achieve, but because of the complexity and the nature of the systems that we have and the way they are put together—the kind of industry and suppliers we have—it is difficult. I suspect that being able to deliver a pensions dashboard that somehow fits across all these systems and is coherent, even at a sensible level, will be a gigantic undertaking. The Minister gave some hint of the massive paddling that the duck is doing below the surface as it serenely floats towards the launch of pensions dashboards. As an ex-pensions Minister, I can only imagine the connections he has been trying to make below that surface.

One of the most important things that we need to do to ensure the successful launch of pensions dashboards is to keep them as simple as possible in the initial stages, and also to try to establish the brand of dashboard at the beginning, so that consumers get used to the idea that there is something out there that they can plug into to get decent, reliable and timely explanations of what they have put into the various systems and what that is likely to give them when they retire. I find it difficult to understand the Government's hostility to Baroness Drake's modest amendment, which proposes that the Money and Pensions Service dashboard—which is not commercial and is objective—should be in place for a year before other dashboards might follow. It establishes the idea that the issue of timing should be taken into consideration in the evolution of dashboards.

Obviously, Baroness Drake's amendment would ban the commercial transactions associated with some of the commercial dashboards that we know will be offered in due course. I understand the reasons she gave for that. Making it easier to transfer money out of a pension, at the click of a button, is probably not a good idea given that, once the money has been transferred, it is very difficult to get it back—and nor can those years of contributions be put back in.

This is an area where pension freedoms, and some of the problems that have come from them, have impinged on the good intentions of the dashboard. The pensions most at risk from pension freedom scams—we will get on to this in later parts of the Bill—are defined-benefit schemes, where much greater amounts of money are there to be taken by the sharks. Over time, as the Minister knows, people's pots will build up, especially with the creation of CDCs as well as DC schemes, and the nasty sharks who are out to perpetrate grand larceny on people's pensions—I am talking about criminals rather than the industry—will increasingly focus on them. Although this might not be a huge issue at the moment—opting in and the DC schemes created by auto-enrolment are only just beginning to build up—it will, over time, become increasingly attractive for con artists.

I believe that Baroness Drake's amendment was a good compromise. I understand the arguments about putting it in primary legislation, because when things are put in primary legislation, that tends to make it harder for them to evolve. I accept that point. However, in his reply to this debate on pensions dashboards, might the Minister explain why he thinks that having the sudden appearance of multiple commercial dashboards all at once—before the concept has properly been bedded in and people understand it—is actually a good thing? Over many years, the industry has been made far too complex by these kinds of things. Perhaps it would be a good idea to sequence, far more than the Minister suggested, the creation of the MaPS dashboard to begin with, and then, over time, to allow other dashboards to be created.

Could the Minister also say more about how he sees the consumer protection regime, which is a very important part of this, fitting in with the evolution and introduction of pensions dashboards, especially if he continues to insist on some commercial dashboards having a transactional capacity? I can understand that we might want to think about that in a few years' time, when consumers are more sophisticated, but I worry about introducing it all at once. I am very interested to hear what the Minister has to say in his reply.

Guy Opperman: It has been a while since I have been compared to a duck, but I know there was a compliment buried in the comments about the depth of the swimming I am doing to try to persuade the Committee. Let me be blunt about the Herculean nature of the task: there are 40,000-plus schemes to be created, with a common dataset to be agreed and then made capable, plus all of the information from state pensions. While I revere everything that the former Chancellor George Osborne did—clearly, there were many great qualities that the great man had—it was a little optimistic of him, by anybody’s interpretation, to say in 2016 that this would be produced by 2019. He also anticipated greater engagement by industry and that it would lead the way. I do not wish to have a dig at industry, but the only reason we are mandating this process is that, while we always have to add regulatory guidance, the industry did not take the opportunity it had to embrace it.

I repeat the point I have made on many occasions, both in this House and outside it, to various industry organisations: it is for the industry to prepare—this relates to the point raised by my hon. Friend the Member for West Worcestershire—its data appropriately, in such a way that it is dashboard compliant on an ongoing basis. I make the strong point that failure to do so will have consequences for the individual organisations, and will clearly have consequences for our constituents, who would not be able to access that particular data.

My hon. Friend the Member for Delyn made a fair point about the small pots problem, which the Chair of the Work and Pensions Committee and I have discussed in private and also debated in broad terms in public. Both of us remain concerned that there is a proliferation of pots, that costs and charges implications apply, as the hon. Member for Wallasey outlined, and that solutions need to be found. We are coming together—including the Work and Pensions Committee—to try to find those solutions. Clearly, one solution would involve consolidation, whether on the basis of ability to take small pots that have been eaten up by costs and charges, or on the basis that one is absolutely passionate about a particular ESG issue and wishes to consolidate around an ESG provider. All of those things would be prevented if I were to allow this amendment to continue. I have great respect for the guru of all pensions matters, Baroness Drake, who I have engaged with at length over the last couple of years. However, I believe she is mistaken in her approach to this, and I do not wish to rule out the capability for financial transactions.

If I have not been clear previously, I make it clear now—as the hon. Member for Wallasey invited me to do—that the original product of the pensions dashboard will be simple. It will be a simple find and view service that will then be built on and overlaid as time goes on, not least because not all particular providers will be on board from the word go. I could wait and wait, and then have a big bang moment whereby every single provider was ready and everything was done. Alternatively, the MaPS can start and other organisations slowly but surely come on board and the process is rolled out as it goes forward. I certainly do not believe that we should rule out the issue of financial transaction.

Neil Gray: Will the Minister give way?

Guy Opperman: Let me finish the point and then I will give way. On the specific amendment inserted by their lordships, it is unclear what activities would be

considered financial transactions. The advice I have been given is that the amendment is very widely drawn and would require new primary legislation before such activities could be commenced in the future. Obviously, while pension Bills are like buses—we wait for ages for one to come along and then do two in a month—I do not anticipate one coming along in a great hurry, though I hope there is another one before the close of this Parliament. However, we definitely assume that this would cover consolidation of pots, transfers between providers, and potentially the raising or lowering of one’s contributions to an individual pension. In those circumstances, it would be utterly illogical, given all the other comments that we are making about the desirability of such an approach, to rule out financial transactions.

3.15 pm

Neil Gray: Even if I leave to one side what the Minister says about the need for amendment 7, why is he not dealing with this incrementally? Why take the risk not just of allowing commercial dashboards to happen straightaway but of allowing them to be transactional straightaway? Why not build confidence in the system among consumers with the MaPS dashboard, allow a bit of a buffer before commercial dashboards come onstream to ensure that consumers understand what they are entering into, and then, when the regulator and the Government can assess the risks of the transactional ability of the commercial dashboards, come to a point where that is allowed? Why all at the same time? It seems far too risky to me.

