

**Lancashire County Council**

**Lancashire Local Pension Board**

**Tuesday, 24th January, 2023 at 2.00 pm in Committee Room 'C' - The Duke of Lancaster Room, County Hall, Preston**

**Agenda**

**Part I (Open to Press and Public)**

**No. Item**

- 1. Welcome and Apologies**
- 2. Disclosure of Pecuniary and Non-Pecuniary Interests**
- 3. Minutes of the Last Meeting.** (Pages 1 - 8)  
To be confirmed and signed by the Chair.
- 4. Regulatory Update** (Pages 9 - 14)
- 5. Appeals Update** (Pages 15 - 18)
- 6. Communications Update** (Pages 19 - 30)
- 7. Lancashire County Pension Fund Breaches Report** (Pages 31 - 34)
- 8. LCPF Breaches Policy Review** (Pages 35 - 66)
- 9. Funding Strategy Statement Consultation** (Pages 67 - 70)
- 10. Cyber Security Report** (Pages 71 - 78)
- 11. Feedback from Board members on pension related training.** (Pages 79 - 80)
- 12. Part I reports presented to the most recent Pension Fund Committee** (Pages 81 - 82)
- 13. Urgent Business**  
An item of urgent business may only be considered under this heading where, by reason of special circumstances to be recorded in the minutes, the Chair of the meeting is of the opinion that the item should be



considered at the meeting as a matter of urgency. Wherever possible, the Chief Executive should be given advance warning of any Member's intention to raise a matter under this heading.

**14. Programme of meetings 2023/24** (Pages 83 - 84)

**15. Date of Next Meeting**

The next scheduled meeting of the Board will be held at 2.00pm on 4<sup>th</sup> April 2023 in Committee Room 'B' - The Diamond Jubilee Room, at County Hall, Preston.

**16. Exclusion of Press and Public**

The Board is asked to consider whether, under Section 100A(4) of the Local Government Act, 1972, it considers that the public should be excluded from the meeting during consideration of the following items of business on the grounds that there would be a likely disclosure of exempt information as defined in the appropriate paragraph of Part I of Schedule 12A to the Local Government Act, 1972, as indicated against the heading to the item.

**Part II (Not Open to Press and Public)**

**17. Local Pensions Partnership Administration** (Pages 85 - 90)

**18. Risk Register Update** (Pages 91 - 110)

**19. Part II reports from the most recent Pension Fund Committee** (Pages 111 - 112)

L Sales  
Director of Corporate Services

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**Lancashire County Council**

**Lancashire Local Pension Board**

**Minutes of the Meeting held on Tuesday, 18th October, 2022 at 2.00 pm in the Jordan Suite - The Exchange - County Hall, Preston.**

**Present:**

**Chair**

William Bourne

**Board Members**

Glyn Peach, Employer representative - LCC

County Councillor Matthew Salter, Employer representative - LCC

Steve Thompson, Employer representative - Unitary, City, Boroughs, Police and Fire

Carl Gibson - Employer representative - Other (remotely)

Yvonne Moulton, Scheme Member representative

Deborah Parker, Scheme Member representative.

Kevin Ellard, Scheme Member representative

**Officers**

Sean Greene, Head of Pension Fund, Lancashire County Council (remotely).

Junaid Laly, Special Projects Pensions Lead, Lancashire County Council

Julie Price, Technical Pensions Lead, Lancashire County Council

Mike Neville, Senior Democratic Services Officer, Lancashire County Council.

Andrew Dalecki, Head of Internal Audit - Lancashire County Council

Jo Darbyshire, Managing Director, Local Pensions Partnership Administration.

**Also in attendance:**

County Councillor E Pope, Chair of the Pension Fund Committee (observer).

County Councillor A Schofield, Chair of the Audit, Risk & Governance Committee (observer - remotely).

**1. Welcome and Apologies**

The Chair welcomed everyone to the meeting and noted that apologies had been received from Ms K Haigh, scheme member representative.

**2. Disclosure of Pecuniary and Non-Pecuniary Interests**

No declarations of interest regarding items on the agenda were made at this point in the meeting.

**3. Minutes of the Last Meeting.**

Mr Thompson informed the Board that as his 8-year term of appointment was due to expire on 20<sup>th</sup> January 2022 he would resign from the Board with effect from 1<sup>st</sup> December to allow a replacement to be appointed by full Council before the next Board on 24<sup>th</sup> January 2023. On behalf of the Board the Chair thanked Mr Thompson for his support and contributions to the work of the Board over the last 8 years and noted that interviews for new Employer and Scheme Member representatives were taking place on the 18<sup>th</sup>/19<sup>th</sup> October 2022.

The Head of Fund reported that steady progress was being made on the Communications Strategy, however, the informal meeting referred to under item 9 in the Minutes had been delayed and arrangements would be made for the Group to be consulted on the development of the Communications Strategy early in the new year.

**Resolved:**

1. That the Minutes of the meeting held on 5<sup>th</sup> July 2022 are confirmed as an accurate record and signed by the Chair.
2. That the Board note the resignation of Mr S Thompson (employer representative - Unitary, City, Boroughs, Police and Fire) with effect from 1<sup>st</sup> December 2022, thank him for his contributions to the work of the Board and wish him well for the future.

**4. Lancashire County Pension Fund Breaches Report**

Mr Laly, Special Projects Pensions Lead, from the Pension Fund Team, presented a report which summarised Lancashire County Pension Fund contribution, data, and administration breaches during the period 1<sup>st</sup> July to 30<sup>th</sup> September 2022.

When considering the report Board members discussed employer contribution breaches and noted that the reported increase in the number of such breaches was due to the full figures for Q1 being included in the report. It was suggested that changes to payroll providers could cause of some delays, leading to breaches. In response the Pensions Team would contact Local Pensions Partnership Administration to discuss whether there was any specific reason for the increase.

**Resolved:** That the summary of the Lancashire County Pension Fund Breaches Log for the period, 1<sup>st</sup> July 2021 to 30<sup>th</sup> September 2022, as set out in the report presented, is noted.

**5. Regulatory Update**

Ms Price, Technical Pensions Lead from the Pensions Team, updated the Board on various pension related regulatory issues as set out in the report.

The Board discussed the HM Treasury consultation on public sector exit payments (which applied to academies) and noted that the increased annual ceiling of £20m reflected the growth of Multi Academy Trusts and the associated risk should be discussed with the Fund Actuary (Mercer) and, if appropriate, incorporated within the



Fund risk register. It was also noted that Lancashire Pensions Partnership Investments Ltd would respond to the Department for Levelling Up, Housing and Communications consultation on governance and reporting of climate change risks before the deadline of 24<sup>th</sup> November 2022.

**Resolved:**

1. That the updates on regulatory matters, as set out in the report presented and discussed at the meeting, are noted.
2. That the Pension Fund Team discuss with the Fund Actuary whether the risk register be updated to include a risk associated with the potential for Multi Academy Trusts in Lancashire reaching the increased annual ceiling of £20m for the guarantee and that the closure of an Academy Trust would not lead to any outstanding LGPS liabilities reverting to the Fund.

**6. Communications Update**

Mr Laly, Special Projects Pensions Lead, from the Pension Fund Team updated the Board on activity regarding communications by both the Local Pensions Partnership Administration Limited's (LPPA) Engagement and Communications Team and the Pension Fund Team.

Regarding the Communications Strategy update Mr Laly reported that the informal meeting of Board members referred to at the last meeting had been delayed due to internal systems change work and staff changes. However, arrangements would be made for the Group to be consulted on the evolution of the Strategy before the end of the year.

The Board also discussed the level of participation in online sessions for scheme members on retirement and it was suggested that the current signposting to the sessions be explored and if, necessary, the sessions be further promoted.

**Resolved:**

1. That the report and additional updates given at the meeting are noted.
2. That the Board be kept informed of future developments regarding the updated Communications Strategy, including an update on phases of the project and timescales.

**7. Feedback from Board members on pension related training.**

Mr Neville, Senior Democratic Services Officer, presented a report on the three internal pension related workshops which had been held since the last meeting. Individual Board Members gave feedback on the workshops and agreed they had been informative, well presented, and useful. It was also noted that 20<sup>th</sup> July 2022 workshop and recent PLSA Conference had both provided further assurance about the work being done in relation to cyber security.



**Resolved:** That the feedback given at the meeting in relation to the training received by members of the Board is noted.

## **8. Lancashire Local Pension Board Workplan - 22/23**

Mr Laly, Special Projects Pensions Lead, presented a report on activities undertaken to date by the Pension Board as detailed in the 2022/23 workplan and reported that the updated Breaches Policy required a further internal review and would now be presented to the next meeting on 24<sup>th</sup> January 2023.

Regarding the Annual Review of the effectiveness of the Board it was noted that arrangements were being made for the Chair to meet with individual Board members in a series of one-to-one sessions to be held either side of the next meeting. Board members discussed the annual COP 14 compliance report which was also due to come to the next meeting and agreed that Officers should instead focus attention on compliance with the new Single Code of Conduct.

### **Resolved:**

1. That the workplan set out at Appendix 'A' to the report presented is approved.
2. That rather than producing the annual COP 14 compliance report for the Board in January 2023 Officers instead focus attention on compliance with the new Single Code of Practice that is due to come into force in mid-2023.

## **9. Part I reports presented to the most recent Pension Fund Committee**

The Head of Fund presented a report on the items considered by the Pension Fund Committee on 16<sup>th</sup> September 2022 under Part I of the agenda and informed the meeting that the LCPF Annual Report and been approved, subject to any minor amendments, an updated audit opinion and small account updates to be agreed by the Head of Fund.

It was reported that the Audit, Risk and Governance Committee on 17<sup>th</sup> October 2022 had noted the overall findings of the external auditor in relation to the audit of the Fund annual accounts for the year ended 31 March 2022 and was due to receive a further report on 30<sup>th</sup> January 2023. As the LCPF Annual Report was due to be published on or before 1<sup>st</sup> December 2022 the Board asked the Head of Fund to clarify the impact in relation to compliance with CIPFA Regulations and publication of the Annual Report.

Board members also discussed the contents of the Responsible Investment report and agreed that the report was extensive and gave a positive message regarding the Fund's investments.

### **Resolved:**

1. That the Part I reports considered by the Pension Fund Committee on 16<sup>th</sup> September 2022 and decisions taken are noted.



2. That the Head of Fund clarify the position regarding the potential impact of a delay in final approval of the LCPF Annual Accounts up to 31<sup>st</sup> March 2022 both in terms of compliance with CIPFA Regulations and publication of the Annual Report.

## 10. Urgent Business

No items of urgent business were raised at the meeting.

## 11. Date of Next Meeting

It was noted that the next scheduled meeting of the Board would be held at 2.00pm on 24<sup>th</sup> January 2023 in the Ribble Suite at The Exchange, County Hall, Preston.

## 12. Exclusion of Press and Public

**Resolved:** That the press and public be excluded from the meeting during consideration of the following items of business on the grounds that there would be a likely disclosure of exempt information as defined in the appropriate paragraph of Part 1 of Schedule 12A to the Local Government Act, 1972, as indicated against the heading of each item. It is considered that in all the circumstances the public interest in maintaining the exemption outweighs the public interest in disclosing the information

The Chair briefly paused the meeting at this point to allow Board members to have a break while the livestream of the meeting was turned off.

## 13. Local Pensions Partnership Update

(Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972. It was considered that in all the circumstances of the case the public interest in maintaining the exemption outweighed the public interest in disclosing the information).

The Managing Director of Local Pensions Partnership Administration Ltd updated the Board on progress with the implementation of Project PACE which for Lancashire was due to go live on 28<sup>th</sup> October 2022.

She reported on lessons learned from the implementation of Phase 1 of the project in January – March 2022, highlighted the anticipated increased spike in workload following the go live and recognised that there would inevitably be some issues with a project of this size and complexity. However, she also reported that there had been good collaboration between the pension Fund and LPPA project teams when preparing for the go live date. Data migration was good and plans were in place to support employers/members and prioritise resources to key areas following the go live date.

Following further discussion regarding mitigation of the specific risk in the Fund risk register associated with implementation of the new pension administration system several Board members expressed their support for the work done to date by all



those involved and were reassured by the plans which were in place to manage disruption following the transition to the new system.

**Resolved:**

1. That the report presented and updates from the Managing Director of Local Pensions Partnership Administration Ltd regarding plans for the implementation of Project PACE are noted.
2. That the Board thank the Head of the Pension Fund, the Managing Director of Local Pensions Partnership Administration Ltd and their respective teams, and employers, for all their hard work in preparing for the Project PACE go live date of 28<sup>th</sup> October 2022.

The Managing Director of Local Pensions Partnership Administration Ltd left the meeting at this point.

**14. Lancashire County Pension Fund Risk Register**

(Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972. It was considered that in all the circumstances of the case the public interest in maintaining the exemption outweighed the public interest in disclosing the information).

The Chair presented a report on the management of various identified risks associated with the Fund as set out in the Risk Register and Board members made the following comments:

- It was suggested that implementation of the new pensions administration system at Local Pensions Partnership Administration Ltd would impact on several risks identified in the Register (covering member and operational risks) and that the rating of those risks should be reviewed. The Head of Fund reported that a newly appointed member of the Pensions Team would be taking the lead on managing the Fund Risk Register and the Board would be given an update at the next meeting.
- It was noted that the Head of Fund had asked that regular meetings with the LPPA Project Team would continue after implementation of the new pensions administration system to monitor, control and understand associated risks.
- The Russia/Ukraine conflict, China and Inflation were all acknowledged as having a significant impact on current and future investments and the Head of Fund reported that the Investment Panel monitored factors such as these and the Fund continued to work with the Actuary and Local Pensions Partnership Investments Ltd to minimise impact on the Fund.
- It was noted that, unlike many private sector pensions, the Fund was not directly affected by liability-driven investing, which focused investment policy and asset allocation decisions on matching current/future liabilities of a pension plan.





- It was suggested that risk O9 (Decision making) be reviewed at an appropriate point within the Local Pensions Partnership Governance Review project.

**Resolved:**

1. That the contents of the Lancashire County Pension Fund Risk Register, as set out in the report presented, and the comments of the Board are noted.
2. That the wording of Risk O9 be reviewed and if necessary amended to clarify whether reference to LPP refers to the Group as a whole or the subsidiary investment and administration elements of the business.
3. That consideration be given to including the recruitment and retention of staff by the Pension Fund and Local Pensions Partnership Administration as a potential risk to the implementation/operation of the new pension administration system.

**15. Internal Audit Update**

(Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972. It was considered that in all the circumstances of the case the public interest in maintaining the exemption outweighed the public interest in disclosing the information).

Mr Dalecki, the Head of Internal Audit, updated Board members on the internal audit services provided by Lancashire County Council to the Pension Fund and the Head of Fund updated on other audit and governance related activities in response to the discussion at the previous meeting.

Mr Dalecki reported that the Audit Risk and Governance Committee on 17<sup>th</sup> October 2022 had considered a review of audits from 2018/19 to the present which identified that only 2% of management actions had not yet been implemented. He confirmed that the reasons for the outstanding actions would be investigated, and the actions implemented before the new year.

**Resolved:** That the report and updates from the Head of Internal Audit and Head of Fund given at the meeting regarding internal audit activity are noted.

**16. Part II reports from the most recent Pension Fund Committee**

(Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972. It was considered that in all the circumstances of the case the public interest in maintaining the exemption outweighed the public interest in disclosing the information).

A report was presented on the eight items considered by the Pension Fund Committee on 16<sup>th</sup> September 2022 under Part II of the agenda.



The Head of Fund informed the Board that the Fund continued to be in a strong position at the Valuation date and that moving forward the key principles would be prudence, consideration of the global impact of inflation, future returns and maintaining stability of employer contributions. It was noted that the Head of Fund, Technical Pensions Team members and Fund Actuary representatives were meeting with individual employers to discuss the outcome of the Valuation and that a report on the outcome would be presented to the Pension Fund Committee in November 2022, together with the updated Funding Strategy Statement for approval.

The Board also noted that a Governance review of the Lancashire Local Pensions Partnership was underway and an update on the findings would be presented to members of the Pension Fund Committee in due course.

