

Lancashire Local Pension Board

Meeting to be held on Tuesday, 19 January 2021

Electoral Division affected: (All Divisions);
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Lancashire County Pension Fund Breaches Report

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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 1st October 2020 to the 31st December 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 October to December 2020 (December contributions have not been collected at the time of writing this report) there has been no breach in contribution payments.

There were no breaches in Quarter 2 (Jul-Sep 2020) and there were no breaches in the previous quarter also.

There were a number of incidents recorded in the period which have resulted in corrective action being taken. A total of 70 employers failed to submit contribution figures for Q2 and 48 for Q3*. They have all been contacted in accordance with the Stage 2 escalation procedure, which ensures that all incidents are corrected swiftly. For Q2, the number of employers which failed to submit contributions represents 6.64% of the total submissions, in monetary value this equates to 0.58% of the total contributions received during the period and for Q3* this represents 6.89% and 1.05% respectively.

	Q4 Jan-Mar 20	Q1 Apr-Jun 20	Q2 Jul-Sep 20	Q3* Oct-Dec 20
Incidents	61	53	70	48
Breach	1	0	0	0

* Incomplete – only includes 2 months data.

Data Breaches:

For the period 1st October 2020 to the 31st December 2020 there were a total of five data breaches:

October	<ul style="list-style-type: none"> A member was sent a refund and transfer calculation which were intended for another member.
November	<ul style="list-style-type: none"> A member's address was not updated resulting in post going to the wrong house; A member's Independent Financial Advisor received details relating to the wrong member; an email was sent from LPPA to LCC using the incorrect email address
December	<ul style="list-style-type: none"> Appropriate data protections checks were not carried out on a phone call, resulting in information being provided to an unauthorised party.

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:

	Q3 19/20	Q4 19/20	Q1 20/21	Q2 20/21	Q3 20/21
Data Breaches	6	3	2	2	5

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 were six COP14 breaches in the period and no process breaches:

	COP 14 Breach	LPPA PROCESS BREACH	TOTAL
October	2	0	2
November	4	0	4
December	0	0	0
Total	6	0	6

October	<ul style="list-style-type: none"> An estimate was not re-run following the processing of an aggregation, resulting in an incorrect strain cost being provided to the Employer; A quote for a transfer between Lancs LG and Lancs Fire was incorrectly processed as a Club when it should have been non-Club.
November	<ul style="list-style-type: none"> Two IDRPs cases breached the 4 month timeframe; One transfer exceeded the 3 month timeframe; One breach of internal process following the closure of LPP's Union Street office. Paper copies of AVC statements were inadvertently destroyed. However, scanned copies are still available.
December	<ul style="list-style-type: none"> N/A.

None of the breaches were not 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