Guy Opperman: That is an outstanding point, which I am sure the hon. Gentleman will make in respect of clauses 119 and 122 on delay to the onset of the dashboard. Many of the points that the hon. Member for Wallasey made relate to costs and charges, which we will come to later, and to the one-year delay argument. I do not believe that it is appropriate for something that is allowable at present—any one of us could go to our individual provider—

Neil Gray: The Minister must understand the greater risk from digitisation when the full suite of people’s financial savings—their biggest financial assets—are sat there. For some people who are perhaps not as digitally savvy as others, and who might be taken in by scams, that is a huge risk. At the moment, the paper-based system is rather different.

Guy Opperman: We will come to scams and the work that the Work and Pensions Committee and the Government are trying to do to enhance the protections on an ongoing basis. It is clear that the Financial Conduct Authority regards this as a regulated activity. There will be an authorisation process for individual providers that wish to be able to do it. It will not be automatic by any stretch of the imagination. We are very mindful of this, as are the pensions dashboard working group, various other user groups and the consumer protection organisations that are part of it—from Citizens Advice, to Which? and others. They are utterly committed to ensuring that this will be a safe process. Going back to the fundamentals of the Lords amendment, I do not believe that it is in the consumer’s interests to rule out financial transactions. I certainly would not support that.

Gareth Davies (Grantham and Stamford) (Con): Does the Minister agree that if we look around the world at where commercial transactions have been incorporated into dashboards—for example, in Israel and Denmark—we see that there have been no cases of mis-selling, so any risks spoken about in this debate are somewhat overblown, given that there is no precedent?

Guy Opperman: I am grateful to my hon. Friend for that point. That does not mean to say that we do not have a regulatory system that ensures that there are protections, but the nature of a dashboard and international examples definitely suggest that this is an empowerment and an assistance to individual consumers.

Seema Malhotra: Will the Minister give way?

Guy Opperman: I will press on, because I am going to answer some of the points that the hon. Lady made. I am mindful that we have spent some time on this particular point and we have a lot to get through.

On matters related to the state pension and triple lock, I leave the triple lock to the Chancellor with good blessing and understanding. I will not get into a rehash of many arguments over the state pension changes made from 1995 and which continued over 13 years of Labour Government. The policy was supported by certain Labour Ministers, including in the DWP. Then, obviously, there was a change of Government and the policy was not necessarily supported. When the hon. Lady talks of the way that people have been treated by the Government, that means all Governments since 1995.

I have persistently defended the actions and the civil servants of the DWP throughout the period between 1997 and 2010. Interestingly enough, so have the courts, because we have recently had the Court of Appeal decision in the BackTo60 claim, which found comprehensively in favour of the Government—not just this Government, but previous Governments—in respect of all matters that apply, including notice.

Stephen Timms (East Ham) (Lab): It is worth putting on the record that the worst problem was what happened with the Pensions Act 2011, as I think the then Pensions Minister, Steve Webb, has since recognised.

Guy Opperman: Steve Webb has buyer's remorse about many things.

Ms Eagle: It was inevitable.

Guy Opperman: I am not going to comment on his capabilities. The bottom line is that that was a persistent level of policy making made by successive Governments from 1993 onwards and utterly continued by the Labour Government, who, to the best of my recollection, proceeded to raise the state pension age to 65 by 2020 in the 2007 or 2008 Act. It was then clearly increased in the 2011 Act. One can argue about why that was done. Perhaps it was a consequence of the great former Prime Minister Gordon Brown's efforts at manhandling the economy, or perhaps there were other reasons for taking that approach. However, I make the point that I have consistently defended individual Ministers and the Department for their consistent approach to addressing something that all other western countries have done in respect of state pensions. They have all approached it in broadly the same way.

We want the dashboard, and I accept that there is a desire to have many other things on it. We want it to be a simple interface that is accessible to all and that is not overlaid by many different things. With user testing over time, it is possible that more information will be outlined, but the comparable example I give—namely, simpler statements—is appropriate and right.

Seema Malhotra: I seek clarification on the Minister's position on ruling out and ruling in. He has said that he does not want to rule out financial transactions on the dashboard in the future, but did he also say that they would not be ruled in without primary legislation?

Secondly, the Minister said that some pension schemes may not participate. What will and what will not be compulsory? For those that might not share all the information, will there be an obligation to share some, so that somebody could look at the dashboard and have a complete scan, even if they do not have all the information, in order to know that they have pots out there?

Guy Opperman: I will deal with the first point about financial transactions. If we accepted the amendment as drafted by the House of Lords, we would not be able to proceed with financial transactions without future primary legislation. I passionately believe that, with the suitable guidance and protections that we all want, consolidation is appropriate, and that would be a financial transaction. It should definitely be permissible on an ongoing basis, arising out of information proceeded and obtained by a dashboard. It is absolutely that sort of empowerment that the dashboard will offer, and it is entirely the right thing.

Clearly, that is my view. There is a dashboard delivery organisation and the Money and Pensions Service, and a whole host of user groups are also involved. I have communicated my strong view. I certainly do not want to rule it out in the future, which is the desired effect of the amendment. The reality is that if I allow Baroness Drake's amendment to go ahead, it would restrict the capability of the dashboard massively in the future. That is not something I am prepared to do.

I have addressed many different points. Given the time, I will pause there and let others reflect.

Question put, That the amendment be made.

The Committee divided: Ayes 9, Noes 7.

Division No. 2]

AYES

Bailey, Shaun	Griffiths, Kate
Baker, Duncan	Morris, James
Baldwin, Harriett	Opperman, Guy
Davies, Gareth	Roberts, Rob
Drummond, Mrs Flick	

NOES

Buck, Ms Karen	Malhotra, Seema
Eagle, Ms Angela	Thomson, Richard
Eshalomi, Florence	Timms, rh Stephen
Gray, Neil	

Question accordingly agreed to.

Amendment 7 agreed to.

Amendment proposed: 1, in clause 118, page 104, line 41, at end insert—

“(5A) In subsection (5)(b), the “state pension information” to be prescribed must include—

- (a) a forecast of the individual’s future state pension entitlement,
- (b) information relating to the individual’s forecasted total income through the State Pension in the ten years following their 60th birthday,
- (c) information relating to the individual’s estimated total income through the State Pension in the ten years following their 60th birthday, had the pensionable age for men and women not been amended under the Pensions Act 2011,
- (d) a statement of the difference between the forecasts in (5A)(b) and (5A)(c).”—(*Neil Gray.*)

This amendment seeks to require the provision through the pensions dashboard service of information relating to the effect on the state pension income expected by those affected by changes to the timetable for equalisation of the state pension age made by the Pensions Act 2011.

