

Lancashire Local Pension Board

Meeting to be held on Tuesday, 19 October 2021

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 2021 to the 30th September 2021.

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 Limited (LPPA).

Recommendation

The Board is 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 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 July 2021 to September 2021 (September contributions have not been collected at the time of writing this report) there has been one breach. The breach was a small contractor who did not have any money in their account when the direct debit was attempted for collection and therefore the statutory deadline was breached. The contributions have subsequently been received by BACs.

There were no breaches in quarter 1 (April - June 2021) and there were no breaches in the previous quarter.

There were a number of incidents recorded in the period which have resulted in corrective action being taken. A total of 55 employers failed to submit contribution figures for Q1 and 18 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 5.66% of the total submissions, in monetary values this equates to 0.88% of the total contributions received during the period and for Q2* this represents 2.65% and 0.80% respectively.

	Q3 Oct-Dec 20	Q4 Jan-Mar 21	Q1 Apr-Jun 21	Q2* Jul-Sep 21
Incidents	57	52	55	18
Breach	0	0	0	1

* Incomplete – only includes 2 months data.

Data Breaches:

For the period 1st July 2021 to the 30th September 2021 there were a total of 3 data breaches:

July	<ul style="list-style-type: none">An ex-spouse was provided with member details in error within divorce documentation. (This has also been reported as a complaint).
August	<ul style="list-style-type: none">One data breach occurred in August. An incorrect email address was held on a member's records. This is a breach of principle 4, accuracy of data. No information has been issued to the incorrect address.
September	<ul style="list-style-type: none">A letter to a dependent of a deceased member was sent to an incorrect address. The wrong address had been provided to LPPA.

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 20/21	Q3 20/21	Q4 20/21	Q1 21/22	Q2 21/22
Data Breaches	2	5	8	4	3*

*Correct to 29th September 2021

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

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

*Correct to 29th September 2021.

July	COP14: An AVC transfer was completed without the necessary discharge forms being completed.
August	N/A.
September	N/A

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

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	Mukhtar Master 01772 532018

Reason for inclusion in Part II, if appropriate.

N/A