**Resolved:** That the reports considered by the Pension Fund Committee on the 16<sup>h</sup> September 2022 under Part II of the agenda and associated decisions are noted.

L Sales  
Director of Corporate Services

County Hall  
Preston



**Lancashire Local Pension Board**

Meeting to be held on Tuesday, 24 January 2023

Electoral Division affected:  
(All Divisions);

**Regulatory Update**

Contact for further information:

Julie Price, 01772 530848, Technical Pensions Lead, Lancashire County Pension Fund, Julie.Price5@lancashire.gov.uk

**Brief Summary**

This report sets out an update on various pension related regulatory issues to assist Board members to exercise their functions as a member of the Pension Board effectively.

**Recommendation**

The Board is asked to consider and note the contents of the report.

**Detail**

**1. Update on McCloud**

On 24 November 2022, HMRC launched a consultation on how pension tax will apply to members protected by the McCloud remedy, alongside the draft Public Services Pension Schemes (Rectification of Unlawful Discrimination) (Tax) Regulations 2023. The legislation is planned to take effect from 6 April 2023, though some provisions will have retrospective effect. The aim is to make changes to tax legislation so that as far as possible the tax treatment applies as if the remedy had always applied.

The draft regulations that will apply to the Local Government Pension Scheme (LGPS) are:

- 14: how any underpin increase is treated for annual allowance purposes
- 17 and 23: whether any additional pension commencement lump sum paid after the normal deadline is an authorised payment
- 18,19 and 24: how an underpin increase affects a past trivial commutation payment and whether any additional amount due is an authorised payment
- 22: whether arrears of pension payments in respect of a deceased Scheme member are authorised payments
- 26: whether a pension remains authorised where it is reduced due to a retrospective lifetime allowance debit

- 27 and 28: whether overpaid pensions and lump sums which are not recovered are authorised payments
- 30: whether additional amounts of death grants paid after the normal two year time limit are taxable payments
- 37 and 38: valuing benefits for individual protection 2016
- 40: the impact of an underpin increase on fixed protection 2016.

The consultation documents include an explanatory memorandum and guidance for administrators on the draft regulations.

The Local Government Association have had a round table discussion with HMRC and have responded to the consultation, which closed on 6 January 2023

HMRC have said in their newsletter that they are not able to respond to individual member queries about the remedy.

Local Pensions Partnership Administration Ltd (LPPA) has responded to the consultation and a copy of the response is available on request.

Separately HM Treasury has issued [Directions in relation to the Public Service Pensions and Judicial Offices Act 2022](#) (PSPJOA) covering the exercise of powers contained in the Act, how compensation may be paid, and the information that must be provided in an application for compensation. These Directions are needed to allow the further period of consultation on the updated draft LGPS regulations which is expected in early 2023, though it is still expected that the regulations will come into force on 1<sup>st</sup> October 2023. The Department for levelling Up, Housing and Communities (DLUHC) intend to issue statutory guidance on the implementation of McCloud following the period of consultation.

There is a concern due to the late issue of the new draft regulations, as it gives Funds less time to implement the changes. LPPA have already been taking steps to ensure that employers have been submitting the hours and service break data that will be required to implement the new remedy, and since 2014 LPPA have continued to update these data items when provided.

Civica (the system provider for LPPA) will be carrying out development work so that LPPA's administration system UPM is as ready as possible for the McCloud remedy to provide bulk remedy solutions including the recalculation of benefits and annual allowance and the rectification of affected members.

## 2. Pensions Dashboards

On 17 October 2022 the Department for Work and Pensions (DWP) laid a draft of the regulations, which were approved by both houses of Parliament, and [The Pensions Dashboard Regulations 2022](#) came into force on 12 December 2022.

The staging deadline for public service pension schemes is confirmed as 30 September 2024 (for find requests) and value data (i.e. current value and projected value of benefits for active members) will need to be available by 1 April 2025.

The regulations confirm that the Secretary of State will give six months' notice of the 'Dashboard Available Point' but do not confirm the actual effective date. This is the point at which pension dashboard services are to be available for use by the general public. It is expected that additional work will arise from this point particularly from partial find requests, where further authentication work is required and member queries may arise, so the six months' notice period gives scheme administrators the time to recruit additional staff as necessary before this work commences.

The Pensions Dashboards Programme (PDP) have published two short videos -

The first video is called '[Get your data ready for pensions dashboards](#)' which provides guidance to schemes on how to cleanse data so that it is accurate and up to-date.

The second video is '[An introduction to find and view data](#)' and explains the important differences between find data and view data.

PDP have also published revised standards for connecting to the dashboards' ecosystem, which incorporate feedback from the first consultation published in July 2022. They have launched a further consultation on the design standards for how pensions information must be presented to the user in a way that is accessible and inclusive. The consultation closes on 16 February 2023 and LPPA intend to submit a response.

The Pension Regulator have separately launched a consultation on its draft dashboards and enforcement policy which closes on 24 February 2023. LPPA will respond to this consultation.

### **3. Autumn Statement**

The Chancellor of the Exchequer delivered his Autumn Statement to Parliament on 17 November 2022. Pensions policies rumoured in advance of the statement such as changes to tax relief and the removal or suspension of the State Pension triple lock did not emerge. The statement confirmed the following policies that have a direct or indirect impact on LGPS members:

- The State Pension triple lock was maintained and working age benefits will increase in line with inflation in April 2023. Next year's increase will be 10.1 percent.
- The DWP review of the State Pension age will be published early in 2023. The review is currently underway to consider whether the existing timetable to increase the State Pension age remains appropriate. The Government must publish the review by 7 May 2023. This is relevant to LGPS as the pension age for career average benefits built up after 1 April 2014 is set equal to State Pension Age.
- No changes to the annual allowance, tapered annual allowance or Money Purchase Annual Allowance in 2023/24.
- No changes to the Lifetime Allowance which will remain at its current level of £1,073,100 until the end of the 2025/26 year.

- Current personal tax thresholds for income tax and national insurance (in England and Wales) will be frozen until April 2028. Increases to wages, benefits and pensions at a time of high inflation will mean that more of the lowest earners will start to pay tax and more people will be drawn into the 40 percent tax band.
- The additional rate threshold (in England and Wales) will reduce from £150,000 to £125,140 from April 2023. This is the threshold beyond which individuals pay income tax at 45 percent

Separately, on 9<sup>th</sup> December 2022, the Chancellor of the Exchequer announced a set of reforms to drive growth and competitiveness in the financial services sector. It has been confirmed that the Government will be consulting in early 2023 on issuing new guidance on Local Government Pension Scheme asset pooling. The government will also consult on requiring LGPS funds to ensure they are considering investment opportunities in illiquid assets such as venture and growth capital, as part of a diversified investment strategy.

#### **4. September 2022 CPI rate announced**

On 19 October 2022, the Office for National Statistics announced the Consumer Prices Index (CPI) rate of inflation for September 2022 as 10.1 per cent. Government policy in recent years has been to base increases under the Pensions (Increase) Act 1971 and revaluation of pension accounts under section 9 of the Public Service Pensions Act 2013 on the rate of CPI in September of the previous year. Confirmation from Government that the revaluation and pensions increase that will apply to LGPS active pension accounts, deferred pensions and pensions in payment in April 2023 will be 10.1 per cent is awaited. However, the expectation is that 10.1% will be applied.

#### **5. High Court dismisses challenge against RPI reform**

The High Court dismissed the judicial review claim brought by the British Telecom, Ford, and Marks & Spencer pension schemes. This followed the UK Statistics Authority's (UKSA) decision to align the Retail Price Index (RPI) with a housing cost-based version of the Consumer Price Index from 2030.

In the LGPS RPI is only used for the uplift of additional pension purchased by a member by way of an Additional Regular Contribution contract where the member made the election before 1 April 2012.

Some of the valuation assumptions are driven by market implied RPI but in the 2022 valuation it was assumed that RPI reform would continue, so this ruling has no effect.

#### **6. Annual allowance misalignment**

In assessing whether Annual Allowance (AA) charges arise for a member, an assessment is made of the opening balance and closing balance for the year to determine whether the difference in these figures (i.e. the increase in pension) exceeds the annual allowance threshold.

There has been an anomaly each year where the opening balance is uprated by pensions increases applied in the previous year (applied on 6 April), but then the closing balance is determined after pensions increase from the current year have been applied to CARE pay (applied on 1 April).

This year the anomaly has a greater effect due to the difference in CPI last year (3.1%) and this year (when confirmed – 10.1%). The intention was never that inflation should affect Annual Allowance calculations in this way.

There are plans to change the NHS pension scheme to move the revaluation date to the first Monday of the new tax year, to avoid the anomaly in their scheme.

DLUHC have been considering this change for LGPS but have most likely left it too late to implement as a consultation would be required and software suppliers have not got time to change PI/revaluation programs. Without any changes, the number of active members incurring an Annual Allowance charge and the level of charges may increase.

If there are no changes for the LGPS there might be a backlash from LGPS high earners at being treated differently to NHS high earners.

## **7. SAB Statement on employer contributions**

At its meeting on 10 October 2022, the Scheme Advisory Board (SAB) discussed emerging results from the current round of triennial local fund valuations. The Board understands and recognises the extremely challenging position for local government finance. However, it asks administering authorities and other Scheme employers to have regard to the desirability of long-term stability in pension contributions when considering whether reductions in employer contributions are desirable because of an improved funding position. The SAB statement on employer contributions gives more detail about the Board's discussions and the reasons behind making the statement.

## **8. Further Education reclassification**

Following a review into the classification of further education sector, the Office for National Statistics has reclassified colleges and their subsidiaries in England into the central government sector. Further details about Further Education reclassification can be found on the [Government's website](#). This does not have any immediate impact on how colleges are treated in the Pension Fund, however, it does open the possibility that the Government will offer a guarantee to Funds similar to the academy guarantee. If that is the case, it could impact college's contribution rates but this is generally thought unlikely to be resolved before the 2022 valuation is concluded. Accordingly, the valuation is proceeding based on the current position of colleges.

## **9. New LGPS minister**

Lee Rowley MP was appointed Parliamentary Under Secretary of State in the Department for Levelling Up, Housing and Communities on 7 September 2022. It

has now been confirmed that he has taken over ministerial responsibility for the LGPS.

The Chair and Secretary of SAB met with the LGPS Minister in December to discuss progress on the Good Governance recommendations, climate risk and reporting regulations for the LGPS and the impact of National Living Wage increases in the coming years on local government.

## **10. New Pensions minister**

Laura Trott has been confirmed as the new Minister for Pensions, with responsibility for pensioner benefits, private and occupational pensions, and the care of arms-length bodies such as the Pensions Regulator.

### **Consultations**

N/A

### **Implications:**

This item has the following implications, as indicated:

### **Risk management**

Without the required knowledge and skills, those charged with governance and decision making may be ill-equipped to make informed decisions regarding the direction and operation of the Pension Fund.

### **Local Government (Access to Information) Act 1985 List of Background Papers**

N/A

Reason for inclusion in part II, if appropriate

N/A



**Lancashire Local Pension Board**

Meeting to be held on Tuesday, 24 January 2023

Electoral Division affected:  
(All Divisions);

**Appeals Update**

Contact for further information:

Julie Price, 01772 530848, Technical Pensions Lead,  
Julie.Price5@lancashire.gov.uk

**Brief Summary**

This report provides an update and broad analysis of appeals received under the Internal Disputes Resolution Procedure for the period 1<sup>st</sup> January 2022 to 31<sup>st</sup> December 2022.

**Recommendation**

The Board is asked to consider and note the contents of the report.

**Detail**

The Local Government Pension Scheme regulations set out a formal procedure to resolve disagreements. This is called the Internal Dispute Resolution Procedure. Specifically, the rules for the appeal process are set out in the Local Government Pension Scheme Regulations 2013 within regulations 72 to 79.

The Procedure has 2 stages. Stage 1 is dealt with by the body who made the initial decision (or omission of a decision) that is in dispute. This will normally either be the scheme employer if an employer decision or omission has led to the dispute, or Local Pensions Partnership Administration (LPPA) if an administering authority decision, calculation or omission has led to the dispute.

If the disagreement is not resolved at stage 1, the individual can refer it to the Appeals Officer for a decision at stage 2. The nominated Appeals Officer for reviewing stage 2 appeals is Julie Price, Technical Pensions Lead for the Lancashire County Pension Fund.

**Overview of stage 1**

The right to make a stage 1 complaint is time limited. Generally, the applicant has 6 months from the date of notification of the decision under dispute. The employer (or LPPA on behalf of the administering authority) will nominate a person to determine

stage 1 complaints known as the adjudicator. The adjudicator should provide their written decision within 2 months (although if there are specific reasons to do so they could send a letter extending and revising this deadline).

## Overview of stage 2

The applicant can ask the Pension Fund to take a fresh look at their complaint if they are not satisfied with the adjudicator's stage 1 decision, or the applicant has not received the stage 1 decision letter within certain deadlines.

The decision at stage 2 must be given within 2 months (although again if there are specific reasons to do so a letter can be sent extending and revising this deadline). If the applicant is still unhappy following the stage 2 decision, they can take their case to The Pensions Ombudsman for a formal determination provided they do so within 3 years of the event that gave rise to the initial complaint.

## Analysis of appeals – 1<sup>st</sup> January 2022 to 31<sup>st</sup> December 2022

In general, the large percentage of appeal cases remains those linked to ill health whether this is a dispute with the level awarded to the scheme member or where ill health retirement has been determined by the employer not to be appropriate for the scheme member.

The number of stage 2 cases received during the year is the same as the number received last year. Over the last 3 years the numbers of stage 1 appeals have been 28 cases in 2020, 15 cases in 2021 and 23 cases in 2022. Only 2 cases at stage 1 were upheld during the report period.

6 cases at stage 2 were upheld – 2 of these had additional information supplied at the appeal stage which wasn't previously available when the original decision was taken. 4 of the upheld appeals were ill health cases, where the employer would have been expected to ask further questions of the IRMP before making a decision. Where this has been the case, we have notified the relevant employers of what would have been expected of them and the reasons behind that.

A full breakdown of the case types and outcomes are set out below:

### Stage 1 cases

Type of Case	Total	Breakdown
Received	23	17 - Ill-health 2 - Late transfer requests 1 - Transfer Value 1 - Retirement 1 - Benefit revision 1 - Added years
Upheld	2	2 – Ill Health
Dismissed	13	10 - Ill-health 2 - Late transfer requests 1 - Retirement

Outstanding	8	1 – Transfer value 5 – Ill Health 1 – Benefit Revision 1 – Added years
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### Stage 2 cases

Type of Case	Total	Breakdown
Received	9	6 - Ill-health 2 – Late transfer 1 - Final pay calculation
Upheld	6	3 – Ill health 2 – Late transfer 1 – Final pay calculation
Dismissed	0	0
Outstanding	3	3 – Ill health (deadline dates in January 2023)

### Ombudsman Cases

There have also been two ombudsman cases. The first involved a member complaint about the recovery of overpayment of pension due to reemployment, which was not upheld. The second case related to a member complaint about delays in AVC disinvestment at retirement, where they were awarded £100.

### Consultations

N/A

### Implications:

This item has the following implications, as indicated:

### Risk management

No significant risks have been identified

### Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Tel
N/A		

Reason for inclusion in Part II, if appropriate  
N/A



**Lancashire Local Pension Board**

Meeting to be held on Tuesday, 24 January 2023

Electoral Division affected: N/A;
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**Communications Update**

Appendix 'A' refers

Contact for further information:

Junaid Laly, Special Project Pensions Lead, 01772 532767

Junaid.Laly2@lancashire.gov.uk

**Brief Summary**

This report provides the Board with a communications update from the Local Pensions Partnership Administration Limited (LPPA) Engagement and Communications Team and the Pension Fund Team.

**Recommendation**

The Board is asked to note this report.

**Detail**

LPPA provides communication and engagement services for the Lancashire County Pension Fund (LCPF) to all scheme members and employers.

The update from LPPA provides the Engagement Activities for Quarter 3 (October to December 2022) and is set out at Appendix 'A'.

The executive summary by Chris Dawson, Head of Engagement at LPPA, sets out some key highlights for the previous quarter.

