The Pensions Regulator

Digital, Data and Technology (DDaT) strategy

Innovating for better saver outcomes

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Executive summary

Our worlds are changing due to the adoption of new technology such as artificial intelligence (AI), and the pensions industry is changing too with the shift to a complex marketplace based on defined contributions (DC).

The Pensions Regulator (TPR) wants to face and embrace these changes by working with industry to drive better saver outcomes, while also reducing burden on pension schemes.

This strategy describes a set of missions over our five-year plan to renew our capabilities in digital, data and technology, embracing new ways of working and technology, driving efficiency, automation and innovation. We are also asking industry to work with us to foster innovation across the pensions sector, enable safe experimentation of new business models and pension technologies, improving market competition and value.

We believe our strategy will benefit everyone involved. It will:

- Reduce unnecessary regulatory burden
- Enable effective market competition
- Benefit savers through industry innovation

We are urging the pensions industry to work with us to drive up adoption of the latest technologies and standards for data. An ecosystem with less friction will reduce burden on pension schemes and provide new opportunities. Our approach is adaptive and collaborative, with savers at the heart of our vision.

Introduction

In an era where the pace of change is unrelenting, we stand at a pivotal juncture. The pensions landscape is very different, having shifted from large employers providing guaranteed pensions for the minority to a complex marketplace that serves around 1.5 million employers and 80% of the workforce.

A concentrated, well-run pensions marketplace is more likely to deliver better outcomes for savers, but requires a more sophisticated and agile regulatory approach that addresses risks in large schemes managing huge and complex funds, and enhances the value for money that schemes deliver to savers.

The trustee market is evolving, with large professional trustee firms, some backed by private equity, obtaining increasing market share. This demands an effective, targeted approach to supervising these firms, addressing inherent risks while leveraging the opportunity provided for more efficient regulatory oversight.

Our savers must have value for money throughout the savings journey and into retirement. Empowered by technology, they expect their data to be accessible and their pension schemes and providers to be transparent and accountable.

At a macro level, we predict that AI will reshape financial markets and the pensions landscape, introducing both new opportunities and risks. It makes a proactive approach crucial in navigating these changes to safeguard and enhance the industry's future.

We must be ready to embrace this change, by supporting the industry to provide clear, accessible, and reliable pensions data that keeps us ahead of savers' changing needs, while developing quality pensions offerings from joining the workforce right the way through to retirement. We can only do this by unlocking the transformative power of digital, data and technology.

Our strategy embraces this shift, recognising that the way people seek information and interact with pensions is evolving rapidly. By leveraging digital, data, and technology, we aim not just to keep pace but to redefine the regulatory landscape, ensuring that our actions translate into meaningful outcomes for savers. It represents a fundamental shift in how we operate.

Our blueprint for culture change, innovation and effectiveness

The external environment is volatile, uncertain, and changing quickly, particularly in the worlds of digital, data and technology. It demands that we shift from long-term, fixed strategies towards adopting more adaptive approaches. This transition is not just a shift in strategy – it is a fundamental rethinking of how we perceive and respond to the external forces shaping the pensions landscape.

This strategy is our blueprint for the future of digital, data and technology – taking an adaptive and mission-based approach, designed to navigate the complexities of the information age and pursuing better outcomes for workplace savers.