Question put, That the amendment be made.

The Committee divided: Ayes 2, Noes 9.

Division No. 3]

AYES

Gray, Neil Thomson, Richard

NOES

Bailey, Shaun Griffiths, Kate
 Baker, Duncan Morris, James
 Baldwin, Harriett Opperman, Guy
 Davies, Gareth Roberts, Rob
 Drummond, Mrs Flick

Question accordingly negated.

Amendment proposed: 5, in clause 118, page 105, line 20, at end insert—

“(6A) A requirement under subsection (6)(d) may require the provider of a pensions dashboard service to communicate to an individual using the dashboard the difference between—

- (a) provision of information,
- (b) provision of guidance, and
- (c) provision of advice.”.—(*Neil Gray.*)

This amendment would require the provider of a pensions dashboard service to ensure that users are made aware of the differences between “information”, “guidance” and “advice”.

Question put, That the amendment be made.

The Committee divided: Ayes 7, Noes 9.

Division No. 4]

AYES

Buck, Ms Karen Malhotra, Seema
 Eagle, Ms Angela Thomson, Richard
 Eshalomi, Florence Timms, rh Stephen
 Gray, Neil

NOES

Bailey, Shaun Griffiths, Kate
 Baker, Duncan Morris, James
 Baldwin, Harriett Opperman, Guy
 Davies, Gareth Roberts, Rob
 Drummond, Mrs Flick

Question accordingly negated.

Clause 118, as amended, ordered to stand part of the Bill.

Clause 119

INSPECTION OF PREMISES

3.30 pm

Seema Malhotra: I beg to move amendment 11, in clause 119, page 108, line 20, after “scheme,” insert—

“(iva) the total cost of charges incurred for the administration of the scheme”

This amendment would add information about the total cost of charges incurred for the administration and management of occupational pension schemes to the list of information displayed on the dashboard.

The Chair: With this it will be convenient to discuss Clause stand part.

Clause 120 stand part.

Amendment 13, in schedule 9, page 179, line 14, after “scheme,” insert—

“(iva) the total cost of charges incurred for the administration of the scheme”

This amendment would add information about the total cost of charges incurred for the administration and management of occupational pension schemes in Northern Ireland to the list of information displayed on the dashboard.

That schedule 9 be the Ninth schedule to the Bill.

Amendment 12, in clause 121, page 112, line 45, after “scheme,” insert—

“(iva) the total cost of charges incurred for the administration of the scheme”

This amendment would add information about the total cost of charges incurred for the administration and management of personal and stakeholder pension schemes to the list of information displayed on the dashboard.

Clause 121 stand part.

Seema Malhotra: I am grateful for the opportunity to speak to amendments 11, 12 and 13, all of which make the same point: that the total cost of charges incurred for the administration of the scheme should be displayed on the dashboard. We believe that this issue is important because the creation of a pensions dashboard creates a real opportunity to introduce much-needed transparency on pensions costs and charges.

Pensions charges can be very difficult to understand or to compare and the lack of transparency can lead to people paying excessive charges without realising it, eroding their hard-earned savings. Improving disclosure in this way is essential for consumers, who need to understand the risks attached to their investments. In a study by *Which?* carried out in 2019, 300 people were asked for their thoughts on a pensions dashboard. Some 77% said they would be likely to use one. State pension entitlement was the information that 74% of people most wanted to be included. That was followed by projections of total retirement income, 62%; current pension value, 55%; and charges, 54%. Clearly the inclusion of that type of information would be popular with dashboard users and would help people to use their pensions freedoms to protect their savings rather than fall victim to disproportionate charges.

Information about costs and charges is vital if consumers are to use dashboards to understand which pensions they could use to make additional contributions, whether any of their pensions have excessive charges and when making decisions about how to access their pensions using pensions freedoms. Research by PensionBee found that more than 70% of non-advised drawdown customers

[Seema Malhotra]

accessing their pensions paid more than 0.75% in charges, costing them £40 million to £50 million a year extra – more than £175 million since pensions freedoms were introduced. The long-term impact of high costs and charges for income drawdown can be significant and result in people being able to take less income out of their pensions or running out of money more quickly.

Transparency of charges is a particular concern because the DWP appears to have agreed with the arguments of some in the industry that putting costs and charges on the simpler annual statement would confuse people. The result is that instead of being provided with specific information about how they are paid, people would be signposted towards what could be pages and pages of information on charges. *Which?* has noted that an approach that believes that consumers are best served by not knowing how much they pay for pension scheme services is irreconcilable with the objectives of the pensions freedoms and the expectations placed on consumers in retirement.

It clearly may not be in the interests of commercial providers to make that information transparent, so I end with a question to the Minister. If the Government do not intend to support Labour's amendment, which at this stage we plan to press to a vote, how will they ensure that people have the information that they need to avoid excessive charges and avoid making decisions that they may come to regret because they did not know about those charges in the first place?

Ms Eagle: I want to briefly add some emphasis to the points made by my hon. Friend the Member for Feltham and Heston from the Front Bench. This is really a battle between those who like to add horrendously high charges, in very small print, and transparency so that people can make decisions in possession of the right kind of information. Surely enabling that transparency is at the heart of what the pensions dashboard is all about. Financial services, particularly things like pensions, have always featured a uniquely complex, difficult and opaque pricing system, which can often eat away significantly at the money that people who are investing can expect to live on when they retire.

Thankfully, trail commission has now been abolished, at least to my knowledge, but it has been replaced with other opaque pricing systems that take people's money away. The hon. Member for Delyn was right to say that pots that are very small are being eaten away by charges. Most people who put money into pots would have had no real knowledge or understanding of the price of keeping that money there, because it would not have been up front in the information; it would have been hidden away in hundreds or perhaps thousands of pages of tiny print.

The amendments, which I fully support, are all about getting price and cost transparency on the dashboard, which was clearly created to include such information. I will not understand it at all if the Minister has reasons for not doing so.

Rob Roberts: I rise to speak briefly to amendments 11, 12 and 13. I did not mention it earlier, but the general problem with small pots being eroded away by charges, especially in the auto-enrolment phase, is that many of

them have set charges in pounds rather than percentage-based charges. If someone has 10 pots of £1,000 and they all have the same percentage charging structure, the charges will be exactly the same as one scheme with £10,000 in it; what causes the problem is that some schemes have a set charge in pounds per year.