The report then details the following activities of the LPPA Engagement, Marketing & Communications Team:

- Engagement Activities in Q3
- Engagement Team Update.
- Member Communications.
- Member Sessions
- Employer Communications.
- Planned Activity Q4 2022/2023.

LPPA have sent out communications to members which is focused on registering to PensionPoint which is the new online member portal. Similarly, employers have been contacted and offered training to support them on transitioning to the new UPM employer portal.

Focused communications have been sent out to employers as a reminder to ensure that they submit their monthly data files. The Fund have been kept informed of activities that has been undertaken in this area by LPPA and discussions have taken place regarding the providing additional support.

LPPA continued with their 'business as usual' programme for engagement activity for members and employers throughout the period whilst they have transitioned to UPM/Pension Point.

## **Pension Fund Team Update**

- **Valuation 2022 Activity**

In this quarter the Fund engaged with employers on a 1-2-1 basis to discuss individual valuation results. This activity was supported by the Funds actuaries Mercers who had a representative at each session to explain the results summary documents that were sent out to each employer. The summary documents outlined the valuation balance sheets along with the contribution requirements for the following three years and where applicable the termination funding position.

- **Funding Strategy Statement Consultation**

Following the 1-2-1 sessions mentioned above the draft Funding Strategy Statement was developed and the Fund officers developed communications to consult with the employers on the draft. The draft statement was approved at Pension Fund Committee in November 2022.

This is an opportunity for all employers to review and feedback on the approach taken on the draft Funding Strategy Statement.

The purpose of the Funding Strategy Statement is to ensure that the Fund has sufficient assets to meet its pension liabilities in the long term which the fiduciary responsibility of the Administering Authority.

The deadline for response to the consultation is 18<sup>th</sup> January 2023. Further information on the Funding Strategy Statement is provided elsewhere on the agenda.

- **LCPF Annual Report 2021/22**

The LCPF Annual Report 2021/22 was published on the Fund's website on 1<sup>st</sup> December 2022. The Accounts of the Fund are still in draft awaiting the auditors sign off. This is because the audit of the Fund cannot be completed until the audit of the Council is ready to be signed off. The delay in the sign off is due to a national issue on the valuation of infrastructure assets which affects most upper tier authorities, but not the Pension Fund itself. It is expected that sign off will take place at the end of

January 2023. However, this issue did not hold up publishing and the Annual Report will be updated with signed off accounts in due course.

The Fund are currently working with the design consultancy in producing a summary report and communications to employers regarding the annual report will be sent via LPPA in January 2023.

- **Communications Strategy Update**

Representatives from the Local Pension Board who volunteered to support on the development of a strategy were sent out a questionnaire to provide feedback on the current communications offering. Responses have been received and initial analysis has been undertaken.

The feedback is in relation to communications delivered by the Fund and LPPA.

### **Consultations**

Head of Engagement, Marketing and Communications LPPA

### **Implications:**

This item has the following implications, as indicated:

### **Risk management**

The Fund has a statutory responsibility to communicate effectively with members and employers.

### **Local Government (Access to Information) Act 1985 List of Background Papers**

Paper	Date	Contact/Tel
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None		
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Reason for inclusion in Part II, if appropriate

N/A









Local Pensions Partnership  
Administration



WORKING  
TOGETHER



FORWARD  
THINKING



COMMITTED TO  
EXCELLENCE



DOING THE  
RIGHT THING

## **LPPA Engagement, Marketing & Communications Team Report** December 22

### **Section 1**

*Engagement Activities Q3 2022/23 (Oct 22 – Dec 22)*

### **Section 2**

*Planned Activity Q4 2022/23 (Jan 23 – March 23)*

This report provides an overview of activities undertaken by the LPPA Engagement, Marketing & Communications Team in the period October to December 2022, and activities the team will be undertaking in the next 3 months.

### **Executive Summary**

In Q3, there have been various communications and engagement activities which have supported LCPF members (focused on PensionPoint registrations, the new member portal) and employers (training to support their transition to the new UPM employer portal, and the submission of their monthly data file returns).

Client support has also been provided in communicating valuation support sessions and fund strategy consultations to LCPF employers

All engagement and communication objectives were successfully delivered during the period, and plans are on track for Q4 (further detail is provided in the report).

## 1 Engagement Activities Q3 2022/23 (Oct 22 to Dec 22)

*\*Activities up to 22 December 2022*

### 1.1 Engagement Activity – Employer and Member Training

Date	Activity	Employer Name	Number Attended
04/10/2022	Pre - Retirement LG (True Bearing)	Blackburn with Darwen BC Members	26
04/10/2022	UPM Employer Portal Training	Lancashire Police (LG)	5
04/10/2022	UPM Employer Portal Training	LCC	5
05/10/2022	UPM Employer Portal Training	LCPF Employers	39
06/10/2022	Making sense of your pension	LCPF Members	11
06/10/2022	Monthly Returns Training	LCPF Employers	50
10/10/2022	Pre - Retirement LG (True Bearing)	LCC Members	15
12/10/2022	UPM Employer Portal Training	LCPF Employers	7
13/10/2022	Pre-Retirement (LCC)	LCC Members	9
13/10/2022	LGPS Scheme Essentials Training	LCPF Employers	4
01/11/2022	Monthly Returns Training	LCPF Employers	12
03/11/2022	UPM Employer Portal Training	LCPF Employers	10
08/11/2022	Making sense of your pension	LCC Members	10
10/11/2022	Making sense of Retirement	LCPF Members	7
15/11/2022	Monthly Returns Training	LCPF Employers	7
17/11/2022	Scheme Leavers Training	LCPF Employers	8
21/11/2022	Pre - Retirement LG (True Bearing)	Lancashire Police (LG members)	14
21/11/2022	PensionPoint Awareness Training	LCPF Employers	6
22/11/2022	UPM Employer Portal Training	LCPF Employers	6
24/11/2022	Pre - Retirement LG (True Bearing)	UCLan members	31
05/12/2022	Pre - Retirement LG (True Bearing)	LCC Members	17
06/12/2022	UPM Employer Portal Training	LCPF Employers	2
08/12/2022	Monthly Returns Training	LCPF Employers	15
13/12/2022	Scheme Leavers Training	LCPF Employers	8
14/12/2022	PensionPoint Awareness Training	LCPF Employers	3
15/12/2022	UPM Employer Portal Training	LCPF Employers	4

#### **Summary of data table above:**

Pre - Retirement LG (True Bearing): LPPA deliver pre-retirement sessions (same content as the Retirement Essentials workshops) and True Bearing are the organisers.

### 1.2 Engagement Activity – Employer visits and support

In addition to the employer and member training sessions delivered during Q3, there have been virtual employer visits and support sessions held. These have had a focus on navigating the UPM employer portal and uploading the Monthly Return via the portal.

Date	Session	Employer	Number attended
06/10/2022	Employer Visit (support)	Edge Hill University	3
06/10/2022	Client Meeting	LCPF	3
04/11/2022	Employer Visit (support)	Penwortham Town Council	1
04/11/2022	Employer Visit (support)	The Floorbrite Group	1
15/11/2022	Employer Visit (support)	MHR Global	2
16/11/2022	Employer Visit (support)	UCLan	1
18/11/2022	Employer Visit (support)	Runshaw College	2
21/11/2022	Employer Visit (support)	Runshaw College	2
22/11/2022	Employer Visit (support)	UCLan	3
22/11/2022	Employer Visit (support)	Haslingden High School	1
23/11/2022	Employer Visit (support)	Service Alliance	1
23/11/2022	Employer Visit (support)	Blackburn with Darwen B.C	9
23/11/2022	Employer Visit (support)	Lancashire C.C	1
24/11/2022	Employer Visit (support)	Nelson & Colne college	1
25/11/2022	Employer Visit (support)	Freckleton Parish Council	1
02/12/2022	Employer Visit (support)	Cardinal Newman	2
02/12/2022	Employer Visit (support)	Together Housing	1
06/12/2022	Employer Visit (support)	Together Housing Association Ltd	1
08/12/2022	Employer Visit (support)	Blackburn with Darwen B.C	2
08/12/2022	Employer Visit (support)	Myerscough College	1
09/12/2022	Employer Visit (support)	Penwortham Town Council	1
12/12/2022	Employer Visit (support)	Aspens Services Ltd	1
12/12/2022	Employer Visit (support)	Runshaw College	1
12/12/2022	Employer Visit (support)	Penwortham Town Council	1
12/12/2022	Employer Visit (support)	Cliviger Parish Council, Darwen Town Council, Habergham Eaves Parish Council, Old Laund Booth Parish Council	1
13/12/2022	Employer Visit (support)	Haslingden	1
15/12/2022	Employer Visit (support)	UCLan	1
15/12/2022	Employer Visit (support)	Lancashire C.C	2
19/12/2022	Employer Visit (support)	Lancashire C.C	1
22/12/2022	Employer Visit (support)	Blackpool Transport	1

### 1.3 Engagement Team Update

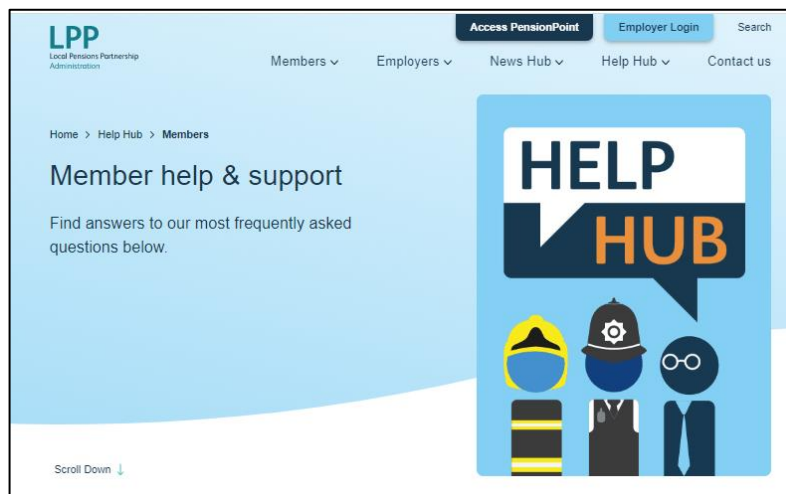
The focus for the Engagement Team in Q3 has been the transition to UPM Employer Portal for employers and PensionPoint for members, through the delivery of group training sessions and support visits.

All member and employer training sessions continue to be bookable via the LPPA website on designated training pages, with Q4 dates currently available to book.

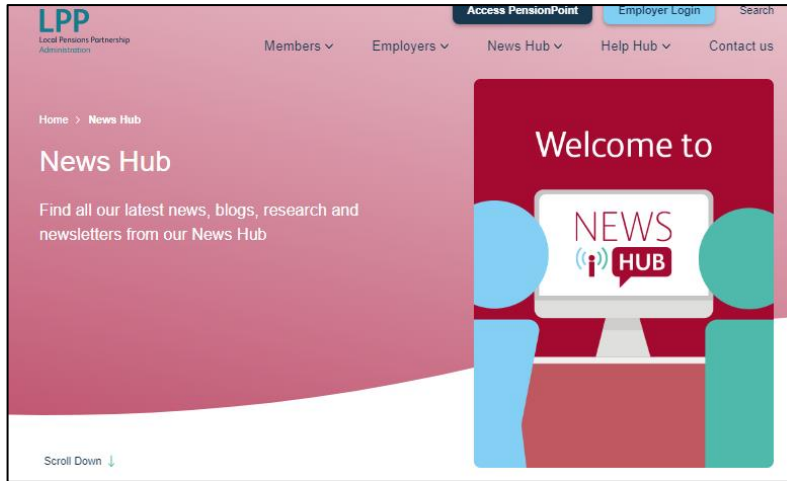
## 1.4 Member Communications

There have been various communications issued in Q3, most of which focused on the launch of UPM and PensionPoint, the new member portal, on the 28 October

- A [pre-launch PensionPoint email](#) was issued to LCPF members
- A [post-launch PensionPoint email](#) was sent, encouraging members to register for the new portal – the email also directed members to user videos and FAQ's to assist in the process
- A **blackout period** (14 to 28 October) in the period prior to go-live – during this time, no new casework / processing of member data could be undertaken by LPPA – resulted in member communications being added to the LPPA website, and IVR messages in the Helpdesk
- In addition to the blackout period, several **UPM maintenance days** in Q3 (9 Nov, 29 Nov to 1 Dec) also resulted in no new casework processing (again, these dates were communicated to members on the website)
- A member panel (which includes LCPF members) email was issued to share results of a survey undertaken on [the new online newsletter](#), and asking for feedback on the FAQ (Frequently Asked Questions) section of the LPPA website
- [Help Hub](#) was launched in December on the LPPA website, a new member help and support section that consolidates all resources (FAQ's, videos, forms and documents, training) into one area. The 'search' function has also been improved so that members can access the information they need easily and quicker



- [News Hub](#) was launched at the same time, a website page that enables quick and simple access to all LPPA new articles, blogs and research stories. It also includes links all the latest LPPA newsletters



- PensionPoint update** (16 Dec) – after go-live on the 28 October, the LPPA communications team have been contacting members to encourage them to register for PensionPoint. The following figures represent the number who have registered to date:

Active members - 8,956

Deferred members – 5,429

Retired members and beneficiaries – 7,996

**Total 22,834**

This represents 12.1% of the total LCPF membership base, and is ahead of target (10% of all members 6 months following launch, 20% at 12 months)

- [Employer toolkit page](#) created to help LCPF employers communicate the benefits of PensionPoint to their members.

## 11.5 Member Sessions

All member sessions are bookable via LPPA Member Training page.

### ***Making Sense of your Pension (online sessions)***

These two-hour online sessions are aimed at members to help improve their knowledge of their LGPS pension, whether they have recently joined the scheme, or have been in the scheme a while.

### ***Making Sense of Retirement (online sessions)***

These two-hour online sessions are aimed at Members who are reaching retirement age (age 55 and over) to help improve their knowledge of the retirement process and claiming their LGPS pension.

Date	Subject	Number of LCPF members attending
06/10/2022	Making sense of your pension	11
08/11/2022	Making sense of your pension	10
10/11/2022	Making sense of Retirement	7

## 1.6 *Employer Communications*

There have been various LCPF employer communications sent in Q3, supporting the launch of UPM and the new employer portal on the 28 October, and training and reminders to support the move of monthly data file returns from EPIC to the new portal.

- w/c 10 Oct, **Blackout** [period email](#)
- w/c 10 Oct, Monthly Returns [reminder email](#)
- w/c 17 Oct, Monthly Returns final [reminder email](#)
- 28 Oct, LCPF employer [go-live email](#)
- w/c 31 Oct, LCPF employer [go-live email](#), reminder
- w/c 31 Oct, planned maintenance update [email](#) (reminders issued w/c 14 and 21 Nov)
- 4 Nov, Employer portal technical issue (monthly return deadline extended), [email](#)
- w/c 5 Dec, monthly returns submission training, [email](#)
- w/c 12 Dec, monthly returns deadline passed, [reminder email](#)

In addition to issuing LCPF employer communications for the monthly returns process, the Engagement team have also been arranging Teams training support sessions with both individual and multiple employers, as well as making post-deadline outbound calls to non-submitting employers.

## 1.7 *Employer newsletters and LCPF client communications*

The following emails were also issued to LCPF employers in Q3:

- November [Pension Pulse newsletter](#)
- [Valuation Engagement 1 to 1 sessions](#)
- [LCPF Funding Strategy Statement Consultation](#)

## **2 *Planned Activity Q4 2022/2023***

### 2.1 *LCPF Employer Activities (January – March)*

- Monthly scheme essentials and retirement essentials are available for members and booking is available via LPPA website and shared with employers to circulate to employees. Employer training sessions will continue with a focus on monthly returns and navigating the UPM employer portal, sessions include:
  - UPM employer portal Training – sessions will be available for employers once the portal has been launched, to support with general navigation and submitting monthly return data file
  - Monthly Return Training – regular training sessions available for employers to attend with a demonstration of the upload of Monthly Return file via UPM employer portal.

- Employer visits will be conducted with employers to support with the access and navigating the UPM employer portal.
- All employer visits (training sessions, support meetings) will continue to be delivered remotely in 22/23.

