

## Lancashire Local Pension Board

Meeting to be held on Tuesday, 18 January 2022

Electoral Division affected: N/A;
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## Lancashire County Pension Fund Breaches Report

Contact for further information:

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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> October 2021 to the 31<sup>st</sup> December 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 October 2021 to December 2021 (December 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 haven't yet been received by BACs but are confident that the employer will provide payment.

There was one breach in quarter 2 (July - September 2021) and there were no breaches in the previous quarters.

There were a number of incidents recorded in the period which have resulted in corrective action being taken. A total of 26 employers failed to submit contribution figures for Q2 and 22 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 2.54% of the total submissions, in monetary values this equates to 0.95% of the total contributions received during the period, for Q3\* this represents 3.44% and 1.12% respectively.

	Q4 Jan-Mar 21	Q1 Apr-Jun 21	Q2 Jul-Sep 21	Q3* Oct-Dec 21
Incidents	52	55	26	22
Breach	0	0	1	1

\* Incomplete – only includes 2 months data.

### Data Breaches:

For the period 1<sup>st</sup> October 2021 to the 31<sup>st</sup> December 2021 there were a total of 5 data breaches:

October	<ul style="list-style-type: none"> <li>• Nil</li> </ul>
November	<ul style="list-style-type: none"> <li>• Three data breach occurred in November.               <ul style="list-style-type: none"> <li>▪ 2 members received information relating to another member attached to their correspondence.</li> <li>▪ Correspondence was issued to an incorrect address as the incorrect address details had been provided by the employer</li> </ul> </li> </ul>
December*	<ul style="list-style-type: none"> <li>• Two data breaches occurred in December.               <ul style="list-style-type: none"> <li>▪ Data relating to a member was erroneously sent to another member.</li> <li>▪ An email was incorrectly sent to Lancaster CC Payroll Team instead of Lancashire CC Payroll Team.</li> </ul> </li> </ul>

\*Correct to 30<sup>th</sup> December 2021

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:

	Q4 20/21	Q1 21/22	Q2 21/22	Q3* 21/22
<b>Data Breaches</b>	8	4	3	5

\*Correct to 30<sup>th</sup> December 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 were seven COP14 breaches in the period and two process breaches:

	COP 14 Breach	LPPA PROCESS BREACH	TOTAL
October	4	0	4
November	2	0	2
December*	0	2	2
<b>Total</b>	<b>6</b>	<b>2</b>	<b>8</b>

October	<p>COP14:</p> <ul style="list-style-type: none"> <li>• 2 transfers out being processed outside the 6 month time frame,</li> <li>• 1 member being provided with incorrect retirement options,</li> <li>• The 3 in 13 calculation spreadsheet was incorrect resulting in 25 Lancashire members receiving incorrect calculations.</li> </ul>
November	<p>COP14:</p> <ul style="list-style-type: none"> <li>• Incorrect retirement figures were provided to a member</li> <li>• Retirement options were not provided in a timely manner this has also been reported as a customer service complaint.</li> </ul>
December*	<p>Process Breaches:</p> <ul style="list-style-type: none"> <li>• An incorrect email address was CC'd into an email. The incorrect address belonged to a trusted employer and was immediately deleted,</li> <li>• A retirement task was processed incorrectly resulting in a</li> </ul>

	Pensions Savings Statement not being created. This is being corrected.
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- Correct to 30<sup>th</sup> December 2021

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 provided data regarding the administration and data breaches. The County Council's Finance Team provided data 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