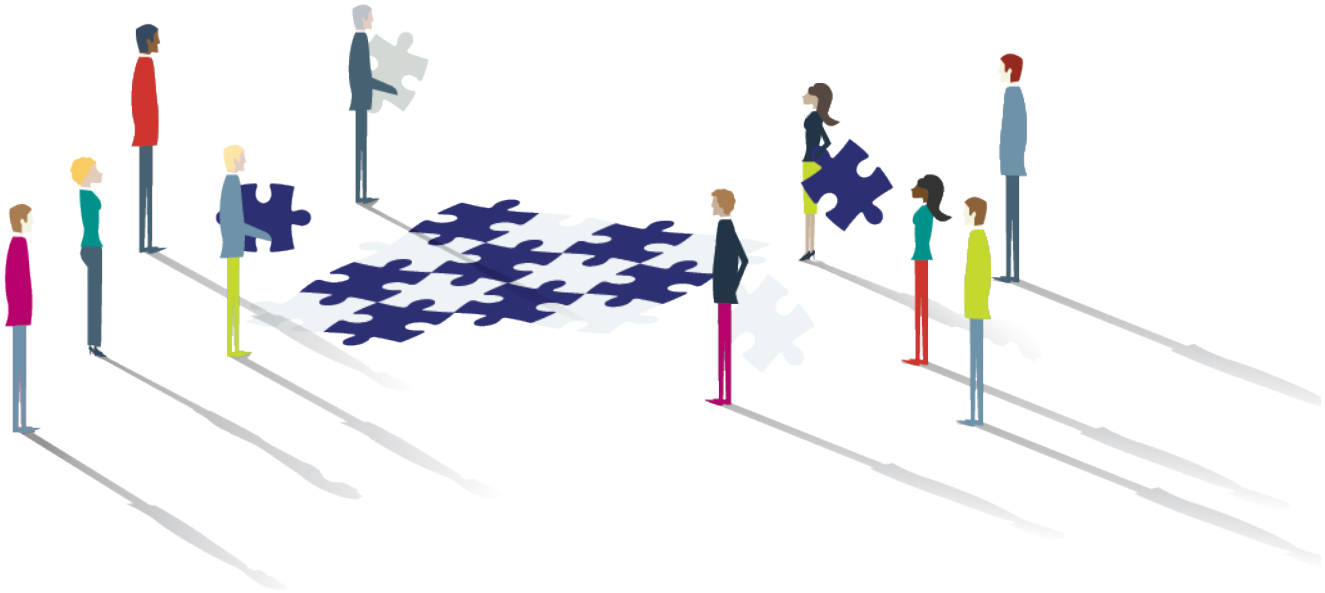
We have intentionally designed the strategy to evolve over time as we learn from our delivery. We expect to adjust the sequencing of our missions, add new ones and remove planned ones in response to organisational ambition and need.

Working together to achieve missions

Our environment is complex while our ambitions are bold. Our new way of working means internally we come together across our professional disciplines to solve problems. Our organisation is evolving to work in this way, and our digital, data and technology function must be an exemplar of this approach.

We must shift our focus from simply completing tasks, to living and breathing our purpose: delivering lasting and long-term change that protects pension savers' money, enhances the pensions system and supports innovation that is in the best interest of savers.

We solve real-world problems by directing our digital, data and technology efforts towards clear, measurable outcomes in eight missions. This purpose-led way of working encourages collaboration across different departments and disciplines, harnessing diverse skills and perspectives to tackle challenges more collectively and effectively.



What this strategy will and won't do

This strategy will evolve with the organisation from this point on. This means it cannot include every aspect of all we do.

This strategy will:

- Transcend our leadership. What we commit to here is the right thing to do, driven by the outcomes in our corporate strategy, and not by any individual, single experience, or one person's philosophy.
- Set short, medium and longer term missions to enable TPR's corporate strategy.
- Build on what we are already doing to reduce our risks around legacy technology and modernise our technology infrastructure and working practices.
- Focus on how we bring consistent standards across TPR, embed service ownership and better use digital ways of working to deliver our outcomes.
- Where we have more certainty, define our initial steps and investment requirements.
- Set out the proposed governance roles and responsibilities, enabling us to make appropriate choices quickly and effectively.

This strategy will not:

- Give all the answers. Either in how we get to our destination or provide certainty in our future investments for Horizon 2 (three years and beyond).
- Remove difficult choices or trade-offs.
- Capture every change initiative, service, project, or programme that may include digital, data or technology change or improvement to services across TPR.

Our strategic aims

Our digital, data and technology strategy aims to:

1. Reduce unnecessary regulatory burden

To reduce unnecessary regulatory burden, we will strengthen our digital, data and technology core, enhance productivity, eliminate duplication, build our talent, create standards and reusable architecture, and optimise our operations. This strong foundation will enable TPR to enhance regulatory insight, improve our decision making and reduce the cost and friction of interacting with us.

2. Enable effective market competition

To transform regulatory practices, drive up the quality of schemes and, improve value for money, we will use digital, data and technology to enable transparency and strengthen collaboration with our ecosystem.

3. Benefit savers through industry innovation

To foster innovation across the pensions sector, enable safe experimentation of new business models and pension technologies, we will drive ethical, responsible and sustainable use of technology and data across the industry and support user-centred policy development.