## 2.2 *LCPF planned employer communications (January – March)*

- Employer communications for Q4 will continue to focus on the transition to the UPM employer portal, and the submission of monthly data return files. Email communications will be supplemented by outbound calls in January to support LCPF employers in the submission of their monthly files

## 2.3 *LCPF Member Activities (January – March)*

Member communications for Q4 will focus on:

- PensionPoint registration
- PensionPoint engagement (“Keep your details up-to-date;” “Nominate your beneficiary” etc)
- Pensions Increase 2023/24 (retired members and dependents)
- New joiner engagement (dedicated resources available on LPPA website)





**Lancashire Local Pension Board**  
Meeting to be held on Tuesday, 24 January 2023

Electoral Division affected:  
N/A;

## **Lancashire County Pension Fund Breaches Report**

Contact for further information:  
Junaid Laly, Special Projects Pensions Lead, 01772 532767,  
Junaid.Laly2@lancashire.gov.uk

### **Brief Summary**

This report provides the Board with a summary of the Lancashire County Pension Fund Breaches Log for the period 1st October 2022 to 31st December 2022, including information for contributions, data, and administration breaches.

Information on data and administration breaches is provided by the Local Pensions Partnership Administration Limited (LPPA).

### **Recommendation**

The Board is asked to note the content of this report.

### **Detail**

The Lancashire County Pension Fund has policy and procedures in place to effectively record and, if necessary, report breaches to the Pension Regulator. Practical guidance in relation to the legal requirements are set out in the Pension Regulator's Code of Practice 14.

Code of Practice 14 covers areas such as:

- Governing your scheme.
- Managing Risks.
- Administration.
- Resolving Issues.

The Administration section covers aspects such as:

- Scheme record keeping.
- Maintaining Contributions.
- Providing information to members.

The Lancashire County Pension Fund, in line with the breaches policy and supported by Local Pension Partnership Administration Limited, have established a log to record all incidents which fall outside of the requirements of Code of Practice 14.

### Contribution Breaches:

In the period October 2022 to December 2022\* (December contributions have not been collected at the time of writing this report) there have been 0 breaches.

There were 2 breaches in quarter 2 (July 2022 to September 2022), no breaches in quarter 1 (April 2022 – June 2022), and 2 breach in quarter 4 (January 2022 – March 2022).

There were several incidents recorded in the period which have resulted in corrective action being taken. A total of 50 employers failed to submit contribution figures for Q1, 44 for Q2 and 68 for Q3\*.

They have all been contacted in accordance with the Stage 2 escalation procedures, which ensure that all incidents are corrected swiftly. For Q2, the number of employers which failed to submit contributions represents 4.76% of the total submissions, in monetary values this equates to 1.04% of the total contributions received during the period, for Q3\* this represents 10.26% and 3.39% respectively.

	Q4	Q1	Q2	Q3*
<b>Incidents</b>	23	49	44	68
<b>Breaches</b>	2	0	2	0

\*Incomplete – Q3 incidents and breaches only include 2 months data

### Data Breaches:

For the period 1st October 2022 to 31st December 2022\* there were a total of 3 data breaches and 1 process breach:

<b>October</b>	3 data breaches in October <ul style="list-style-type: none"> <li>• A member received correspondence with another members details</li> <li>• A document incorrectly associated to another member's record</li> <li>• File sent to the new software provider with details of some Lancashire members which should have been removed</li> </ul>
<b>November</b>	<ul style="list-style-type: none"> <li>• No data breaches were reported.</li> </ul>
<b>December</b>	Data not yet available

All data breaches are reported to the Information Governance Team of Lancashire County Council who deemed those mentioned above to be not significant enough to warrant reporting to the Information Commissioner.

## Summary Table:

	Q4 21/22	Q1 22/23	Q2 22/23	Q3 22/23*
<b>Data Breaches</b>	<b>4</b>	<b>6</b>	<b>12</b>	<b>3</b>

\*December data not yet available

## Administration Breaches:

The systems developed by LPPA report breaches in two different ways:

1. CoP 14 breach – a breach based on the Code of Practice 14 from the Pension Regulator.
2. A process breach – a breach contravening agreed and accepted administrative processes.

There were no CoP 14 breaches in the period and one process breaches:

	CoP 14 Breach	LPPA Process Breach	Total
<b>October</b>	0	0	0
<b>November</b>	0	1	1
<b>December*</b>	0	0	0
<b>Total</b>	<b>0</b>	<b>1</b>	<b>1</b>

\*December data not yet available

<b>October</b>	<ul style="list-style-type: none"><li>• None</li></ul>
<b>November</b>	<ul style="list-style-type: none"><li>• Process Breach: Correspondence as part of a transfer was sent to the member rather than the receiving scheme which caused a delay in the transfer process.</li></ul>
<b>December</b>	Data not yet available

None of the breaches were considered material or worthy of reporting to the regulator and corrective action was implemented as soon as the breaches came to light to minimise or prevent future recurrence.

## Consultations

Local Pensions Partnership Administration Limited were consulted with regards to the administration and data breaches. The County Council's Finance Team were consulted with regards to contributions.

## Implications:

This item has the following implications, as indicated:

## Risk management

The Lancashire Local Pension Board provide scrutiny and support to the Pension Fund Committee, in relation to their responsibility to ensure there is effective compliance with the Pension Regulators' Code of Practice 14 – Governance and administration of public service pension schemes.

### **Local Government (Access to Information) Act 1985 List of Background Papers**

Paper	Date	Contact/Tel
Code of Practice 14 - Governance and administration of public service pension schemes	April 2015	Catherine Hunt 01772 533757

Reason for inclusion in Part II, if appropriate

N/A



**Lancashire Local Pension Board**

Meeting to be held on Tuesday, 24 January 2023

Electoral Division affected:  
N/A;

**Lancashire County Pension Fund Breaches Policy Review**

Appendices 'A', 'B', 'C' and 'D' refer

Contact for further information:

Catherine Hunt, , Senior Governance Officer, (01772) 533757

catherine.hunt2@lancashire.gov.uk

**Brief Summary**

Under the Pensions Act 2004, the Fund must report breaches of the law relating to the administration of the Pension Fund to the Pension Regulator and practical guidance on 'Reporting breaches of the law' is outlined in Code of Practice 14.

To ensure compliance with these requirements the Fund has an existing Breaches Policy (Appendix A) which has been reviewed and updated.

The purpose of this report is to outline changes to the Breaches Policy and seek comments from the Board on those changes.

**Recommendation**

The Board is asked to note and comment on the revised Breaches Policy as set out at Appendix D. The final Breaches Policy will be submitted to the Pension Fund Committee in March 2023 for approval.

**Background and Advice**

Breaches can occur in relation to a wide variety of tasks associated with a pension fund. In the main, breaches are normally associated with the administrative function of a scheme such as keeping records, internal controls, calculating benefits and making investment or investment-related decisions.

The Breaches Policy forms part of the internal controls for the purpose of ensuring that the Fund is administered and managed in accordance with the scheme rules and within the requirements of the law.

The Breaches Policy primarily aims to:

- Clarify the legal and regulatory guidance to consider when reporting a breach;
- Determine whether or not a breach is likely to be of material significance;
- Set out a clear pathway for both recording and reporting a breach;
- Clearly describe how a breach of material significance is to be reported to the Pensions Regulator or Information Commissioner.

The policy has been re-drafted to simplify and/or improve presentation and the content updated to include some key amendments including:

- A definition, together with examples of breach types has been added;
- Inclusion of guidance relating to data breaches, namely UK GDPR and reference to the Information Commissioner role with regards reporting of data related breaches;
- The role and responsibilities of key stakeholders have been added including:
  - Local Pension Partnership Limited and its subsidiaries;
  - LCPF Finance team;
  - LCC Information Governance Team; and
  - LCPF Governance Team
- The inclusion of two eForms for reporting breaches has replaced the existing reporting documentation:
  - Information Security Incident eForm -for data breaches (Appendix B)
  - LCPF Breaches Reporting eForm- for Code of Practice breaches (Appendix C).

A copy of the updated LCPF Breaches Policy is set out at Appendix D.

## Consultations

LCC Legal Services  
 LCC Information Governance Manager  
 Head of Risk & Compliance, Local Pensions Partnership Administration (LPPA)

## Implications:

This item has the following implications, as indicated:

## Risk management

The Lancashire Local Pension Board provide scrutiny and support to the Pension Fund Committee, in relation to their responsibility to ensure there is effective risk management over the Pension Fund operations.

## Local Government (Access to Information) Act 1985

### List of Background Papers

Paper	Date	Contact/Tel
N/A		

## **Lancashire Local Pension Board Reporting Breaches Policy and Procedure**

### **1. Introduction**

- 1.1 This document sets out the policy and procedures to be followed by certain persons involved with the Lancashire County Pension Fund, the Local Government Pension Scheme managed and administered by Lancashire County Council, in relation to reporting breaches of the law to the Pensions Regulator.
- 1.2 Breaches can occur in relation to a wide variety of the tasks normally associated with the administrative function of a scheme such as keeping records, internal controls, calculating benefits and making investment or investment-related decisions.
- 1.3 This document applies to all Members of the Lancashire Local Pension Board.

### **2. Requirements**

- 2.1 This section clarifies the full extent of the legal requirements and to whom they apply.

#### **2.2 Pensions Act 2004**

Section 70 of the Pensions Act 2004 (the Act) imposes a requirement on the following persons:

- A trustee or manager of an occupational or personal pension scheme;
- A member of the pension board of a public service pension scheme;
- A person who is otherwise involved in the administration of such a scheme an occupational or personal pension scheme;
- The employer in relation to an occupational pension scheme;
- A professional adviser in relation to such a scheme; and
- A person who is otherwise involved in advising the trustees or managers of an occupational or personal pension scheme in relation to the scheme

to report a matter to The Pensions Regulator as soon as is reasonably practicable where that person has reasonable cause to believe that:

- (a) A legal duty relating to the administration of the scheme has not been or is not being complied with, and;
- (b) The failure to comply is likely to be of material significance to The Pensions Regulator.

The Act states that a person can be subject to a civil penalty if he or she fails to comply with this requirement without a reasonable excuse. The duty to report breaches under the Act overrides any other duties the individuals listed above may have. However, the duty to report does not override 'legal privilege'. This

means that, generally, communications between a professional legal adviser and their client, or a person representing their client, in connection with legal advice being given to the client, do not have to be disclosed.

### 2.3 **The Pension Regulator's Code of Practice 14**

Practical guidance in relation to this legal requirement is included in The Pension Regulator's Code of Practice 14 including in the following areas:

- Implementing adequate procedures.
- Judging whether a breach must be reported.
- Submitting a report to The Pensions Regulator.
- Whistleblowing protection and confidentiality.

### 2.4 **Application to the Lancashire County Pension Fund**

This procedure has been developed to reflect the guidance contained in The Pension Regulator's Code of Practice 14 in relation to the Lancashire County Pension Fund and this document sets out how the Board will strive to achieve best practice through use of a formal reporting breaches procedure.

## 3 **The Lancashire County Pension Fund Reporting Breaches Procedure**

The following procedure details how individuals responsible for reporting and whistleblowing can identify, assess and report (or record if not reported) a breach of law relating to the Lancashire County Pension Fund. It aims to ensure individuals responsible are able to meet their legal obligations, avoiding placing any reliance on others to report. The procedure will also assist in providing an early warning of possible malpractice and reduce risk.

### 3.1 **Clarification of the law**

Individuals may need to refer to regulations and guidance when considering whether to report a possible breach. Some of the key provisions are shown below:

- Section 70(1) and 70(2) of the Pensions Act 2004:  
[www.legislation.gov.uk/ukpga/2004/35/contents](http://www.legislation.gov.uk/ukpga/2004/35/contents)
- Employment Rights Act 1996:  
[www.legislation.gov.uk/ukpga/1996/18/contents](http://www.legislation.gov.uk/ukpga/1996/18/contents)
- Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (Disclosure Regulations):  
[www.legislation.gov.uk/uksi/2013/2734/contents/made](http://www.legislation.gov.uk/uksi/2013/2734/contents/made)
- Public Service Pension Schemes Act 2013:  
[www.legislation.gov.uk/ukpga/2013/25/contents](http://www.legislation.gov.uk/ukpga/2013/25/contents)
- Local Government Pension Scheme Regulations (various):  
<http://www.lgpsregs.org/timelineregs/Default.html> (pre 2014 schemes)  
<http://www.lgpsregs.org/index.php/regs-legislation> (2014 scheme)



- The Pensions Regulator's Code of Practice 14:  
<http://www.thepensionsregulator.gov.uk/codes/code-governanceadministration-publicservice-pension-schemes.aspx>

In particular, individuals should refer to the section on 'Reporting breaches of the law', and for information about reporting late payments of employee or employer contributions, the section of the code on 'Maintaining contributions'.

Further guidance and assistance can be provided by the Director of Legal and Democratic Services provided that requesting this assistance will not result in alerting those responsible for any serious offence (where the breach is in relation to such an offence). This is highly unlikely given that the Director of Legal and Democratic Services, whilst an officer of the County Council, is largely independent from the Fund and its day to day operations. Where there is any doubt reporters should contact The Pensions Regulator direct. See Paragraph 3.8 below.

### 3.2 **Clarification when a breach is suspected**

Individuals need to have reasonable cause to believe that a breach has occurred, not just a suspicion. Where a breach is suspected the individual should carry out further checks to confirm the breach has occurred. Where the individual does not know the facts or events, they should raise their concerns as soon as possible with the Head of Fund. However, there are some instances where it would not be appropriate to make further checks, for example, if the individual has become aware of theft, suspected fraud or another serious offence and they are also aware that by making further checks there is a risk of either alerting those involved or hampering the actions of the police or a regulatory authority. In these cases The Pensions Regulator should be contacted without delay.

### 3.3 **Determining whether the breach is likely to be of material significance**

To decide whether a breach is likely to be of material significance an individual should consider the following, both separately and collectively:

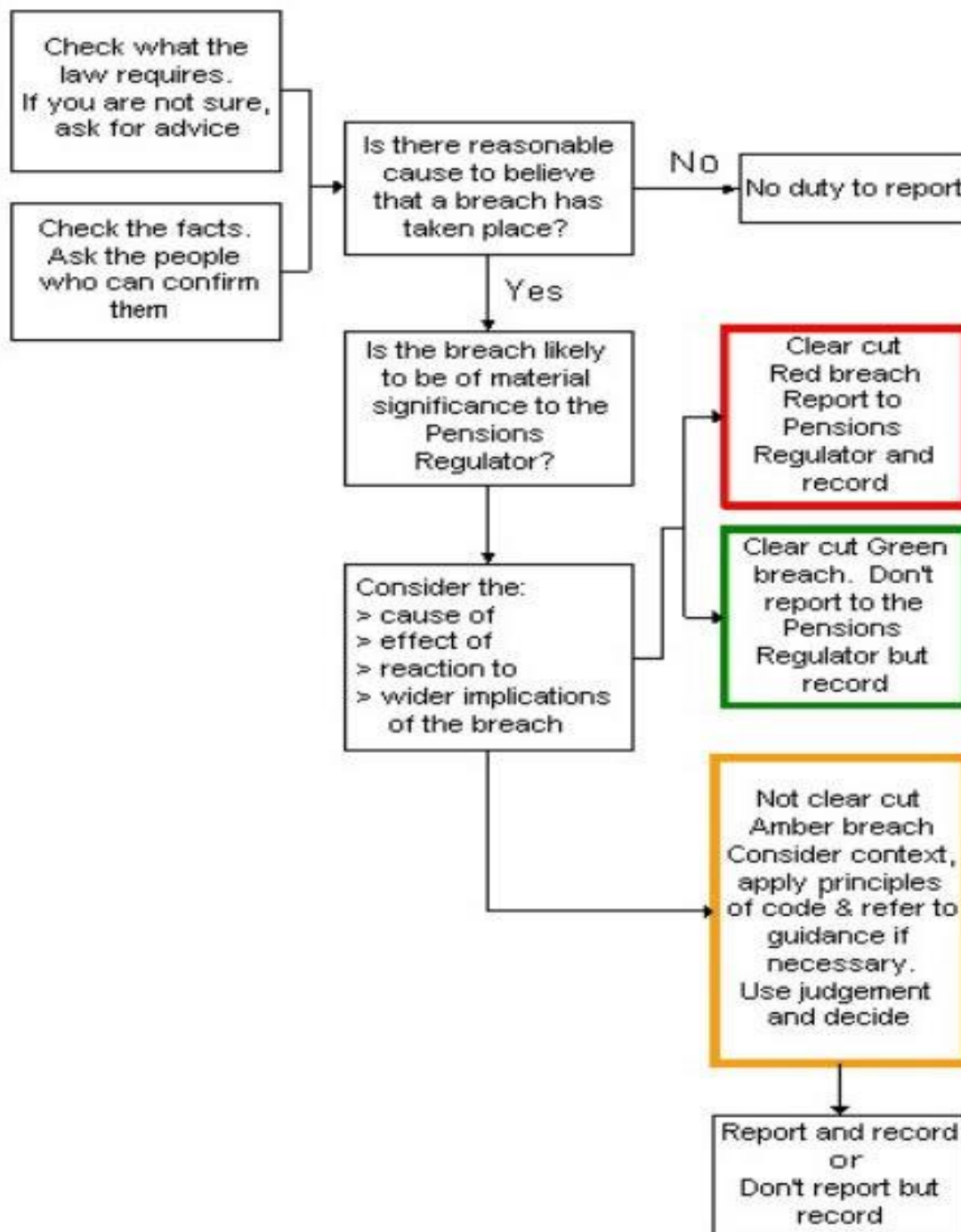
- Cause of the breach (what made it happen);
- Effect of the breach (the consequence(s) of the breach);
- Reaction to the breach; and
- Wider implications of the breach.