Unfortunately, an awful lot of the time we focus too much on the cost of plans and the impact of charges: the principal-based tail is wagging the outcome-based dog. It is the outcome that is most important, because people cannot spend the principal; they spend the outcome. That is easily illustrated: if scheme A has a 0.5% charge and a return of 5% a year, and scheme B has a 1% charge and a return of 7% a year, scheme B is a better scheme despite having a higher charge. It is not the charging that is important.

The hon. Member for Wallasey mentioned people who will be put off from investing in schemes that are looted and abused in such ways. She was 100% correct; there were many nods on both sides of the Committee Room at the idea that that would put people off. Focusing too much on charges also potentially puts people off. It is worrying and scary, and potentially angers the consumer, who would not understand the figure for the total charges if it is expressed in a significant way. If we say, "Over the lifetime of your plan, you will incur £30,000-worth of charges," without some kind of explanation or context showing what that relates to, people will see that as excessive and ridiculous.

Neil Gray: I do not think it is fair to characterise this as a focus just on charges. New clause 11 contains an idea for how small pots can be managed, in terms of the unintended consequences of automatic enrolment. I struggle to understand the rationale of the hon. Gentlemen's argument about the lack of transparency being provided to consumers and enabling them to take informed decisions about the plans they enter into. I do not see the logic of suggesting that hiding that or allowing schemes to continue putting it in the small print is beneficial to consumers.

Rob Roberts: I am not necessarily advocating a lack of transparency; I am advocating a focus on the outcome, rather than on every element of the journey along the way. There are lots of things that we currently do not talk about, in terms of the costs and charges. We look at the costs and charges of the scheme in general, and it is not necessarily a requirement for the costs and charges of the individual funds that make up the scheme to be included in those calculations. There are lots of things that could be included in there, but it is the outcome that is important, not necessarily the minute detail of every element along the way.

Richard Thomson (Gordon) (SNP): I do not think anyone would disagree that overall it is the outcome that is important, but historically the trouble is that consumers have often been encouraged to look at outcomes that may or may not have been realistic over an extended period of investment, and have not had the full awareness that they ought to have had of the charges. Surely as part of educating the consumer we should be drawing their attention to the charges and helping them to understand them in the context of everything that is important. If we want engaged, informed consumers, surely we should not be telling them not to worry their little heads about the charges; we should be making it transparent and open.

Rob Roberts: I understand the hon. Gentleman's point, but it is for the regulator to determine how projections are shown and what information the individual requires to make an informed decision. It does not necessarily belong in primary legislation. It should come later, and the regulator should implement it. I understand that point, but amendments 11, 12 and 13 would all do exactly the same thing: they all focus on the wrong things, when I believe we should be focusing on the outcomes.

Guy Opperman: I hope to be able to bring some agreed consensus on this. Colleagues will be aware, because they have read the Bill in great detail, that subsection (2)(a)(iii) on page 108 sets out what pensions information should be provided. It includes

"the rights and obligations that arise or may arise under the scheme".

It is very much the case that individual costs are already envisaged as being part of the clause and the scheme.

I will explain why I will resist this amendment. First, the context is that it is already in the Bill. Secondly, if I have not made it sufficiently clear in the past, I am happy to make it clear today that we anticipate that costs and charges should be a part of dashboards in the future, but the question is when and how? There is common ground that in the longer term, there should be an understanding of what individuals are being charged for the service they are being provided. There is a much wider debate, which we have tried to have to the best of our ability, about how it is that a pension is run and then the individual is burdened with individual costs, depending on the nature of the different schemes.

I am very clear that, first, I consider the provision otiose because it is already within the confines of the Bill. Secondly, it is the Government's intention that costs and charges should be part of dashboards in the future. Thirdly, we value transparency. Lord knows I started this morning with the point that simpler statements are being introduced. Contrary to what the hon. Member for Wallasey said, simpler statements will include costs and charges.

3.45 pm

The difficulty, however, goes to the fundamental point that we are talking about: the ability to give the precise amount of information on every pension scheme in a standardised format that is accessible and understandable within the amount of space that exists. There is a wider matter that—he will forgive me if I breach a minor confidence—the right hon. Member for East Ham and I have discussed. How do we take a mixed landscape with a variety of small pots and bigger pots—my hon. Friend the Member for Delyn spoke eloquently about different charges resulting from different management of different schemes—and produce a standardised format that is sufficiently comprehensible to all, still allowing a diverse portfolio of different types of pension provision but reducing it all so that it can be understood, whether in a simpler written statement or in the pensions dashboard?

That is a job, I accept, that the Government and/or the regulators, and/or the pensions dashboard delivery group, need to do. There is no dispute that that needs to be done. On the proposal regarding the total cost of charges incurred for the administration of the scheme, my hon. Friend attempted to make the point that

administration can mean different things for different pension schemes, which is entirely right. In that context, it is already envisaged within the Bill that we wish to do this, and I do not want such a provision in the Bill at present.

It is also very much the case that there is pre-existing legislation, and ongoing consultations and reviews that are going ahead, on those exact points, which will then drive forward the ultimate determination that the dashboard delivery group will make. For example, we have consulted on the case for standardising the format of cost disclosure information for automatic enrolment schemes, and we will publish our response to that consultation by, I hope, the end of the year.

There is a possibility of delay, because at the same stage we have the costs and charges review, and my Department and the Work and Pensions Committee are looking at small pots. It would seem entirely appropriate to bring those three pieces of work together to try to bring some standardisation and harmonisation to the process—I accept that successive Governments may not have had a brilliant record on this—through which simpler statements and/or dashboards will be much easier to comprehend. I advise the Committee that that process is ongoing.

Ms Eagle: I thank the Minister for his full explanation of some of the work that is ongoing, and I appreciate that it is a difficult issue. First, will he give the Committee some idea of the timescale for when we could get that important information into the dashboards? Could he be a bit more specific? Secondly, does he not accept that if standardisation is mandated by the Government, people will adjust and change in order to standardise and be in competition with other providers? It will bring some coherence to what is at the moment an extremely complex and confusing area.