Our strategy

1. Reduce unnecessary regulatory burden

To enable TPR to be more effective and productive, reduce the overhead of regulatory administration and create the user-centred culture required for a pioneering regulator, we will organise around these missions:

Mission 1: Build a high performing digital, data and technology team

The challenge

How do we create the right digital, data and technology team for now and the future?

Our response

We want to make our digital, data and technology team the best place to work by making sure everyone on the team gets the chance to learn new things, has opportunities to grow in their careers, feels in charge of their work, and uses the latest tools and ways of working. Plus, we want to make work fun and rewarding, where challenges lead to us doing our best work.

This mission creates the team and culture, introduces our new ways of working and sets up our digital, data and technology partner ecosystem creating the capabilities for the whole of TPR to deliver our corporate priorities.

What it means for you

If you are a digital, data or technology professional seeking the next career step or a new challenge and you want to have a positive impact on millions of savers and our £2 trillion pensions landscape, we are the place to be.

If you are an employer, business adviser, pension scheme or trustee, we are building the capability to improve the way we regulate, reduce data duplication and build user-centred digital services that enhances your regulatory experience. We will try to understand your needs in everything that we do and work with you to continually improve the way you interact with us.

If you are a current or potential partner, education provider or part of the wider government family we want to collaborate with you, re-using best practice, building a pipeline of digital, data and technology talent and exploiting modern tools and methods in TPR.

Mission 2: Unite as one team through clear building blocks and standards

The challenge

How do we create the right controls, governance and re-usable components for the whole organisation?

Our response

This mission makes sure everyone at TPR uses the same set of design, technology and data rules, and building blocks. This way, everything fits together nicely, works well, and stays safe.

By agreeing on the type of bricks and blueprints we use, all our services and processes can easily connect and support each other, helping us do our job of protecting pensions better.

What it means for you

If you are an employer, scheme, trustee or adviser, the way we collect data from you will change. We will use best practice data collection methods and introduce standards such as open data served through APIs from scheme systems. The way every organisation uses and shares data in the modern world is evolving, and this is likely to have implications for your technology systems and data sharing approaches.

We will use user research techniques to really understand your perspective and needs when we are designing new services such as how you 'submit' data for the new DB funding code. Whichever part of TPR you speak with, because we have joined up our data, we will have deeper insight and better understanding of scheme risks and investment approaches.

While no cyber security defences are impenetrable, we are continuing to invest in our infrastructure and education to keep the systems we use and the data we hold as safe and secure as possible.

Capturing once and reusing data means we're reducing regulatory burden, taking the pain out of market interactions and supporting industry. Data is a utility shared securely, legally and simply across government departments, our regulatory partners such as the Financial Conduct Authority and beyond.

Mission 3: Use the right tools for the right jobs

The challenge

How do we improve our enabling services, reduce waste and environmental impact, improve our daily operations, and improve employee experience, while reducing reliance on legacy technologies?

Our response

We're on a mission to strengthen our core enabling services, making sure we're working as smartly and efficiently as possible. All these improvements are aimed at making life at TPR better for everyone. With less time spent on manual tasks and fewer system hiccups, we can all focus on the work that's truly rewarding and impactful.

What it means for you

If you are an employer, pension scheme, trustee or adviser, you will benefit from our investment in new tools to improve our case management, modelling, analysis and forecasting. This means we will record and analyse interactions with you more effectively as part of our regulatory oversight and will be able to respond more quickly to non-compliance.

Mission 4: Enable TPR colleagues to be more productive

The challenge

How do we do more with less, save money and improve how we work?

Our response

This mission helps everyone at TPR work smarter and faster, aiming for a boost in productivity. We'll tackle this by cutting down and automating repetitive tasks making day-to-day jobs run more smoothly.

What it means for you

If you are an employer, pension scheme, trustee or adviser, our improved productivity means we will spend even more time on providing effective regulation and driving higher standards for schemes that impact a higher proportion of workplace savers.

With our master data approach we will have a single version of the truth for trustees, ensuring we have the latest contact details and are communicating effectively with a larger percentage of our trustee base, leading to more effective trusteeship.

If you are a saver, we will focus on value for money assessment of master trusts (and other DC schemes) and we will use automation to help speed up and improve our scheme enforcement activities which will protect you and your hard-earned money.

If you are a partner, we will have improved standardised ways of securely sharing data with you to improve collaboration outcomes.

2. Enable effective market competition

Mission 5: Make sustainable decisions supported by AI

The challenge

How can we turn data into our crystal ball, helping us to anticipate the future needs of regulation, policy formation and sharpening our decision-making?