Further details on the above four considerations are provided at Annex 'A'.

The individual should use the traffic light framework described at Annex 'B' to help assess the material significance of each breach and to formally support and document their decision.

3.4 The chart below sets out the process for considering whether or not a breach has taken place and whether it is materially significant and therefore requires to be reported.

### Decision-tree: deciding whether to report



### 3.5 Referral to a level of seniority for a decision to be made on whether to report

Lancashire County Council has a designated Monitoring Officer (the Director of Governance, Finance and Public Services) to ensure the County Council acts

and operates within the law. They are considered to have appropriate experience to help investigate whether there is reasonable cause to believe a breach has occurred, to check the law and facts of the case, to maintain records of all breaches and to assist in any reporting to The Pensions Regulator, where appropriate. Regardless of whether a reporter seeks advice from the Monitoring Officer, all suspected/actual breaches should be reported to the Head of Fund at the earliest opportunity to ensure the matter is resolved as a matter of urgency. The proforma set out at Annex 'D' should be used. Individuals must bear in mind, however, that the involvement of the Monitoring Officer is to help clarify the potential reporter's thought process and to ensure this procedure is followed. The reporter remains responsible for the final decision as to whether a matter should be reported to The Pensions Regulator.

The Head of Fund should ensure that the reporter is kept updated on the progress of any investigation. If a decision is taken not to report the breach, and the reporter is not satisfied with that outcome, the reporter retains the option to report the breach direct to the Regulator.

A suspected breach should not be referred to any individual if doing so will alert any person responsible for a possible serious offence to the investigation (as highlighted in section 2). If that is the case, the individual should report the matter to The Pensions Regulator setting out the reasons for reporting, including any uncertainty – a telephone call to the Regulator before the submission may be appropriate, particularly in more serious breaches.

### **3.6 Dealing with complex cases**

The Director of Legal and Democratic Services may be able to provide guidance on particularly complex cases. Information may also be available from national resources such as the Scheme Advisory Board or the LGPC Secretariat (part of the LG Group - <http://www.lgpsregs.org/>). If timescales allow, legal advice or other professional advice can be sought and the case can be discussed at the next Local Pension Board meeting.

### **3.7. Timescales for reporting**

The Pensions Act and Pension Regulators Code of Practice 14 require that if an individual decides to report a breach, the report must be made in writing as soon as reasonably practicable. Individuals should not rely on waiting for others to report and nor is it necessary for a reporter to gather all the evidence which The Pensions Regulator may require before taking action. A delay in reporting may exacerbate or increase the risk of the breach. The time taken to reach the judgements on “reasonable cause to believe” and on “material significance” should be consistent with the speed implied by ‘as soon as reasonably practicable’. In particular, the time taken should reflect the seriousness of the suspected breach.

### 3.8 **Early identification of very serious breaches**

In cases of immediate risk to the scheme, for instance, where there is any indication of dishonesty, The Pensions Regulator does not expect reporters to seek an explanation or to assess the effectiveness of proposed remedies. They should only make such immediate checks as are necessary. The more serious the potential breach and its consequences, the more urgently reporters should make these necessary checks. In cases of potential dishonesty the reporter should avoid, where possible, checks which might alert those implicated. In serious cases, reporters should use the quickest means possible to alert The Pensions Regulator to the breach.

### 3.9 **Recording all breaches even if they are not reported**

The record of past breaches may be relevant in deciding whether to report a breach (for example it may reveal a systemic issue). The Head of Fund will maintain a record of all breaches identified by individuals and reporters should therefore provide copies of reports to the Head of Fund who will also provide a copy to the Director of Legal and Democratic Services. The Head of Fund will also maintain a record of unreported breaches. These should also be provided as soon as reasonably practicable and certainly no later than within 20 working days of the decision made not to report. These will be recorded alongside all reported breaches. The record of all breaches (reported or otherwise) will be reported by the Head of Fund to the next available meeting of both the Pension Fund Committee, and the Local Pension Board.

### 3.10 **Reporting a breach**

Reports must be submitted in writing via The Pensions Regulator's online system at [www.tpr.gov.uk/exchange](http://www.tpr.gov.uk/exchange), or by post, email or fax, and should be marked urgent if appropriate. If necessary, a written report can be preceded by a telephone call. Reporters should ensure they receive an acknowledgement for any report they send to The Pensions Regulator. The Pensions Regulator will acknowledge receipt of all reports within five working days and may contact reporters to request further information. Reporters will not usually be informed of any actions taken by The Pensions Regulator due to restrictions on the disclosure of information.

As a minimum, individuals reporting should provide:

- Full scheme name (Lancashire County Pension Fund);
- Description of breach(es);
- Any relevant dates;
- Name, position and contact details;
- Role in connection to the scheme; and
- Employer name or name of scheme manager (the latter is Lancashire County Council).

If possible, reporters should also indicate:

- The reason why the breach is thought to be of material significance to The Pensions Regulator;
- Scheme address (Lancashire County Pension Fund, PO Box 100, County Hall, Preston, PR1 0LD)
- Scheme manager contact details, i.e. Lancashire County Council
- Pension scheme registry number (10034132); and
- Whether the breach has been reported before.

The reporter should provide further information or reports of further breaches if this may help The Pensions Regulator in the exercise of its functions. The Pensions Regulator may make contact to request further information.

### 3.11 Confidentiality

If requested, The Pensions Regulator will do its best to protect a reporter's identity and will not disclose information except where it is lawfully required to do so. If an individual's employer decides not to report and the individual employed by them disagrees with this and decides to report a breach themselves, they may have protection under the Employment Rights Act 1996 if they make an individual report in good faith.

### 3.12 Reporting to Pension Fund Committee and Local Pension Board

The Head of Fund will ensure that a report is presented to each meeting of the Pension Fund Committee and the Local Pension Board setting out:

- All breaches, including those reported to The Pensions Regulator and those unreported, with the associated dates;
- In relation to each breach, details of what action was taken and the result of any action (where not confidential);
- Any future actions for the prevention of the breach in question being repeated; and
- Highlighting new breaches which have arisen in the last year/since the previous meeting.

This information will also be provided upon request by any other individual or organisation (excluding sensitive/confidential cases or ongoing cases where discussion may influence the proceedings). Information to be included in such reports is set out at Annex 'C'.

### 3.13 Review

This Reporting Breaches Procedure will be kept under review and updated as considered appropriate by the Head of Fund, in consultation with the Director of Governance, Finance and Public Services. It may be amended as a result of legal or regulatory changes, evolving best practice and ongoing review of the effectiveness of the procedure.

## **Annex 'A'**

### **Determining whether a breach is likely to be of material significance**

To decide whether a breach is likely to be of material significance, individuals should consider the following elements, both separately and collectively:

- Cause of the breach (what made it happen);
- Effect of the breach (the consequence(s) of the breach);
- Reaction to the breach; and
- Wider implications of the breach.

#### **The cause of the breach**

Examples of causes which are likely to be of concern to The Pensions Regulator are provided below:

- Acting, or failing to act, in deliberate contravention of the law;
- Dishonesty;
- Incomplete or inaccurate advice;
- Poor administration, i.e. failure to implement adequate administration procedures;
- Poor governance; or
- Slow or inappropriate decision-making practices.

When deciding whether a cause is likely to be of material significance individuals should also consider:

- Whether the breach has been caused by an isolated incident such as a power outage, fire, flood or a genuine one-off mistake.
- Whether there have been any other breaches (reported to The Pensions Regulator or not) which when taken together may become materially significant.

#### **The effect of the breach**

Examples of the possible effects (with possible causes) of breaches which are considered likely to be of material significance to The Pensions Regulator in the context of the LGPS are given below:

- Board Members not having enough knowledge and understanding, resulting in Local Pension Boards not fulfilling their roles, the scheme not being properly governed and administered and/or scheme managers breaching other legal requirements.
- Conflicts of Interest of Board Members, resulting in them being prejudiced in the way in which they carry out their role and/or the ineffective governance and administration of the scheme and/or scheme managers breaching legal requirements.
- Poor internal controls, leading to schemes not being run in accordance with their scheme regulations and other legal requirements, risks not being properly

identified and managed and/or the right money not being paid to or by the scheme at the right time.

- Inaccurate or incomplete information about benefits and scheme information provided to members, resulting in members not being able to effectively plan or make decisions about their retirement.
- Poor member records held, resulting in member benefits being calculated incorrectly and/or not being paid to the right person at the right time.
- Misappropriation of assets, resulting in scheme assets not being safeguarded.
- Other breaches which result in the scheme being poorly governed, managed or administered.

### **The reaction to the breach**

A breach is likely to be of concern and material significance to The Pensions Regulator where a breach has been identified and those involved:

- Do not take prompt and effective action to remedy the breach and identify and tackle its cause in order to minimise risk of recurrence;
- Are not pursuing corrective action to a proper conclusion; or
- Fail to notify affected scheme members where it would have been appropriate to do so.

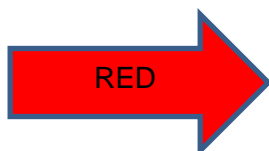
### **The wider implications of the breach**

Reporters should also consider the wider implications when deciding whether a breach must be reported. The breach is likely to be of material significance to The Pensions Regulator where the fact that a breach has occurred makes it more likely that further breaches will occur within the Fund or, if due to maladministration by a third party, further breaches will occur in other pension schemes.

## Annex 'B'

### Traffic light framework for deciding whether or not to report

It is recommended that those responsible for reporting use the traffic light framework when deciding whether to report to The Pensions Regulator. This is illustrated below:



Where the cause, effect, reaction and wider implications of a breach, when considered together, are likely to be of material significance.

These must be reported to The Pensions Regulator.

**Example:** Several members' benefits have been calculated incorrectly. The errors have not been recognised and no action has been taken to identify and tackle the cause or to correct the errors.



Where the cause, effect, reaction and wider implications of a breach, when considered together, may be of material significance. They might consist of several failures of administration that, although not significant in themselves, have a cumulative significance because steps have not been taken to put things right. You will need to exercise your own judgement to determine whether the breach is likely to be of material significance and should be reported.

**Example:** Several members' benefits have been calculated incorrectly. The errors have been corrected, with no financial detriment to the members. However the breach was caused by a system error which may have wider implications for other public service schemes using the same system.



Where the cause, effect, reaction and wider implications of a breach, when considered together, are not likely to be of material significance. These should be recorded but do not need to be reported.

**Example:** A member's benefits have been calculated incorrectly. This was an isolated incident, which has been promptly identified and corrected, with no financial detriment to the member. Procedures have been put in place to mitigate against this happening again.

All breaches should be recorded even if the decision is not to report.



When using the traffic light framework individuals should consider the content of the red, amber and green sections for each of the cause, effect, reaction and wider implications of the breach, before you consider the four together. Some useful examples of this is framework is provided by The Pensions Regulator at the following link:

[http:// www.thepensionsregulator.gov.uk/codes/code-related-report-breaches.aspx](http://www.thepensionsregulator.gov.uk/codes/code-related-report-breaches.aspx)

## Annex 'C' - Proforma for Reporting a Suspected Breach

### Lancashire Local Pension Board Reporting a Suspected Breach

*Please ensure that you read the Reporting Breaches Policy and Procedure before completing this form*

<b>Name of Reporter:</b>	
<b>Position/Designation:</b>	
<b>Telephone Number:</b>	
<b>E-mail:</b>	
<b>Description of the Suspected Breach:</b>	
<b>Do you believe that the breach is of material significance to The Pensions Regulator?</b>	
<b>Please give your reason(s):</b>	
<b>Have you reported the Suspected breach to The Pensions Regulator?</b>	

Please submit your completed form (preferably by e-mail - [sean.greene@lancashire.gov.uk](mailto:sean.greene@lancashire.gov.uk)) to:  
The Head of Fund  
Lancashire County Pension Fund  
PO Box 100, County Hall,  
Preston, PR1 0LD

**Annex 'D' - Record of Breaches (to be maintained by the Head of Fund)**

Date	Category (e.g. administration, contributions, funding, investment, criminal activity)	Description and cause of breach	Possible effect of breach and wider implications	Reaction of relevant parties to breach	Reported / Not reported (with justification if not reported and dates)	Outcome of report and/or investigations	Outstanding actions

\*New breaches since the previous meeting of the Committee/Board should be highlighted





## Information Security Incident Reporting Form

### Reporting User Information

Email Address of Incident Reporter \*

Please use an internal LCC e-mail address only and validate with the Search Address button

Please click to search for the email you have entered

Search Address

Name of incident reporter \*

Position

Telephone Number

Date



### Manager or Other Responsible Person

Email address of Line Manager / Other Responsible Person \*

Please use an internal LCC e-mail address only and validate with the Search Address button

Please click to confirm the email you have entered

Search Address

Name of Line Manager / Other Responsible Person \*

Manager's Job Title \*

Manager's Office \*

## Incident details

Date of Incident \*

Incident Caused by whom \*

Brief Description \*

The maximum length is 1000

The potential impact on business operations or an individual \*

The maximum length is 1000

Any other relevant information

The maximum length is 1000

Please upload any supporting information below, select "Add" to add more than one document.

Any supporting attachments

Please attach any further information that you feel maybe of use e.g. pictures, documents, scanned images etc.

Uploaded: 0 of 10

By clicking send, a copy of this report will be e-mailed to the nominated line manager/responsible person and the Information Governance Manager. You will also receive a copy and may be contacted for further information.

✕ Cancel

✓ Submit



## Lancashire Pension Fund Report a Suspected Breach

Please ensure that you read the Reporting Breaches Policy and Procedure before completing this form.

Name of Reporter \*

Position/Designation \*

Telephone Number \*

Email \*

Date of Incident \*

Date of Report \*



Description of the Suspected Breach \*

Potential Impact on Business Operations or Individual \*

Do you believe that the breach is of material significance to The Pensions Regulator? \*

- Yes  
 No

Please give your reason(s) \*

Other Relevant Information \*

Have you reported the Suspected breach to The Pensions Regulator? \*

- Yes  
 No

✕ Cancel

✓ Submit







# Breaches Policy

December 2022

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## 1. Introduction

- 1.1 This document sets out the policy and procedures to be followed by certain persons involved with the Lancashire County Pension Fund (part of the Local Government Pension Scheme managed and administered by Lancashire County Council), in relation to identifying and reporting breaches of the law to the Pensions Regulator or Information Commissioner's Office (ICO).
- 1.2 Breaches can occur in relation to a wide variety of tasks normally associated with the administrative function of the scheme such as keeping records, internal controls, calculating benefits and making investment or investment-related decisions.