Guy Opperman: To answer the second point first, there is already standardisation. There is already the charge cap, which allows a certain limit above which an individual cannot charge any more. That charge cap provides a certain percentage that can be incurred for the work provided. There is an ongoing discussion regarding automatic enrolment. If I have a tiny pot of £100 and that has been eaten away on an ongoing basis, then clearly the charges on an annual basis will slowly eat away into that small pot. If I have a much larger pot and I have a small standardised charged capped price that I am being charged, then it is clearly much easier for the pot to be preserved. How one approaches that going forward is extraordinarily difficult.

There is also the diversity of the products being provided—the point made by my hon. Friend the Member for Delyn—and ensuring that there is that diversity is appropriate. How does one try to balance those two things? That is what we are trying to do, with due respect. When will we do this? It seems to me that there are two answers. It is hoped—I use the word "hoped" given that we are now on 3 November—that by the end of this year, or the beginning of next year, these various pieces of work will come together and the Government will publish their views on them. I have been a little preoccupied with this and there are other things that are going on. The small pots review does not report back to the Department until 23 November.

[Guy Opperman]

In addition, the dashboard delivery group is at the same stage looking at this precise point about how it will provide this on an ongoing basis. It published its updated programme a week ago—I will have to do this off the top of my head, and if I have got it wrong I will correct it at a later stage—and its expectation is that it will provide more detail at the beginning of next year as part of what the dashboard will look like.

I come back to one final point. The original dashboard was proposed to be a simple find and view system; it is not proposed that this will have complex overlay at the start.

Neil Gray: That is all the more reason why allowing these amendments to be made is so important, to ensure that eventually it is mandatory to provide information and transparency about fees and charges. I do not think that anything the Minister has just said would preclude the amendments being accepted. It is a competitive market, there will be different elements within the market that will offer administrations and charges for different products, and that is their whim and their right. I go back to the point I made to the hon. Member for Delyn. I do not see how we are benefiting the consumer by denying them access to that information at that point of access, which is going to be crucial, and I am yet to hear from the Minister why that cannot happen.

Guy Opperman: I should have pointed out that we already have legislation within the occupational pension scheme regulations 2018, which already require trustees to publish detailed information on costs and charges on a publicly available website. Members are told where this information can be found on their annual benefit statements. Obviously, we are doing it on simpler statements as well.

On the specific point raised, the hon. Member for Airdrie and Shotts keeps coming back to different charging structures that exist across the pensions landscape, and information about costs and charges are not often directly comparable between schemes. There is a risk that we fail to engage people with their pensions by presenting too much information of a differing nature, or worse, that misunderstanding of costs and charges presented without proper explanations of value for money results in poor financial decisions. It seems to me that the way it is drafted as well, speaking specifically to the administration of the scheme, hides a much wider problem: how does one address the individual nature of differing schemes and the individual costs that apply? With respect, although I have great sympathy for the amendment, I invite the hon. Gentleman not to press it.

Ms Eagle: Before we leave this point, what the Minister has described is a pensions landscape that is so complex that he is saying it is almost impossible to make proper price comparisons across the piece. If a consumer wants to make a decision on where to invest their money, what the Minister is saying is that at the moment we have a system that is so complex, and where comparisons are so hard to make, that it is impossible. What does that say about the landscape we are presiding over, and what have we got wrong? I have some ideas of my own, but

now is not the time to talk about them, Mr Robertson. I appreciate that. It is an astonishing admission from the Minister that that is the situation we are in.

Guy Opperman: I had ended my speech, but I do not think that is a fair characterisation. There is a charge cap that applies already. It is a standardised charge cap. The difficulty is that there are different types of schemes charging different things and that is perfectly permissible. The flip side of the argument made by the hon. Member for Wallasey would be to have only one type of pension scheme—which, by the way, is what the Labour Government introduced. Automatic enrolment is one type of pension scheme. Yet, within the one type of pension scheme, which we all adore and agree is the greatest thing, there are problems on the charging of the individual, which is exactly why we are trying to improve the matter by doing the small pots review.

I take the point that the hon. Lady is passionate to try to improve the situation. My door is always open to hear her views but, with great respect, this is a simplified system that can get better, which is why we are doing the dashboard and why we are doing simpler statements.

Question put, That the amendment be made.

The Committee divided: Ayes 7, Noes 9.

Division No. 5]

AYES

Buck, Ms Karen	Malhotra, Seema
Eagle, Ms Angela	Thomson, Richard
Eshalomi, Florence	Timms, rh Stephen
Gray, Neil	

NOES

Bailey, Shaun	Griffiths, Kate
Baker, Duncan	Morris, James
Baldwin, Harriett	Opperman, Guy
Davies, Gareth	Roberts, Rob
Drummond, Mrs Flick	

Question accordingly negated.

Clause 119 ordered to stand part of the Bill.

Clause 120 ordered to stand part of the Bill.

Schedule 9

PENSIONS DASHBOARDS: NORTHERN IRELAND

Amendment proposed: 13, in schedule 9, page 179, line 14, after “scheme,” insert—

“(iva) the total cost of charges incurred for the administration of the scheme”.—(*Seema Malhotra.*)

This amendment would add information about the total cost of charges incurred for the administration and management of occupational pension schemes in Northern Ireland to the list of information displayed on the dashboard.

Question put, That the amendment be made.

The Committee divided: Ayes 7, Noes 9.

Division No. 6]

AYES

Buck, Ms Karen	Malhotra, Seema
Eagle, Ms Angela	Thomson, Richard
Eshalomi, Florence	Timms, rh Stephen
Gray, Neil	

NOES

Bailey, Shaun	Griffiths, Kate
Baker, Duncan	Morris, James
Baldwin, Harriett	Opperman, Guy
Davies, Gareth	Roberts, Rob
Drummond, Mrs Flick	

Question accordingly negated.

Schedule 9 agreed to.

Clause 121

INFORMATION FROM PERSONAL AND STAKEHOLDER
PENSION SCHEMES

Amendment proposed: 12, in clause 121, page 112, line 45, after “scheme,” insert—

“(iva) the total cost of charges incurred for the administration of the scheme”.—(*Seema Malhotra.*)

This amendment would add information about the total cost of charges incurred for the administration and management of personal and stakeholder pension schemes to the list of information displayed on the dashboard.

Question put, That the amendment be made.

The Committee divided: Ayes 7, Noes 9.

Division No. 7]**AYES**

Buck, Ms Karen	Malhotra, Seema
Eagle, Ms Angela	Thomson, Richard
Eshalomi, Florence	Timms, rh Stephen
Gray, Neil	

NOES

Bailey, Shaun	Griffiths, Kate
Baker, Duncan	Morris, James
Baldwin, Harriett	Opperman, Guy
Davies, Gareth	Roberts, Rob
Drummond, Mrs Flick	

Question accordingly negated.

