

## Lancashire Local Pension Board

Meeting to be held on Tuesday, 14 July 2020

Electoral Division affected:  
(All Divisions);

## Lancashire County Pension Fund Breaches Log

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### Executive Summary

This report provides the Board with a summary of the Lancashire County Pension Fund Breaches Log for the period 1<sup>st</sup> April 2020 to the 30<sup>th</sup> June 2020.

The report provides breach information for contributions, data and, administration breaches. Data and administration breaches are provided by the Local Pensions Partnership Administration (LPPA).

### Recommendation

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

### Background and Advice

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 the Local Pension Partnership, have established a log to record all incidents which fall outside of the requirements of Code of Practice 14.

### **Contribution Breaches:**

In the period April to June 2020 (June contributions have not been collected at the time of writing this report) there have been no breach in contribution payments.

The breach in quarter 4 (Jan-Mar 2020) relates to an existing employer who briefly had no members paying into the scheme and upon a new employee joining, no longer had a direct debit mandate in place. Steps have been taken with the employer to ensure the details are set up for the March contribution collection process. The monetary value of the breach represents 0.01% of the total value of contributions received for the period to date.

There were a number of incidents recorded in the period which have resulted in corrective action being taken. A total of 61 employers failed to submit contribution figures for Q4 and 41 for Q1\*. They have all been contacted in accordance with the Stage 2 escalation procedures, which ensure that all incidents are corrected swiftly. For Q4, the number of employers which failed to submit contributions represents 6.09% of the total submissions, in monetary values this equates to 0.54% of the total contributions received during the period and for Q1\* this represents 6.05% and 0.83% respectively.

	<b>Q2 Jul-Sep 19</b>	<b>Q3 Oct-Dec 19</b>	<b>Q4 Jan-Mar 20</b>	<b>Q1* Apr-Jun 20</b>
Incidents	28	49	61	41
Breach	1	1	1	0

\* Incomplete – only includes 2 months data.

### **Data Breaches:**

For the period 1st April 2020 to the 30<sup>th</sup> June 2020 there were two data breaches, which is a 33% reduction from last quarter. The two data breaches were as follows:

- April - Data Breach as a result of an ill health retirement form being submitted containing incorrect address;
- June - Data Breach as a result of 2 Member records being mixed up and information issued to incorrect member address.

All data breaches are managed through the Information Governance Team of Lancashire County Council who deemed them not significant enough to warrant reporting to the Information Commissioner.

### Summary Table:

	Q1 19/20	Q2 19/20	Q3 19/20	Q4 19/20	Q1 20/21
<b>Data Breaches</b>	1	0	6	3	2

### Administration Breaches:

Local Pensions Partnership Administration have recently developed new systems and processes to assess, log, report and address all breaches related to the administration service which they provide. COP 14 breaches were previously reported as part of their annual report. The system now provides breach information broken down by Code of Practice 14 (COP14) breaches and by operational process breaches by the Local Pension Partnership Administration.

There were a total of 7 breaches – six COP14 breaches and one process breach:

	COP 14 Breach	LPPA PROCESS BREACH	TOTAL
April	4	0	4
May	1	0	1
June	1	1	2
<b>Total</b>	<b>6</b>	<b>1</b>	<b>7</b>

- April COP14 Breaches - 2 x payroll errors; 1 x pension strain; and 1 x Internal Dispute Resolution Procedure;
- May COP14 Breach - incorrect Lifetime Allowance value held in Altair between 5th and 14th April when corrected;
- June COP14 Breach - Unable to provide benefit quote on Divorce in regulatory timescales as information awaited from Employer;
- June Process Breach - Indemnity Form for a deceased member inadvertently attached to correspondence to another member

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

### Consultations

The Local Pensions Partnership was consulted with regards to administration and data breaches.

**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	Mukhtar Master 01772 532018

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