**Definition of a breach** – where a legal duty relating to the administration of the scheme has not been or is not being complied with.

- 1.3 This document applies to the Lancashire County Pension Fund.

## 2. Purpose of the Breaches Policy & Procedure

This document has been developed to reflect guidance contained in the Pension Regulator's Code of Practice 14 and to reflect the duty on all organisations to report certain personal data breaches in line with the UK General Data Protection Regulations. The document sets out how the Lancashire County Pension Fund will strive to achieve best practice through use of a formal reporting breaches procedure.

- 2.1 The purpose of the policy is –
  - to ensure that those with a responsibility to report breaches understand their legal obligations, and
  - to outline how the Fund will strive to achieve best practice through use of a formal reporting breaches procedure.
- 2.2 The purpose of the procedure is –
  - to provide details on how individuals responsible for reporting and whistleblowing can identify, assess and report (or record if not reported) a breach of law relating to the Lancashire County Pension Fund.
  - to ensure individuals responsible can meet their legal obligations, avoid placing any reliance on others to report. The procedure will also assist in providing an early warning of possible malpractice and reduce risk.

## 3. Legal Requirements

- 3.1 This section clarifies the full extent of the legal requirements and to whom they apply.

### 3.2 Pensions Act 2004

Section 70 of the Pensions Act 2004 (the Act) imposes a requirement on the following persons:

- A trustee or manager of an occupational or personal pension scheme<sup>1</sup>;
- A member of the pension board of a public service pension scheme;

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<sup>1</sup> The Pension Regulator generally takes this to be the 'Scheme Manager'. The Pension Fund Committee fulfils the role of Scheme Manager

- A person who is otherwise involved in the administration of such a scheme an occupational or personal pension scheme;
- The employer in relation to an occupational pension scheme;
- A professional adviser in relation to such a scheme; and
- A person who is otherwise involved in advising the trustees or managers of an occupational or personal pension scheme in relation to the scheme to report a matter to The Pensions Regulator as soon as is reasonably practicable where that person has reasonable cause to believe that:
  - (a) A legal duty in relating to the administration of the scheme has not been or is not being complied with, and;
  - (b) The failure to comply is likely to be of material significance to The Pensions Regulator.

The Act states that a person can be subject to a civil penalty, if he or she fails to comply with this requirement without a reasonable excuse. As per the Pensions Regulators Code of Practice 14, the duty to report breaches under the Act overrides any other duties the individuals listed above may have. However, the duty to report does not override 'legal privilege'. This means that, generally, communications between a professional legal adviser and their client, or a person representing their client, in connection with legal advice being given to the client, do not have to be disclosed.

### 3.3 The Pension Regulator's Code of Practice 14

Practical guidance in relation to this legal requirement is included in The Pension Regulator's Code of Practice 14, published on the Pension Regulators website on 1<sup>st</sup> April 2015 and covers the following areas:

- Implementing adequate procedures.
- Judging whether a breach must be reported.
- Submitting a report to The Pensions Regulator.
- Whistleblowing protection and confidentiality.

### 3.4 The UK General Data Protection Regulation (UK GDPR)

These regulations apply to the processing of personal data. There are a number of data protection principles as follows -

1. Processed lawfully, fairly and in a transparent manner (we must have a legal basis for processing and tell the data subject what we are doing with their data via a privacy notice)
2. Processed for specified, explicit and legitimate purposes (we can't collect it for one reason and use it for another)
3. Adequate, relevant and limited to the purposes for which we collected it (we can't collect more than we need)
4. Accurate and up to data (we have to ensure data quality)
5. Not kept longer than is necessary (we need to set data retention periods)
6. Processed in a manner that ensures security (we need to use technical and organisational controls to ensure the security of personal data)

Art. 4 (12) UK GDPR defines a 'personal data breach' as:

*"a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data transmitted, stored or otherwise processed"*

## 4. Types of breaches

There are two types of breaches outlined below-

- 4.1 **Data breaches**- where a breach of security leads to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data. This includes breaches that are

the result of both accidental or deliberate causes. It also means that a breach is more than just about losing personal data.

A personal data breach can be broadly defined as a security incident that has affected the confidentiality, integrity or availability of personal data.

4.2 **TPR's Code of Practice breaches** can occur for a wide variety of tasks normally associated with the administrative function of the scheme including but not limited to: -

#### **Scheme Record keeping**

Failure of employers to provide timely and accurate data for the scheme manager to fulfil their legal obligations such as when an employee joins or leaves the scheme, changes their circumstances or transfers employment between scheme employers.

Performance of scheme employers is monitored against the standards set out in the Pension Administration Strategy Statement (PASS).

#### **Maintaining contributions**

Contribution breaches occur when an employer fails to make a timely payment or consistently pays an incorrect amount. The latter will usually occur when an employer has failed to submit a remittance advice and an incorrect amount has therefore been collected. Consistently is considered to be on four separate occasions.

Collection of contributions is monitored on a monthly basis and payment failures are categorised and managed as follows -

Incident – an incorrect amount is collected/no remittance provided (first, second or third occasion). These are dealt with in line with stage 2 of the Fund's 'Contribution Escalation Policy'.

Breach – an incorrect amount collected on four or more occasions, **or** any payment is late. These are dealt with in line with stages 3 and 4 of the Fund's 'Contribution Escalation Policy'

#### **Provision of information to members**

Failure to disclose information about benefits and scheme administration to relevant parties including provision of annual benefit statements to scheme members or other information as outlined under the Disclosure of Information Regulations 2013.

## **5. Roles and responsibilities**

The table below outlines the key parties involved in reporting and managing of breaches. Individuals can report breaches to the Pensions Regulator or ICO directly. However, there is a process that allows the Fund to actively manage the monitoring and reporting of breaches which is outlined in this document.

Local Pensions Partnership Investment Limited (LPPI) and Local Pensions Partnership	<ul style="list-style-type: none"><li>• comply with all obligations under Data Protection Laws, and in the event of any security breach, they are required to report the matter to the Administering Authority immediately upon becoming aware of the breach</li><li>• must comply with the requirements of the Pension Regulator's Code of Practice and any contractual agreements</li></ul>
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Administration Limited (LPPA) <sup>2</sup>	<ul style="list-style-type: none"> <li>report any breaches to the LCPF Governance team or LCC's Information Governance Team</li> </ul>
LCPF Finance	<ul style="list-style-type: none"> <li>ensure employer contributions are collected each month from scheme employers</li> <li>report any contribution breaches to the LCPF Governance team</li> <li>manage any contribution incidents</li> </ul>
LCC Information Governance Team	<ul style="list-style-type: none"> <li>manage information security incidents in line with <u>LCC's Information Security Incident Management Policy</u><sup>3</sup></li> <li>investigate and manage all Fund related data breaches, liaising with the Fund as required.</li> <li>forward a copy of the eForm notification directly to the Fund mailbox (<a href="mailto:LCPFBreaches@lancashire.gov.uk">LCPFBreaches@lancashire.gov.uk</a>)</li> <li>provide technical advice and support to the Fund as required about their legal obligations and to ensure that any processing of personal data by the council is lawful</li> </ul>
LCPF Governance Team	<ul style="list-style-type: none"> <li>monitor data breaches and work with the Information Governance team as required to support their investigations.</li> <li>Investigate all code of practice breaches. All breaches will be reported as necessary to the Head of Fund.</li> <li>ensure that the reporter is kept updated on the progress of any investigation. If a decision is taken not to report the breach, and the reporter is not satisfied with that outcome, the reporter retains the option to report the breach direct to the Pension Regulator or Information Commissioner.</li> </ul>
Head of Fund	<ul style="list-style-type: none"> <li>make the final decision regarding reporting of a breach to either the Pension Regulator or Information Commissioner's Office</li> <li>consult with LCC's Senior Information Risk Owner (SIRO) or Data Protection Officer regarding their decision to report any data breaches.</li> </ul>
Pension Fund Committee Members, Local Pension Board Members and Fund Officers	<ul style="list-style-type: none"> <li>responsibility to report breaches</li> </ul>
Director of Corporate Services	<ul style="list-style-type: none"> <li>see section 7.1</li> </ul>

A suspected breach should not be referred to any individual if doing so will alert any person responsible for a possible serious offence to the investigation (as highlighted in section 2). If that is the case, the individual should report the matter directly to The Pensions Regulator or Information Commissioner as appropriate, setting out the reasons for reporting, including any uncertainty – a

<sup>2</sup> LPPA and LPPA provide pensions administration services and pooled investment services to the Pension Fund. LPPA also manage all non-pooled investments.

<sup>3</sup> Applies to all Lancashire County Pension Fund Members and employees and all LPP employees working in Local Pensions Partnership.

telephone call to the Regulator or Information Commissioner before the submission may be appropriate, particularly in more serious breaches.

## 6. Notification of a breach to the Fund

All suspected/actual breaches should be reported to the Fund at the earliest opportunity to ensure the matter is resolved as a matter of urgency.

- 6.1 Any data breaches should be reported to the Information Governance Team through the completion of an eform on the LCC website – '[Information Security Incident Reporting Form](#)'. These will be investigated by LCC's Information Governance team and reported to the LCPF Governance team for monitoring purposes. In practice, LPPA will mainly report data breaches. However, it is possible that other parties could report.
- 6.2 Any breaches relating to the TPR's Code of Practice, including contribution breaches should be reported to the LCPF Governance team through completion of '[LCPF Breaches Reporting eForm](#)' on the LCC website and will be received directly for investigation by the LCPF Governance team. In practice, LPPA will mainly report Code of Practice breaches and LCPF Finance will report contribution breaches.
- 6.3 However, it is possible that other parties could report.

The 'reporter' must provide the date of the incident, a description of the suspected breach, the potential impact on operations or the individual and whether they believe the breach is of material significance.

## 7. Procedure for reporting breaches

This section outlines the procedure to follow when a breach is reported to the Fund or Information Governance Team including the process for reporting to the Pension Regulator or Information Commissioner (ICO). This is summarised in appendix B.

### 7.1 Check there is reasonable cause to report a breach

Individuals need to have reasonable cause to believe that a breach has occurred, not just a suspicion. Where a breach is suspected, the individual may need to refer to regulations and guidance when considering whether or not to report a possible breach. Some of the key provisions are listed below:

- Section 70(1) and 70(2) of the Pensions Act 2004: [www.legislation.gov.uk/ukpga/2004/35/contents](http://www.legislation.gov.uk/ukpga/2004/35/contents)
- Employment Rights Act 1996: [www.legislation.gov.uk/ukpga/1996/18/contents](http://www.legislation.gov.uk/ukpga/1996/18/contents)
- Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 [www.legislation.gov.uk/uksi/2013/2734/contents/made](http://www.legislation.gov.uk/uksi/2013/2734/contents/made)
- Public Service Pensions Act 2013: [www.legislation.gov.uk/ukpga/2013/25/contents](http://www.legislation.gov.uk/ukpga/2013/25/contents)
- Local Government Pension Scheme Regulations (various):  
<http://www.lgpsregs.org/timelineregs/Default.html> (pre 2014 schemes)  
<http://www.lgpsregs.org/index.php/regs-legislation> (2014 scheme)
- The Pensions Regulator's Code of Practice 14: [Code 14 Public service pension code of practice | The Pensions Regulator](#)

In particular, individuals should refer to the section on 'Reporting breaches of the law', and for information about reporting late payments of employee or employer contributions, the section of the code on 'Maintaining contributions'.

- The UK General Data Protection Regulations (GDPR):  
[Guide to the UK General Data Protection Regulation \(UK GDPR\) | ICO](#)

Further guidance and assistance can be provided by the Director of Corporate Services in carrying out any immediate or necessary checks, provided that in carrying out such checks those implicated in any potential breach are not alerted. This is highly unlikely given that the Director of Corporate Services, whilst an officer of the County Council, is largely independent from the Fund and its day-to-day operations. Where there is any doubt reporters should contact The Pensions Regulator or Information Commissioner direct. See Paragraph 3.8 below.

The Director of Corporate Services may be able to provide guidance on particularly complex cases. Information may also be available from national resources such as the Scheme Advisory Board or the LGPC Secretariat (part of the LGA Group - <http://www.lgpsregs.org/>). If timescales allow, legal advice or other professional advice can be sought, and the case can be discussed at the next Local Pension Board meeting.

Where the individual does not know the facts or events, they should raise their concerns as soon as possible with the LCPF Governance Team. However, there are some instances where it would not be appropriate to make further checks, for example, if the individual has become aware of theft, suspected fraud or another serious offence and they are also aware that by making further checks there is a risk of either alerting those involved or hampering the actions of the police or a regulatory authority. In these cases, The Pensions Regulator should be contacted without delay.

## 7.2 **Determine whether the breach is of material significance**

As per the Code of Practice 14 guidance, the determination of whether a breach is likely to be of material significance should be considered and an individual should consider the following, both separately and collectively:

- Cause of the breach (what made it happen);
- Effect of the breach (the consequence(s) of the breach);
- Reaction to the breach; and
- Wider implications of the breach.

A decision tree from the Pension Regulators website helps to set out the process for considering whether or not a breach has taken place and whether it is materially significant and therefore requires to be reported. This can be found at 'Appendix A'. More detailed guidance can be accessed from the link below:

[Pensions Regulator – Complying with the duty to report breaches of the law](#)

In respect of a data breach, you should consider the likelihood and severity of the risk to people's rights and freedoms, following the breach.

## 7.3 **Take swift action**

The Pensions Act and Pension Regulators Code of Practice 14 require that if an individual decides to report a breach, the report must be made in writing as soon as reasonably practicable. Individuals should not rely on waiting for others to report and nor is it necessary for a reporter to gather all the evidence which The Pensions Regulator may require before taking action. A delay in reporting may exacerbate or increase the risk of the breach. The time taken to reach the judgements on "reasonable cause to believe" and on "material significance" should be consistent with the speed implied by 'as soon as reasonably practicable'. In particular, the time taken should reflect the seriousness of the suspected breach.

In cases of immediate risk to the scheme, for instance, where there is any indication of dishonesty, The Pensions Regulator does not expect reporters to seek an explanation or to assess the effectiveness of proposed remedies. They should only make such immediate checks as are necessary. The more serious the potential breach and its consequences, the more urgently reporters should make these necessary checks. In cases of potential dishonesty, the reporter



should avoid, where possible, checks which might alert those implicated. In serious cases, reporters should use the quickest means possible to alert The Pensions Regulator to the breach.

In respect of personal data breaches these should be reported to the Information Commissioner without undue delay (if it meets the threshold for reporting) and within 72 hours.

#### 7.4 **Report a Code of Practice breach to the Pension Regulator**

Reports must be submitted in writing via The Pensions Regulator's online system at [www.tpr.gov.uk/exchange](http://www.tpr.gov.uk/exchange), or by post, email or fax, and should be marked urgent if appropriate. If necessary, a written report can be preceded by a telephone call. Reporters should ensure they receive an acknowledgement for any report they send to The Pensions Regulator. The Pensions Regulator will acknowledge receipt of all reports within five working days and may contact reporters to request further information. Reporters will not usually be informed of any actions taken by The Pensions Regulator due to restrictions on the disclosure of information.

As a minimum, individuals reporting should provide:

- Full scheme name (Lancashire County Pension Fund);
- Description of breach(es);
- Any relevant dates;
- Name, position and contact details;
- Role in connection to the scheme; and
- Employer name or name of scheme manager (the latter is Lancashire County Council).

If possible, reporters should also indicate:

- The reason why the breach is thought to be of material significance to The Pensions Regulator,
- Scheme address (Lancashire County Pension Fund, PO Box 100, County Hall, Preston, PR1 0LD)
- Scheme manager contact details, i.e. Lancashire County Council
- Pension scheme registry number (10034132); and
- Whether the breach has been reported before.

The reporter should provide further information or reports of further breaches if this may help The Pensions Regulator in the exercise of its functions. The Pensions Regulator may make contact to request further information.

#### **Confidentiality**

If requested, The Pensions Regulator will do its best to protect a reporter's identity and will not disclose information except where it is lawfully required to do so. If an individual's employer decides not to report and the individual employed by them disagrees with this and decides to report a breach themselves, they may have protection under the Employment Rights Act 1996 if they make an individual report in good faith.