Our response

We're going to make data and AI the backbone of our decision-making processes. We're gearing up to use insights to not just react, but anticipate, helping us stay one step ahead in our regulatory duties and deliver our net zero ambitions.

What it means for you

If you are an employer, pension scheme, trustee or adviser, our teams will have new tools to analyse trends and predict risk, for example unified market metrics and volatility data. We will have more nuanced conversations with schemes about their investment decisions and risk controls, enabling proactive regulatory interventions.

With our high-quality mastered data about trustees and organisations associated with schemes including master trusts, we will have a deeper understanding of how schemes operate and be able to monitor trustee conflicts of interest.

Using our data models and AI tools, we will augment regulatory activity, for example by analysing scheme investment strategies to reduce the time needed to understand the nuances of each scheme's approach and flagging high risk ones that deviate significantly from common practices.

If you are a saver, we will enhance protection of your money by using significantly more market data for horizon scanning and market risk assessment to inform our regulatory oversight and we will prioritise enforcement and intervention activities on higher risk employers and schemes.

If you are a pensions professional, we believe that AI will help you run your businesses with more efficiency and better insight. Generative AI enabled tools will provide access to regulatory expertise in a completely radical way. It will turn the market into a hotbed of creativity, ultimately making saving for retirement more exciting and user-friendly.

Mission 6: Enhance regulatory effectiveness and transparency

The challenge

How do we keep a finger on the pulse of the market, give savers an accurate picture of their investment and be a model of transparency?

Our response

We're taking regulation into the future with a focus on real-time and published data.

What it means for you

If you are an employer, pension scheme, trustee or adviser, we want to ensure that savers can see, in plain numbers, what they're getting for their money. We will engage with you to develop the policy framework to enable improved transparency such introducing common data structures and taxonomies for the pension industry. This additional transparency will enable employers to make better decisions, drive competition among providers to improve performance, and enhance market efficiency.

If you are a saver, improved transparency will let you make the right choices for you while planning for retirement. And our advocacy for clear, standardised Environmental, Social, and Governance (ESG) data from schemes will improve sustainable investment practices.

Transparency is important to us, so where possible, we will publish our data in machine readable formats, using open licenses and making our data easy to find and re-use.

We will use market risk, scheme valuation and saver data alongside our enhanced investment analysis capability and data tools to enable us to make efficient, ethical and transparent regulatory decisions and reduce biases that can negatively impact the outcomes for under-represented groups, ensuring fairness and equality for everyone.

If you are part of the government family, we're harnessing the power of cross-government data where we can, for example, tapping into cross-governmental initiatives like Essential Shared Data Assets and utilising the ONS Integrated Data Service to make sure our policies are designed with the best information available and enriching data used by partners such as the Pension Protection Fund.

We will continue to actively collaborate with the Money and Pensions Service, supporting the Pensions Dashboard as a key step to full transparency of financial health for savers.

3. Benefit savers through industry innovation

Mission 7: Incubate experimentation

The challenge

How can we stimulate innovation in the pensions industry?

Our response

We're establishing a Regulatory Sandbox, new engagement approaches and pathways that will serve to accelerate innovation. Here, creators can trial new pension products and services, including those focusing on sustainability, without the immediate pressure of full-scale regulatory compliance.

What it means for you

If you are an employer, pension scheme, trustee or adviser we want to create an environment where industry players can safely test new business models and technologies. We will engage you in shaping the policy needed for experimentation and forward-thinking regulations in a disrupted pensions sector.

We will encourage the development of pension products that prioritise environmental sustainability and societal impact and we will develop a framework for ethical technology and data use that all pension providers can adopt.

We will actively encourage partnerships across the pension tech industries to share insights and develop integrated solutions using standardised data structures and taxonomies.

Better use of data will enable us to drive innovative approaches to improve saver outcomes. Understanding which cohorts of savers are failing to receive fair outcomes will guide us to intervene quickly to correct and improve those outcomes, ultimately leading to better and more personalised help and products for savers.

If you are a market entrant or pensions technology provider, we want to support the development and adoption of new technologies that enhance the transparency and efficiency of pension services.

Mission 8: Be a global leader in pensions regulation

The challenge

How can TPR set the international standard for excellence in digital, data-enabled pensions regulation?

