

Lancashire Local Pension Board

Meeting to be held on Tuesday, 13 October 2020

Electoral Division affected:
(All Divisions);

Lancashire County Pension Fund Breaches Report

Contact for further information: Mukhtar Master, 01772 532018, Governance & Risk Officer, Mukhtar.Master@lancashire.gov.uk

Executive Summary

This report provides the Board with a summary of the Lancashire County Pension Fund Breaches Log for the period 1st July 2020 to the 30th September 2020.

The report provides breach information for contributions, data and administration breaches. Information on data and administration breaches is 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 July to September 2020 (September contributions have not been collected at the time of writing this report) there have been no breach in contribution payments.

There were no breaches in quarter 1 (Apr-Jun 2020) and the breach in Q4 has been resolved as the employer has returned a Direct Debit mandate and all backdated contributions have been collected.

There were a number of incidents recorded in the period which have resulted in corrective action being taken. A total of 53 employers failed to submit contribution figures for Q1 and 57 for Q2*. They have all been contacted in accordance with the Stage 2 escalation procedures, which ensure that all incidents are corrected swiftly. For Q1, the number of employers which failed to submit contributions represents 5.16% of the total submissions, in monetary values this equates to 0.82% of the total contributions received during the period and for Q2* this represents 8.15% and 1.18% respectively. The adverse performance for Q2 can be explained by a member of staff being out of the office and therefore a reduced capacity to chase employers for outstanding submissions.

	Q3 Oct-Dec 19	Q4 Jan-Mar 20	Q1 Apr-Jun 20	Q2* Jul-Sep 20
Incidents	49	61	53	57
Breach	1	1	0	0

* Incomplete – only includes 2 months data.

Data Breaches:

For the period 1st July 2020 to the 30th September 2020 there were two data breaches.

- July - as a result of an attachment being included in an email to one member which related to another member;
- September - as a result of an attachment being included in an email to one member which related to another member.

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:

	Q2 19/20	Q3 19/20	Q4 19/20	Q1 20/21	Q2 20/21
Data Breaches	0	6	3	2	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. Code of Practice 14 (COP 14) breaches were previously reported as part of their annual report. The system now provides breach information broken down by COP14 breaches and by operational process breaches by the Local Pension Partnership Administration.

There was a just one COP14 breach in the period and no process breaches:

	COP 14 Breach	LPPA PROCESS BREACH	TOTAL
July	0	0	0
August	0	0	0
September	1	0	0
Total	1	0	1

The September COP14 breach relates to – a Transfer out being processed and paid without full due diligence checks being carried out. Checks were done retrospectively and the receiving scheme was deemed safe.

The breach was not material or worthy of reporting to the regulator. Corrective action was implemented as soon as the breach 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