#### 7.5 **Report a data breach to the Information Commissioner (ICO)**

You do not need to report every breach to the Information Commissioner and should consider the likelihood and severity of the risk to people's rights and freedoms, following the breach. If a risk is likely, you must notify the Information Commissioner; if a risk is unlikely, you don't have to report it. However, if you decide you don't need to report the breach, you need to be able to justify this decision, and document it.

A personal data breach should be reported to the Information Commissioner without undue delay (if it meets the threshold for reporting) and within 72 hours. Further guidance regarding how to respond to a personal data breach can be found here [72 hours - how to respond to a personal data breach | ICO](#)

Reports can be made by calling the Information Commissioner helpline on 0303 123 1113 or by completing an on-line Form. Further guidance can be found on the following webpage:

[UK GDPR data breach reporting \(DPA 2018\) | ICO](#)

You will be required to provide details of what has happened, when and how you found out about the breach, the people that have or may have been affected, what you're doing in response and contact details in the event the ICO need more information.

## **8. Recording of breaches**

An automated report of all breaches that have been notified via eForms will be provided to the Fund team on a regular basis. In addition, LPPA summarise any breaches occurring via administration activities in their monthly Risk and Compliance report.

A record of the breaches will be retained by the Fund including details of breaches that don't require reporting to the Pension Regulator or Information Commissioner.

The record of past breaches may be relevant in deciding whether to report a future breach (for example it may reveal a systemic issue).

## **9. Reporting to Local Pension Board and Pension Fund Committee**

The LCPF Governance Team will ensure that a report is presented to each meeting of the Local Pension Board setting out:

- All breaches, including those reported to the Pensions Regulator or Information Commissioner and those unreported, with the associated dates.
- In relation to each breach, details of what action was taken and the result of any action (where not confidential).
- Any future actions for the prevention of the breach in question being repeated.

The LCPF Governance Team will ensure that a summary report is presented each year to the Pension Fund Committee on breaches. In addition, if a breach is deemed reportable to the Pensions Regulator or Information Commissioner, the Pension Fund Committee will be informed of this at its nearest quarterly meeting.

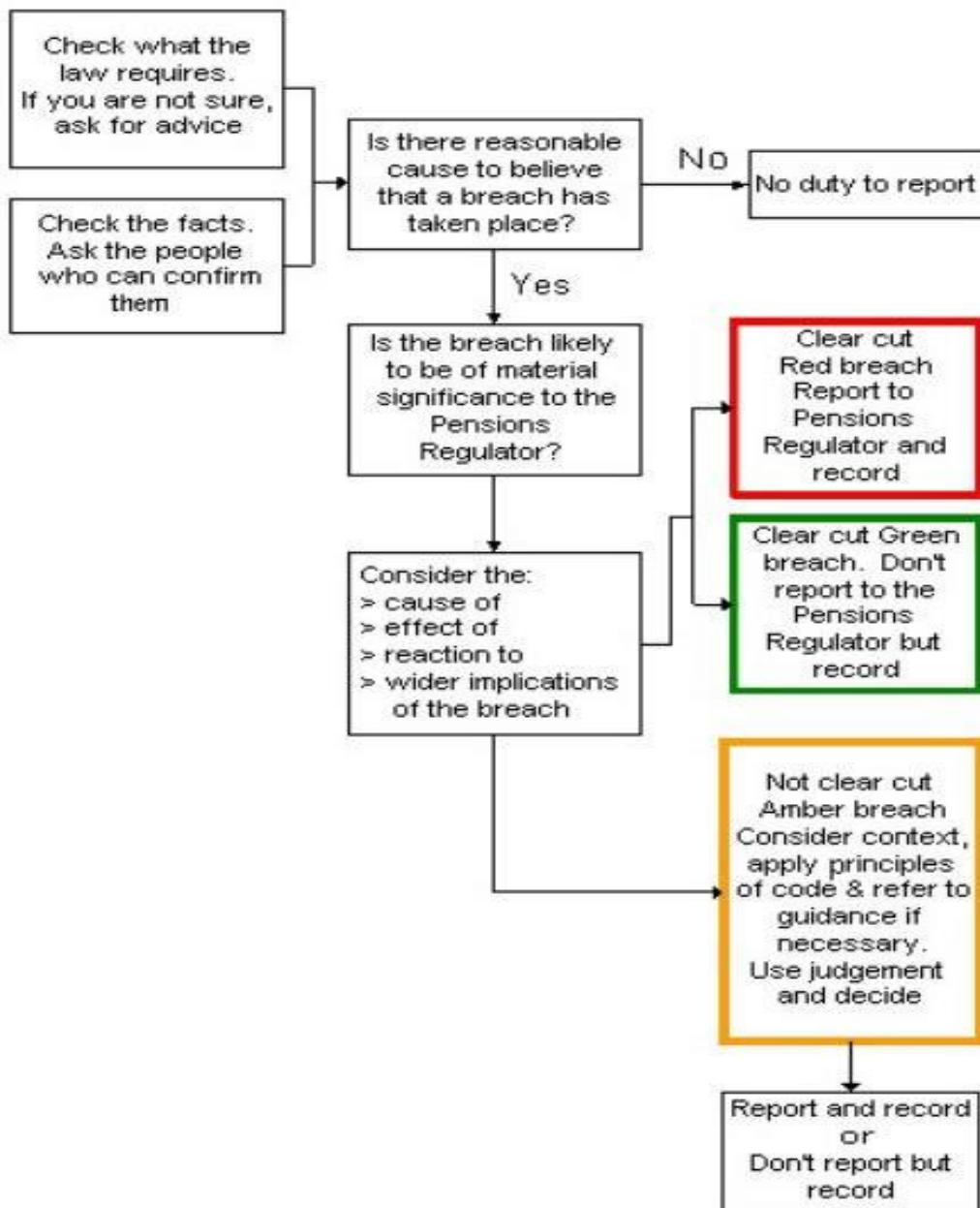
This information will also be provided upon request by any other individual or organisation (excluding sensitive/confidential cases or ongoing cases where discussion may influence the proceedings).

## **10. Review**

This policy and procedure will be kept under review and updated as considered appropriate by the LCPF Governance Team, in consultation with the Head of Fund and Director of Corporate Services. It may be amended as a result of legal or regulatory changes, evolving best practice and ongoing review of the effectiveness of the procedure.

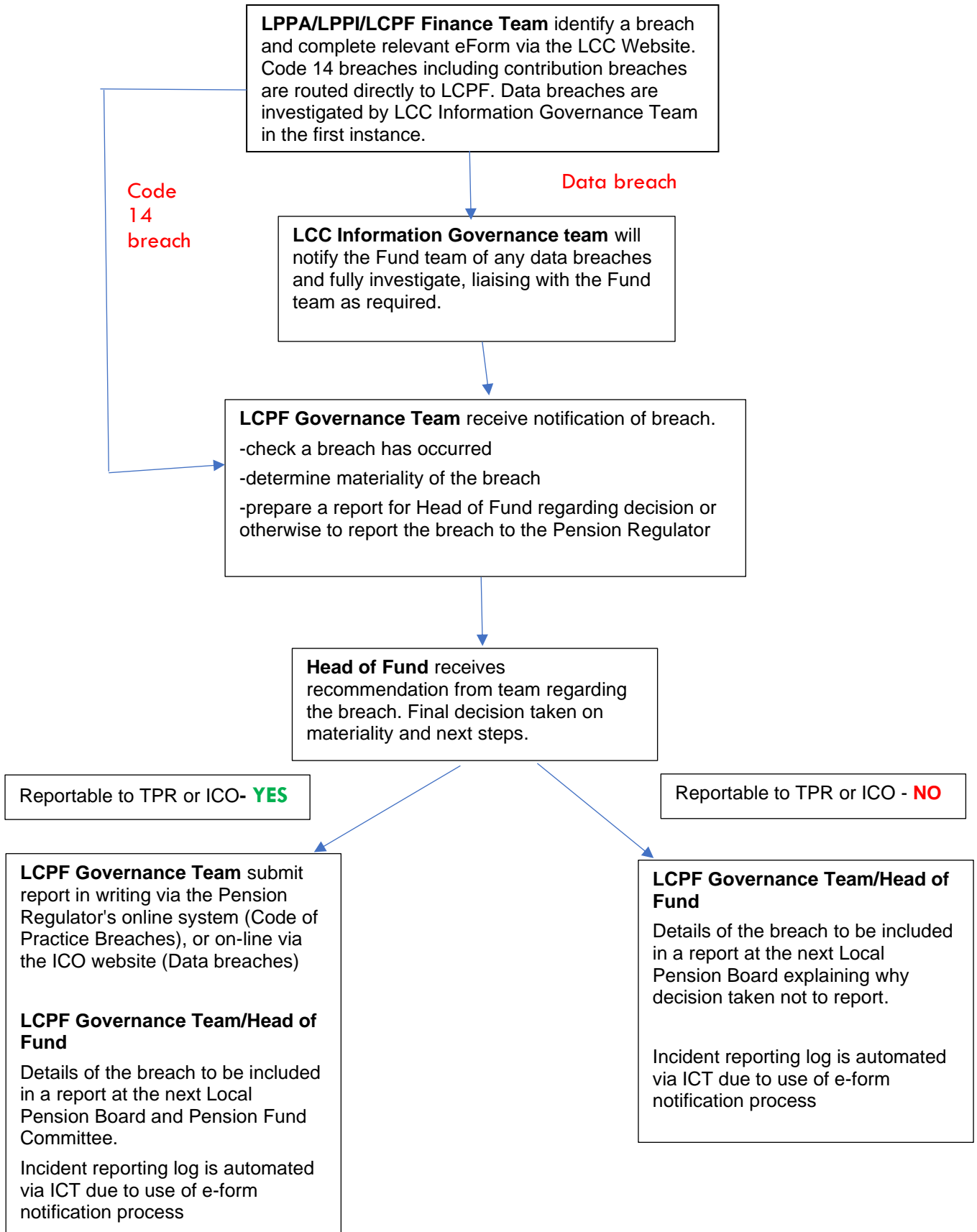
# Appendix 'A'

## Decision-tree: deciding whether to report



# Appendix 'B

## Lancashire County Pension Fund Reporting Breaches Procedure Flowchart



**Lancashire Local Pension Board**  
Meeting to be held on Tuesday, 24 January 2023

Electoral Division affected:  
(All Divisions);

## **Funding Strategy Statement Consultation**

Contact for further information:  
Julie Price, 01772 530848, Technical Pensions Lead,  
Julie.Price5@lancashire.gov.uk

### **Brief Summary**

This report refers to the draft Funding Strategy Statement (FSS) which the Lancashire County Pension Fund is required to produce under the terms of the Local Government Pension Scheme Regulations to support the 2022 valuation of the Fund

### **Recommendation**

The Board are asked to note the contents of the draft FSS and the consultation that has been undertaken, and are invited to provide any comments they may have for consideration as part of this consultation.

### **Detail**

The draft FSS has been prepared by Lancashire County Council (the Administering Authority) to set out the funding strategy for the Lancashire County Pension Fund, as required by legislation. Under regulation 58 of the Local Government Pension Scheme Regulations 2013, the administering authority must prepare, maintain, review and publish its funding strategy, taking into account guidance published by CIPFA (the Chartered Institute of Public Finance and Accountancy).

The draft FSS was presented to the Pension Fund Committee for comment at their meeting on 25 November 2022 where it was noted that a consultation with scheme employers would be undertaken.

The Statement has been circulated as a consultation to all active scheme employers in the Fund, and details have been published on the [Pension Fund website](#). The closing date for responses to this consultation is 18<sup>th</sup> January 2023 and a report will then be presented to the Pension Fund Committee for final approval at the meeting on 10<sup>th</sup> March 2023.

The Board are invited to comment on the consultation as part of their supporting role in securing compliance with the regulations in this area and assisting the Pension Fund Committee. Any comments provided will be considered in conjunction with analysis of consultation responses from employers.

A key function of the Board is to assist the Administering Authority in securing compliance with the Regulations. Within this function the Board may assist with the development of documentation required by the Regulations including the Funding Strategy Statement and comments on regulatory compliance (for example, whether correct processes have been followed) are within the remit of the Board as opposed to employers who - as part of the consultation - will be commenting on affordability, reasonableness, assumptions etc.

As part of the ongoing valuation process the Pension Fund Team have been engaged with the Fund Actuary to analyse the valuation results, to determine the key assumptions and formulate the key policies which drive the valuation results. The effects of the policies on groups of employers and individual employers have been explored and considered.

These policies and assumptions in draft form have driven the initial setting of contribution rates and funding position outcomes for individual employers, details of which make the consultation on the FSS more meaningful to employers.

The key communications with employers relevant to the FSS consultation are as follows –

**21<sup>st</sup>/22<sup>nd</sup> September 2022** - Sessions held with employers split between Councils, Colleges, Academies, and other employers to explain the headline results for their employer type.

**End October/Early November 2022**– Individual results sent to employers, showing the funding position and contribution rate based on the draft FSS. Employers also had the opportunity to discuss the results of the valuation with representatives of the Fund and the Actuary. This employer level information will support employers in developing a response to the FSS consultation.

**Early December 2022**– consultation commenced with all employers participating in the Pension Fund; and

**Mid-January to mid-February 2023** - consideration of the responses by Fund Officers and the Fund Actuary. A final version of the statement will then be prepared for the Committee for approval taking into any relevant consultation responses.

## **Consultations**

In preparing the draft FSS the Fund's Actuary, Mercer have been consulted on the details of the Funding Strategy Statement.

## **Implications:**

This item has the following implications, as indicated:



## Risk management

No significant risks have been identified

## Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A







**Lancashire Local Pension Board**

Meeting to be held on Tuesday, 24 January 2023

Electoral Division affected: N/A;
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**Annual Report on Cyber Security**  
(Appendix 'A' refers)

Contact for further information:

Catherine Hunt, , Senior Governance Officer, 01772 533757,  
catherine.hunt2@lancashire.gov.uk

**Executive Summary**

To provide members of the Pension Board with a summarised position regarding Cyber Security for the Lancashire County Pension Fund.

**Recommendation**

The Board are asked to note the contents of the report.

**Detail**

The pensions team is required to provide an update on cyber security to the Lancashire Local Pension Board as part of the annual workplan. It is good practice to update the Pension Board on cyber security on a regular basis in line with the Pension Board's remit to ensure the effective governance and administration of the Pension Fund.

The Pensions Regulator considers cyber risk to be an area of high priority for pension scheme trustees, recommending that it is included on the Pension Fund risk register. The Pensions Regulator has produced guidance on, "Cyber Security Principles for Pension Schemes", which provides the necessary advice for oversight of this technical area. Furthermore, the Pensions Regulator has included cyber security as part of the Single Code of Practice, which will replace the current Code of Practice 14.

The Pensions Regulator broadly defines cyber risk as the risk of loss, disruption or damage to a scheme or its members because of the failure of its information technology systems and processes. It includes risks to information (data security) as well as assets, and both internal risks (e.g. from staff) and external risks (e.g. from hacking).

Lancashire County Pension Fund (LCPF) is accountable for large amounts of personal data and assets, which is held by various partners including:

- Local Pensions Partnership Administration Limited - member's personal data;
- Local Pensions Partnership Investments Limited - data on assets held by the Fund directly or via pooling;
- Lancashire County Council - financial information related to the Fund as well as members personal data; and
- Northern Trust – data on assets held by the Fund as well as financial transactions.
- Mercer- member's personal data and financial and other information relating to employers of the Fund

It was agreed at the Local Pension Board meeting in October 2021, to provide an annual report based on guidance provided by the Pension Regulator's Single Code of Practice. However, there have been delays in the Single Code of Practice which is now expected to be implemented in early 2023.

### **Compliance with the Single Code of Practice**

The Single Code of Practice, (module 'ADM016- Cyber Controls'), is currently in draft format but very little is expected to change when the final version is published. The new code outlines the internal controls and measures that should be adopted to assess and manage cyber risk, and these can be found at '**Appendix A**'. As a starting point, the Fund officers have completed a Cyber Security Assessment produced by Aon to help assess the Fund's vulnerability and to check what controls are in place.