Our response

We're elevating our role on the global stage to be the gold standard in pensions regulation. Through leadership, collaboration, and the sharing of best practices, we'll help shape the future of global pensions.

What it means for you

If you are an employer, pension scheme provider, trustee or adviser we will develop partnerships with international regulatory bodies and through established networks to share knowledge and harmonise regulatory approaches to digital, data and technology.

We will contribute to the development of international standards for pension regulation that prioritise transparency, security, and the welfare of savers, for example international pensions standards for data and taxonomies.

If you are a thought leader, collaborate with us and develop research that spotlights disruptive technology trends in the industry and future-proofs our approach to enabling regulation.

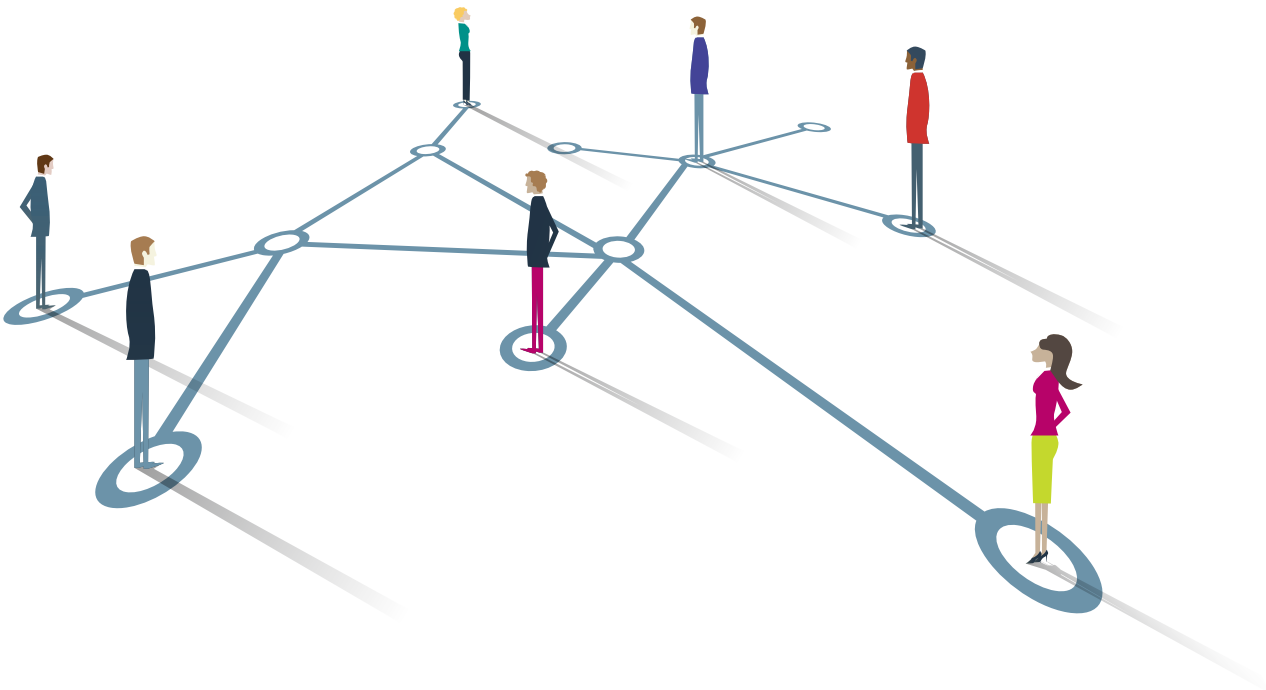
If you are an interested party, we will publish our learnings in the open to help others as we deliver on the ambitions of this strategy over the next five years.

What next?

We have already started delivering our plan. We are making this strategy integral to how we work, not just for technology professionals, but this marks a new way for how we work across TPR. This means more multi-disciplinary cross-team working, so we are using the various skills and profession across our organisation to best effect. Our business planning is becoming mission and goal focused as we improve our core foundations and innovate.

We commit to work in the open, sharing what we have learnt and our progress so far. This will include sharing our key measures of success when we report our progress in the Annual Report and Accounts.

We want to work with industry so we will be engaging with trustees, pensions professionals and schemes to get their feedback and ideas. We will shortly be setting up a working group of those who want to help us agree further detail and what this means for the pensions industry. This will also include a focus on data and the common standards we need to really enable the future opportunities we envision. We are looking forward to getting started.



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