Clause 121 ordered to stand part of the Bill.

Clause 122

THE MONEY AND PENSIONS SERVICE: THE PENSIONS
GUIDANCE FUNCTION

4 pm

Seema Malhotra: I beg to move amendment 16, in clause 122, page 116, line 37, at end insert—

“(2A) Before any other pension dashboard services can qualify under section 238A of the Pensions Act 2004 (qualifying pensions dashboard service) the Secretary of State must lay before Parliament a report on the operation and effectiveness of the pensions dashboard service, including the adequacy of consumer protections.”

This amendment would require the Secretary of State to report on the operation and effectiveness of the public dashboard service (including consumer protections) before allowing commercial dashboards to operate.

The Chair: With this it will be convenient to discuss the following:

Government amendment 8.

Amendment 3, in clause 122, page 116, line 42, leave out “one year” and insert “five years”.

This amendment would extend to five years the period for which the Money and Pensions Service dashboard would have to have been running before commercial operators could enter the market for the provision of pensions dashboards.

Seema Malhotra: We hugely regret that the Government are seeking to remove the amendment, introduced by Baroness Drake, that would have required the Money and Pensions Service dashboard to be up and running for a year before other commercial dashboards could be launched. It has always been Labour’s firm position that just one publicly run dashboard would be the best way to ensure that people receive trusted information about their pensions.

The Work and Pensions Committee produced a report on pension freedoms in 2018, in which it recommended a single public dashboard, to ensure that it would be free from commercial pressures and could provide individuals with a reliable source of information about their pensions. As that Committee noted, this would be in line with the examples of Australia, where a single dashboard is hosted by the Australian Taxation Office, and Sweden, where the only dashboard is run by a public-private partnership.

As the report stated, dashboards should first and foremost provide consumers with accurate and impartial information about all their pensions in one place. In a multiple dashboard system, providers would have incentives to use their dashboards to promote their own products or otherwise discourage switching away. There is also a danger that dashboard providers could use different underlying assumptions, producing rival income projections from the same raw data.

The pensions dashboard was conceived as a means of empowering consumers, to promote competition in the product market. There is a risk that in a multiple-dashboard system, providers could instead compete on the information provided. *Which?* and the Association of British Insurers have argued that regulation would be necessary to ensure that the dashboards were consistent. There is a simpler solution. By providing information on all pension entitlements in one place, the pensions dashboard would be a vital tool in informing and engaging customers, and empowering them to exercise pension freedoms in their own interest. A single, publicly hosted dashboard would be the best way of providing savers with simple, impartial and trustworthy information. However, the Government have said their intention is to progress plans for multiple dashboards.

Rather than preventing the introduction of commercial dashboards for a set period of time, our compromise amendment would merely compel the Government to review the operation of the public dashboard, including the adequacy of consumer protections, before allowing for commercial rivals to operate. If commercial dashboards are to be allowed, there must be strong and proactive regulation of all pensions dashboards and any other organisations involved in the storage, processing and presenting of pensions data. Organisations such as The People’s Pension and *Which?* have said that clear legal duties need to be placed on the operators of dashboards to act in the best interests of consumers.

The Government also envisage a role for what they call integrated service providers, which will store vast quantities of pensions data. It is not clear whether the Government intend for them to be regulated, or for the Money and Pensions Service, the TPR or the FCA to be

[Seema Malhotra]

able to authorise them and set regulatory standards. Unless the regulators have the ability to set standards and intervene in the operation of ISPs, any problems in the ISPs market will have to be tackled by contacting the individual pension schemes. That would be time-consuming and could lead to long periods of time when individuals' pensions data is unavailable on pensions dashboards. Any scandals or data breaches that occurred in unregulated ISPs could also have a significant detrimental impact on the reputation of pensions dashboards and the overall framework for people to access their pensions data securely and safely.

The common-sense step proposed in the amendment would allow proper consideration to be given to the risks proposed by private providers. In many ways, the concerns underpinning the amendment are similar to those associated with Government amendment 7—that the introduction of commercial dashboards, paired with the ability to engage in commercial transaction activities, would impact on the reliability of the information presented to savers and open up the risk of people being persuaded into disadvantageous pensions positions.

I would be grateful for the Minister's views on this matter, which I understand he is keen to share. If he still intends to progress with commercial dashboards, will he announce concrete steps and detail on how and when they will be regulated by the FCA? I am sure he will say a few words about integrated service providers. Will they store vast quantities of pensions data, and will they be subject to regulation and standards that are set by the TPR, MaPS and the FCA?

Neil Gray: To follow on from the shadow Minister's comments about amendments 8, 16 and 3, this debate takes us to probably the greatest area of contention in the Bill, which is contentious because of the Government's intention to remove the Lords amendments that require a year's buffer before commercial dashboards can enter the market.

It is not just the SNP, Labour or other Oppositions parties that have concerns, but a great number of stakeholders. The Pensions and Lifetime Savings Association says that

“the Government should ensure the first pensions dashboard will be a single, non-commercial product hosted by the Money and Pensions Service (MAPS) and that no other dashboard should go live until a full consumer protection regime is in place.”

In addition, rushing to introduce transactional capabilities is likely to put savers at greater risk of scams and mis-selling. It would be better to wait a year or two, rather than undermine consumer protection.

The PLSA does not support Government amendments 7 and 8, which would allow dashboards to be used to provide transactional services and remove the requirement for the non-commercial pensions dashboard service run by MaPS to have been established for one year before other dashboards services can provide services. The PLSA supports amendment 16, which would require the Secretary of State to report on the operation of the public dashboard service, including consumer protections, before allowing commercial dashboards to operate. It also supports amendment 3, which would extend to five years the period for which the MaPS dashboard would have to have been running before commercial operators could enter the market for the provision of pensions dashboards.

Similarly, the Institute and Faculty of Actuaries says: “The first dashboard must be a single, non-commercial platform. We think it is important that the first dashboard be non-commercial and hosted by the Money and Pensions Service. Initial non-commercial dashboards will provide greater clarity for consumers and build confidence and trust in the dashboard ecosystem. It will also make it easier for regulators to learn more about how savers use such platforms, and enable them to adjust consumer protection regulation accordingly. In the medium term, multiple commercial dashboards could be permitted to facilitate innovation and choice. However, these platforms and the communications with savers need to be properly regulated to ensure strong consumer protection. We do not support new Government amendments 7 and 8, which would allow the dashboards to be used to provide transactional services and remove the requirement that the non-commercial pensions dashboard service, run by MaPS, must have been established for one year, before other dashboard services can provide services.”