To further understand and provide assurance to the Fund regarding the controls they have in place, the following requirements of the draft Code have been considered when preparing a questionnaire for our providers.

- *'assess at appropriate intervals, the vulnerability to a cyber incident of the scheme's key functions, systems and assets (including data assets) and the vulnerability of service providers involved in the running of the scheme',*
- *'ensure appropriate system controls are in place and are up to date e.g. firewalls, anti-virus and anti-malware products'.*

The Single Code of Practice only provides high level guidance on managing cyber risk and other publications within the industry have also been referenced to prepare the questionnaire such as –

- 'Pensions and Lifetime Savings Association's Made Simple Guide to Cyber Risk,
- Aon's Cybercrime checklist

## Cyber Security Assessment

LCPF responded to a survey from Aon in August 2022 and were provided with a scorecard summarising the Fund's resilience across 10 areas.

The scorecard is a useful tool to support the Fund officers to identify and prioritise actions that can be taken to protect the Fund, the host authority and the participating employers and fund members. However, it has been identified that it will be useful to re-submit the survey responses based on further information obtained from partners to ensure that the Fund will focus on the most appropriate actions.

The pensions team have initially focused their attention on two areas including:

1. An assessment of our administration provider and obtaining assurance around their cyber resilience – this is a higher priority due to the volume of personal data handled by LPPA
2. An assessment of other third-party providers and obtaining assurance around their cyber resilience

Fund officers have issued a questionnaire to third-party providers and following receipt of responses, will most likely seek assurance from a cyber specialist, *'to satisfy themselves with service providers' controls'* - a requirement of the Single Code of Practice.

### ISO27001 – Information Security Standard

ISO27001 is widely regarded as a standard for businesses to demonstrate to their stakeholders and customers that they are committed to managing information securely and safely. Organisations that have this standard can expect to benefit from the following: -

- Secure information in all forms, including paper-based, cloud-based and digital data
- Increased resilience to cyber-attacks
- A centrally managed framework that secures all information in one place
- Organization-wide protection, including against technology-based risks and other threats
- Be able to respond to evolving security threats
- Reduced costs and spending on ineffective defence technology
- Be able to protect the integrity, confidentiality, and availability of data

The Fund officers are encouraged that both LPPA and LPPI are accredited to the ISO27001 Information Security standard (including data protection and cyber resilience), and other providers are using the standard as a basis of their controls or in the process of adhering to the standard.

## Risk Register

While some controls around Cyber Resilience are already outlined in 'O7- Information Security', this risk has been renamed to 'Cyber Resilience and Information Security' to ensure the importance of Cyber Resilience is adequately focused upon.

This supports compliance with the Single Code of Practice requirement to '*Ensure cyber risk is on the risk register and regularly reviewed.*'

Following receipt of responses to the questionnaire and receipt of a revised scorecard from Aon, the risk scores will be reviewed.

## Going Forward

While there is still some activity required for the Fund to improve its cyber resilience, it is expected that the scorecard results will considerably improve following assessment and analysis of third-party providers. Early in the New Year Fund officers intend to resubmit answers to Aon for updated results, before prioritising future actions which will include but are not limited to the following: -

- Develop a Cyber Strategy outlining the Fund's plans on minimising cyber risk.
- Develop a Cyber Resilience Policy to define the Fund's expectations of our service providers and how and when compliance will be assessed
- Develop a Cyber Incident Response plan to enable the scheme to swiftly resume operations. This will include roles and responsibilities, escalation process, reporting of incidents and how critical functions will be maintained or restored
- Undertake a data mapping exercise to identify our data assets and flow of data so that exposure to risk is fully understood.
- Develop a Cyber Hygiene document outlining expectations of board and committee members e.g. regarding the use of computers and other devices and the retention and sharing of scheme data
- Undertake a financial impact risk assessment to evaluate the potential financial implications of a cyber threat
- Review contractual terms and conditions with partners to clarify any risks to the Fund

These actions will help improve the Fund's resilience and support compliance with the Single Code of Practice requirements.

The potential scope of cyber security work is significant and, at the point of drafting this paper, the pensions team is developing the strategic plan for the Pension Fund for 2023/24. As part of this, the scope of cyber security work will be defined and prioritised/costed against other projects.

Regular updates will be provided to the Board regarding the plan of activity and to provide further opportunity for engagement. A session regarding Cyber Security will also be included in the 2023/24 training plan.

## Consultations

N/A

## Implications:

This item has the following implications, as indicated:

## Risk management

The threat of cyber-attacks is a growing, evolving and very real threat for all organisations. This poses a potential financial and reputational risk to the Fund. LCPF requires annual updates from their stakeholders to ensure that risks are being managed appropriately.

## Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A



## Cyber controls (ADM016)

'Cyber risk' refers to the risk of loss, disruption or damage to a scheme or its members as a result of the failure of its information technology systems and processes (see also [Identifying and assessing risks](#)). Governing bodies should take steps to reduce the risk of incidents occurring, and appropriately manage any incidents that arise. Properly functioning cyber controls will assist governing bodies in complying with data protection legislation,<sup>CY1</sup> and may reduce liabilities in the event of a data breach.

Under section 249A of the Pensions Act 2004,<sup>CY2</sup> governing bodies of certain schemes must establish and operate an effective system of governance (see [Scheme governance](#)) including internal controls (see [Managing risk using internal controls](#)). However, there are certain exemptions.<sup>CY3</sup> These controls need to include measures to reduce cyber risk.

Under section 249B of the Pensions Act 2004,<sup>CY4</sup> scheme managers of public service pension schemes are required to establish and operate internal controls, which are adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules,<sup>CY5</sup> and with the requirements of the law.<sup>CY6</sup>

The legal obligation to establish measures to reduce cyber risk is different for public service pension schemes.<sup>CY7</sup> As far as cyber controls is a matter set out in the scheme rules<sup>CY8</sup> or in the requirements of the law,<sup>CY9</sup> scheme managers of public service pension schemes must establish and operate adequate internal controls in relation to them. In such cases, internal controls need to include measures to reduce cyber risk.

To the extent that cyber risk does not fall (wholly or partly) within the last paragraph, it is good practice for scheme managers of public service pension schemes to adopt the measures set out below. Our expectations for the governing body's processes and procedures are summarised below. Governing bodies should also be aware of their responsibilities under the UK GDPR.

- 
- CY1 For example, Data Protection Act 2018 and the Retained Regulation (EU) 2016/679 (UK General Data Protection Regulation)
- CY2 Articles 226A of The Pensions (Northern Ireland) Order 2005
- CY3 Section 249A(3) Pensions Act 2004 [Article 226A (3) of The Pensions (Northern Ireland) Order 2005]
- CY4 Articles 226B of The Pensions (Northern Ireland) Order 2005
- CY5 As defined in section 318(1) of the Pensions Act 2004 [Article 2(2) of The Pensions (Northern Ireland) Order 2005]
- CY6 As defined in Section 318(2) Pensions Act 2004 2004 [Article 2(3) of The Pensions (Northern Ireland) Order 2005]
- CY7 As defined in section 318(1) of the Pensions Act 2004 [Article 2(2) of The Pensions (Northern Ireland) Order 2005]
- CY8 As defined in Section 318(2) Pensions Act 2004 2004 [Article 2(3) of The Pensions (Northern Ireland) Order 2005]
- CY9 The law includes the Data Protection Act 2018 and the Retained Regulation (EU) 2016/679 (UK General Data Protection Regulation)

### Assessing cyber risk

- Ensure the governing body has knowledge and understanding of cyber risk.
- Understand the need for confidentiality, integrity and availability of the systems and services for processing personal data, and the personal data processed within them.
- Have clearly defined roles and responsibilities to identify cyber risks and breaches, and to respond to cyber incidents.
- Ensure cyber risk is on the risk register and regularly reviewed (see also [Managing risk using internal controls](#)).
- Assess, at appropriate intervals, the vulnerability to a cyber incident of the scheme's key functions, systems and assets (including data assets) and the vulnerability of service providers involved in the running of the scheme.
- Consider accessing specialist skills and expertise to understand and manage the risk.
- Ensure appropriate system controls are in place and are up to date (eg firewalls, anti-virus and anti-malware products).

### Managing cyber risk

- Ensure critical systems and data are regularly backed up.
- Have policies for the use of devices, and for home and mobile working.
- Have policies and controls on data in line with data protection legislation (including access, protection, use and transmission).
- Take action so that policies and controls remain effective.
- Have policies to assess whether breaches need to be reported to the information commissioner ([www.ico.org.uk](http://www.ico.org.uk)).
- Maintain a cyber incident response plan in order to safely and swiftly resume operations. Learn more in [Continuity planning](#).
- Satisfy themselves with service providers' controls (see [Managing advisers and service providers](#)).
- Receive regular reports from staff and service providers on cyber risks and incidents.



**Lancashire Local Pension Board**

Meeting to be held on Tuesday, 24 January 2023

Electoral Division affected:  
None;

**Feedback from Board members on pension related training.**

Contact for further information:

Mike Neville, Tel: (01772) 533431, Senior Democratic Services Officer,  
mike.neville@lancashire.gov.uk

**Brief Summary**

An update on training which members of the Board have received since the last meeting and an opportunity for individual Board members to provide feedback on their experience.

**Recommendation**

Individual members of the Board are asked to provide feedback on their experience of the training referred to in the report.

**Detail**

The Training Plan approved by Pension Fund Committee sets out the approach to supporting the learning/development needs of individuals with responsibility for the strategic direction, governance, and oversight of the Lancashire County Pension Fund through their membership of the Committee or the Lancashire Local Pension Board.

Below is a list of pensions related external conferences or internal workshops which have taken place since the last meeting and individual Board members are invited to give feedback on their experiences.

**12<sup>th</sup> /13<sup>th</sup> October 2022 PLSA Annual Conference.**

Attended by K Ellard.

**27<sup>th</sup> October 2022, 10<sup>th</sup> November 2022, and 20<sup>th</sup> December 2022 Fundamentals Training**

Attended by County Councillor M Salter.

**1<sup>st</sup> November 2022 internal workshop on the LCPF Valuation**

Attended by County Councillor M Salter and K Ellard. C Gibson, Ms Y Moulton and Ms D Parker participated remotely.

## **1<sup>st</sup> November 2022 Presentation LPP Governance Review**

Attended by County Councillor M Salter.

## **5<sup>th</sup> December 2022 internal workshop – Technical Update from Local Pension Partnership Administration.**

Attended by Ms K Haigh and Mr K Ellard, County Councillor M Salter, Mr C Gibson participated remotely, and Ms D Parker viewed the recording of the workshop in the online library.

## **16<sup>th</sup> January 2023 internal workshop on LCPF Communications Strategy & Local Pensions Partnership Communications update.**

Attendance will be reported at the meeting.

## **19<sup>th</sup>/20<sup>th</sup> January 2023 LGPS Governance Conference.**

To be attended by Mr K Ellard and Mr G Peach.

### **Consultations**

N/A

### **Implications:**

This item has the following implications, as indicated:

### **Risk management**

Without the required knowledge and skills members of the Board may be ill equipped to consider issues and make informed decisions regarding the direction and operation of the Lancashire County Pension Fund.

### **Financial**

Any attendance, travel or accommodation costs associated with external training are met from the Pension Board budget, which is funded by the Lancashire County Pension Fund.

## **Local Government (Access to Information) Act 1985**

### **List of Background Papers**

Paper	Date	Contact/Tel
Attendance at external Conferences and Events approved by the Head of Fund under the Scheme of Delegation to Heads of Service	13 <sup>th</sup> July 2022 11 <sup>th</sup> & 22 <sup>nd</sup> August 2022	M Neville 01772 533431
Attendance sheets for internal workshops.	1 <sup>st</sup> November 2022 5 <sup>th</sup> December 2022 16 <sup>th</sup> January 2023	M Neville 01772 533431

Reason for inclusion in Part II, if appropriate

N/A

**Lancashire Local Pension Board**

Meeting to be held on Tuesday, 24 January 2023

Electoral Division affected:  
None;

**Part I reports presented to the most recent Pension Fund Committee**

Contact for further information:

Mike Neville, Tel: (01772) 533431, Senior Democratic Services Officer

mike.neville@lancashire.gov.uk

**Brief Summary**

The Part I reports that were presented to the most recent meeting of the Pension Fund Committee are listed below and the Head of Fund will update members of the Board on decisions taken in respect of the reports at the meeting.

**Recommendation**

The Board is asked to comment in relation to the Part I reports that were considered by the Pension Fund Committee on 25<sup>th</sup> November 2022 and any decisions taken.

**Detail**

At the meeting on 25<sup>th</sup> November 2022 the Pension Fund Committee considered several reports in Part I of the agenda (available to the press and public) which included those listed below.

- Minutes of the last Meeting.
- **Lancashire County Pension Fund - External Audit Findings Report 2021/22**
- Local Pensions Partnership Annual Report and Accounts
- Budget Monitoring Q2 - 2022/23
- Feedback from members of the Committee on pension related training.
- Responsible Investment Report
- Urgent Business
- Programme of meetings 2023/24
- Date of Next Meeting - 10th March 2023

Members of the Board received notification when the agenda for the Committee was published and available to view on the [County Councils website](#). A full copy of the agenda was also made available for Board members to view via the secure online Pensions Library.

At the Pension Board the Head of Fund will give updates specifically on decisions taken by Committee regarding the item in bold above, though Board members are free to ask for updates in relation to any of the listed reports.

### **Consultations**

N/A

### **Implications:**

This item has the following implications, as indicated:

### **Risk management**

There are no significant risk management implications associated with this report

### **Local Government (Access to Information) Act 1985 List of Background Papers**

Paper	Date	Contact/Tel
N/A		

Reason for inclusion in Part II, if appropriate  
N/A

**Lancashire Local Pension Board**

Meeting to be held on Tuesday, 24 January 2023

Electoral Division affected:  
None;

**2023/24 Programme of Meetings**

Contact for further information: Mike Neville, Tel: (01772) 533431, Senior Democratic Services Officer, mike.neville@lancashire.gov.uk

**Brief Summary**

A proposed programme of meetings for the Lancashire Local Pension Board in 2023/24.

**Recommendation**

That the 2023/24 programme of meetings for the Lancashire Local Pension Board, as set out below, is approved, with all meetings to be held at County Hall, Preston, starting at 2.00pm.

11<sup>th</sup> July 2023  
17<sup>th</sup> October 2023  
23<sup>rd</sup> January 2024  
2<sup>nd</sup> April 2024

**Detail**

The current programme of meetings for the Lancashire Local Pension Board ends with the meeting on 4<sup>th</sup> April 2023.

In October 2022 the full council approved a programme of meetings for its Cabinet and Committees (including the Pension Fund Committee) up to March 2024 and consideration has been given to an associated programme of meetings for the Lancashire Local Pension Board.

After consulting with the Chair and the Head of the Pension Fund, the following dates are proposed, with all meetings to be held at 2.00pm at County Hall, Preston.

11<sup>th</sup> July 2023  
17<sup>th</sup> October 2023  
23<sup>rd</sup> January 2024  
2<sup>nd</sup> April 2024

## Consultations

The Chair and Head of Fund were consulted on the proposed dates and Board members were given advance notice of the provisional dates by email in October 2022.

## Implications:

This item has the following implications, as indicated:

### Risk management

Early approval of a programme of meetings for 2023/24 will enable all members of the Pension Board to forward plan and minimise the possibility of non-attendance at future meetings.

## Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Tel
N/A		
Reason for inclusion in Part II, if appropriate		
N/A		

# Agenda Item 17

(NOT FOR PUBLICATION: By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It is considered that all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information)

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# Appendix A

(NOT FOR PUBLICATION: By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It is considered that all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information)

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# Agenda Item 18

(NOT FOR PUBLICATION: By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It is considered that all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information)

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(NOT FOR PUBLICATION: By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It is considered that all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information)

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(NOT FOR PUBLICATION: By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It is considered that all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information)

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Document is Restricted



(NOT FOR PUBLICATION: By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It is considered that all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information)

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# Agenda Item 19

(NOT FOR PUBLICATION: By virtue of paragraph(s) 1, 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It is considered that all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information)

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