We are clear that commercial dashboards should not be opened to the market for at least a year and we strongly oppose UK Government attempts to undermine that. We feel that a year's buffer was a compromise position, as there are many people concerned about having commercial dashboards at all, especially when the Government intend them to be transactional. We tabled amendment 3 to underline our opposition to any watering down of the Bill as it stands.

The Lords amendment was a compromise. The UK Government are now unilaterally forging their own path, breaking the cross-party consensus that otherwise would have existed. As the hon. Member for Wallasey rightly said, it is crucial for good governance and good pensions legislation. It seems the Government are looking to implement both commercial and financial transactions on dashboards, before assessing the risk, before assessing consumer behaviour and interaction with the MaPS dashboard, and before taking full cognisance of the risks of pension freedoms, which we are only just starting to understand. Time is the wisest counsellor of all, Mr Robertson.

We want to empower people to make informed choices about their lifetime savings. The public service pensions dashboard is a welcome step towards that and will transform consumer engagement with pensions over the long term, and reunite individuals with lost pension pots. Pensions dashboards run by commercial operators should not be opened to the market until the publicly run MaPS dashboard has been running for a least a year.

We have a long-standing additional commitment to the establishment of a standing independent pensions and savings commission. The scope of the Bill does not allow us to stretch to that on this occasion, but later in deliberations we will consider whether a commission looking at the terms of this Bill should be established. Such an organisation would first be tasked with looking at when commercial operators should be able to enter the market for the pension dashboards.

In our view, the MaPS dashboard, or public dashboard, is a wasted opportunity unless it is properly marketed and promoted by the Government as a safe, independent and impartial space for people seeking information about their pensions. We feel that it would get swamped by commercial operators seeking to promote their own dashboards and their own commercial interests.

We caution the Government to be canny, to take their time and to learn from the implementation, first of all, of the public dashboard, before they move too hastily and have to play catch-up in the regulatory format, because people fall foul by making poor decisions about what is their greatest financial asset.

Guy Opperman: I accept that the issue is complex. On the one hand the Government are being urged to proceed with the dashboard and it has been rightly pointed out that we have displayed slowness, in some respects. On the other hand, we are being urged to delay in respect of this particular matter. We do not believe that this is the appropriate way forward, as the Lords indicated, and there are a multitude of reasons why that is the case.

I start with the initial 2018 consultation. The principle behind that was that consumers should always have access to a publicly backed service, which we have legislated for, but should also have the freedom to choose to access the information in the way they feel most comfortable. I go back to the point I made to my hon. Friend the Member for West Worcestershire: do we build a service and make the consumer come to us, or do we build a service where the consumer is already comfortable, in circumstances where there are sufficient protections around that?

Consumers have clearly stated that they expect to be able to access a dashboard through a variety of channels. The pensions industry holds an in-depth knowledge of its customer base, and this represents an opportunity for consumer-focused innovation to create platforms that individuals can engage with. We believe that allowing multiple dashboards is the most effective way to drive consumer engagement and really begin to put people in control of their savings.

4.15 pm

I want to address the point that the hon. Member for Feltham and Heston made about data because I want to be utterly clear with her that this not about the storage of data. If she thinks that that is what the dashboard is doing, that is a misunderstanding of what it is proposed that the dashboard should do. I want to absolutely nail that, because we made great efforts to ensure that this is not a data repository process but a find-and-trace service that empowers individuals or their IFAs. She asked whether there will be consumer protections, going forward. The answer is yes, and we will discuss some of them under clause 125. Obviously, this will be an activity regulated by the FCA and there is ongoing regulation on a multitude of bases.

Seema Malhotra: The Minister is right that there will be no storage of data on the dashboard—in a sense, it is drawing in that data dynamically—but could he explain the role of the integrated service providers?

Guy Opperman: I explained this at great length earlier, but I will attempt to repeat what I said. I will jump through the verification hoops. The reality is that an individual gets verification and the information passes from the pension finder service to the connected pension schemes asking them to match the individual's information. The pension scheme finds a match and confirms it to the pension finder service, which responds to the individual via their chosen dashboard saying that it holds the data. When the individual next logs on to their dashboard,

the information from the pension scheme will be viewable by the individual. I drew the analogy of the cashpoint, which, I suggest, is the appropriate analogy, whereby if I bank with Barclays and I withdraw from an HSBC account, Barclays does not know what is in my account. That is the process by which we are trying to proceed.

Shaun Bailey (West Bromwich West) (Con): On a slightly parallel point, with the advent of open banking, we had similar discussions on sharing data and the fears around how it might be used commercially. What we have seen is that, with a robust regime and buy-in from many of the stakeholders, it seems to have worked. Many of the fears that were advanced then and that have been articulated today have not really come to fruition. Does my hon. Friend agree that while we can talk about the legislation, it is the buy-in from stakeholders that will ensure that this succeeds?

Guy Opperman: There is no question: we are deliberately learning the lessons from open banking and the process whereby we took all our various bank accounts and made them accessible under a strict regulatory regime so that our rights were not infringed. There is now a massively enhanced consumer programme that empowers the consumer, drives down costs and does all the other things that we know open banking does. With great respect, I suggest that that is a very good example.

The big difference is that in open banking we are dealing with a relatively small number of banks in this country, unlike in, say, America, whereas with pensions we are dealing with 40,000 different schemes. But the principles are exactly the same. We have learned from the regulatory process and I have met the chief executive of Open Banking. My officials and the dashboard delivery team are engaging with them. No disrespect, but the problems that the Committee has rightly identified today are exactly the same sort of problems that were identified with open banking. These are the same consumer protection organisations, and I shall come to the approach of Which?, which is probably the No. 1 consumer protection organisation in the country. It is firmly on the side of the Government and disagrees with the amendment. My hon. Friend drew me to that.

Neil Gray: I draw the Minister back to points that he made earlier, when he said that the information provided on the dashboard will be taken sequentially so that it will be added to over time as we test and learn. Why then in this case are we not operating sequentially? Start with the MaPS, the public dashboard, and bed that in as the point of contact where people have the confidence to go for impartial information about what they are getting, without having to be exposed to marketisation. Learn from that, and then move to the position where commercial dashboards can operate. Learn from that experience, and then bring about transactionality through the dashboard in that process.

Guy Opperman: I will delay the introduction of the Which? elements for a moment. Amendment 16, for example, would delay the introduction of other dashboards, which would stifle innovation that could benefit consumers. We feel strongly that the potential exists for the production of a game-changing new system that would enable something that is not possible at the present stage, but that would suddenly be second-guessed and denied, and we will lose much momentum behind the project.

[Guy Opperman]

The Committee should not take just my word for it. I will briefly share the comments of Which?, from its submission on Second Reading on this proposal. It addressed this amendment, saying: “This amendment ensures that the publicly owned dashboard will have to be operational for at least a year before commercial dashboard services can operate if the Bill becomes legislation in its current form. Which? agrees with concerns that lessons will have to be learnt on the application of the dashboard, especially with regards to the use of data.

However, we do not believe that this amendment is the answer. It is a precautionary approach, and the risk is that by stymieing the development in this way, the industry will take away its innovation, drive and investment—all of which could benefit consumers. By enabling an individual to access their pensions data safely and securely via non-government providers, this can help to support take-up and engagement with dashboards by increasing the number of channels that individuals can access this information and increasing awareness. It can also help drive innovation to enable individuals to make the most of the information available via dashboards. This will only be possible if dashboard providers are permitted to provide tools and services using this data.

Furthermore, this amendment risks us being left with a dashboard that does not do as much as initially anticipated, resulting in consumers not being as engaged. This could represent a huge missed opportunity. It is crucial to ensure that dashboards are both safe and fully functional to give consumers the most choice and the most exposure to innovation.”

The hon. Member for Airdrie and Shotts will be aware that there is already the Pension Tracing Service and “Check your State Pension”, both existing organisations that address these particular points. There is no question but that the words expressed by Which? adequately address the point that it would be utterly wrong of us to promote and push forward the dashboard in circumstances where, upon its launch, even in its primitive format, we said, “You cannot access the dashboard through the provider or financial adviser you’ve been with for 30 years. You may only go through the Money and Pensions Service.” I therefore respectfully say that this is not the right approach and not something the Government support.

In respect of the delay and the parliamentary scrutiny, I would like to make two points. Parliamentary scrutiny is already taking place through the introduction of secondary legislation, which will be subject to the affirmative resolution procedure. The Money and Pensions Service is already legally required, according to the 2018 Act on this issue, to report annually to the Secretary of State on its objectives and functions. This includes the operation of the dashboard, and that report is laid before Parliament, which can debate it if it wishes.

The development of the pension dashboard does not end at the launch. The pension dashboard programme will continue user testing and research on an ongoing basis. That is the whole point of incremental delivery. The amendments, if passed, would no doubt have the consequence of delaying the production of commercial dashboards for some considerable time—the note on

which escapes me, but I will try to remember—by requiring a report to the House of Commons and then a further consultation on user testing, which would effectively put back commercial dashboards, certainly by a year, and potentially by two years.

The five-year proposal that the hon. Member for Airdrie and Shotts has put forward would clearly sound the death knell for any commercial dashboard on a long-term basis. With no disrespect, I think that would be a massive missed opportunity.

Neil Gray: Amendment 3 is a probing amendment so that we can set out the fact that our feeling was that the Lords amendment was compromised. By quoting Which?, as the Minister rightly has, he seems to be suggesting that we are arguing against commercial dashboards altogether. We want a reasonable buffer in place, and we do not feel that that year would be lost for innovation or for developing a dashboard. Commercial organisations would be perfectly capable of catching up when the time came. That year would allow the Government to ensure that the MaPS dashboard is properly promoted and utilised by people and used for its intention, which is to inform good decision making for long-term savings and investments for a good return on income.

Guy Opperman: I am not sure that I can amplify or improve upon the comments that I have already made, save to make the point—again, I believe—that commercial dashboards will have to be part of the accessibility of this particular programme, and I genuinely believe it entirely right that they should be part of it from the word go, so that we can go forward together with those two particular products. Quite frankly, we keep coming back to the point that we should go to where the customer is already, rather than forcing the customer to go to some other place.

Ms Eagle: Why, if diversity in the delivery of dashboards is so crucial, do other countries manage with single, publicly provided dashboards?

Guy Opperman: Other countries have done things in different ways—they do not necessarily have the pension system that we have. We have a very substantial private pension system; some other countries will not have such private pension systems—the hon. Lady will have to ask them. It is argued that the right way forward—having looked at what countries such as Israel and Denmark have done—is to have a parallel system and two systems, commercial and public, working together. We already have a public system, whether it is “Check your state pension” or the pension tracing service, that exists with commercial providers. What we do not have is the great capability of dashboard and I believe, with respect, that we are doing the appropriate thing to drive that forward.

Seema Malhotra: I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Amendment proposed: 8, in clause 122, page 116, leave out lines 38 to 45.—(Guy Opperman.)

Question put, That the amendment be made.

The Committee divided: Ayes 9, Noes 7.

Division No. 8]

Bailey, Shaun
 Baker, Duncan
 Baldwin, Harriett
 Davies, Gareth
 Drummond, Mrs Flick

AYES

Griffiths, Kate
 Morris, James
 Opperman, Guy
 Roberts, Rob

NOES

Buck, Ms Karen
 Eagle, Ms Angela
 Eshalomi, Florence
 Gray, Neil

Malhotra, Seema
 Thomson, Richard
 Timms, rh Stephen

Question accordingly agreed to.

Amendment 8 agreed to.

Clause 122, as amended, ordered to stand part of the Bill.

Ordered, That further consideration be now adjourned.
—(James Morris.)

4.30 pm

Adjourned till Thursday 5 November at half-past Eleven o'clock.

Written evidence reported to the House

PSB01 Institute and Faculty of Actuaries (IFoA)

PSB02 Freshfields Bruckhaus Deringer LLP

PSB03 Association of British Insurers (ABI)

PSB04 Henry Tapper, Chair, Pension PlayPen and CEO of AgeWage Ltd

PSB05 Alan Stewart, Chair, The 100 Group Pensions Committee

PSB06 Communication Workers Union (CWU) and Royal Mail Group

PSB07 Pensions and Lifetime Savings Association

PSB08 Technical Committee of the Insolvency Lawyers' Association

PSB09 David Pudge, Chairman of the City of London Law Society Company Law Committee

PSB10 Con Keating, Chair, Bond Commission, European Federation of Financial Analysts Societies

PSB11 Lane Clark & Peacock LLP

PSB12 Richard Butcher

PSB13 Aon

PSB14 James Churcher

PSB15 Ian Cowan, Partner, PKF

PSB16 RPMI on behalf of the Railway Pension Scheme

PSB17 Alistair Rapley

PSB18 Nicholas Chadha

PSB19 PensionBee Ltd