

Lancashire Local Pension Board

Meeting to be held on Tuesday, 26 April 2022

Electoral Division affected: N/A;

Lancashire County Pension Fund Breaches Report

Contact for further information:

Junaid Laly, 01772 53767, Senior Governance Officer

Junaid.Laly2@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 January 2022 to the 31st March 2022.

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 which 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 January 2022 to March 2022 (March contributions have not been collected at the time of writing this report) there has been one breach. The breach relates to 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 Officers are confident that the employer will provide payment. The normal escalation process is being followed to receive the payment.

This contractor breached in the previous quarter however they promptly provided payment by BACS. This contractor has now terminated from the Fund and is not expected to be required to make further payments. If attempts fail to receive the outstanding payment it is expected that this contractor has a large surplus and failing that they have a guarantor.

There was one breach in quarter 3 (October - December 2021), one breach in quarter 2 (July – September 2021) and there were no breaches in quarter 1.

There were a number of incidents recorded in the period which have resulted in corrective action being taken. A total of 37 employers failed to submit contribution figures for Q3 and 4 for Q4*. They have all been contacted in accordance with the Stage 2 escalation procedures, which ensure that all incidents are corrected swiftly. For Q3, the number of employers which failed to submit contributions represents 3.799% of the total submissions, in monetary values this equates to 1% of the total contributions received during the period, for Q4* this represents 0.624% and 0.322% respectively.

	Q1 Apr-Jun 21	Q2 Jul-Sep 21	Q3* Oct-Dec 21	Q4* Jan-Mar 22
Incidents	55	26	37	4
Breach	0	1	1	1

* Incomplete – only includes 2 months data

Data Breaches:

For the period 1st January 2022 to 31st March 2022 there were a total of four data breaches:

January	<ul style="list-style-type: none">• 1 Member's My Pension Online account was incorrectly linked• 1 member unhappy that retirement forms were sent to her works email• Emails for one employer have incorrectly been sent to another employer• A data extract was provided to Lancashire CC which incorrectly contained data.
February	Nil
March	Nil

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 21/22	Q2 21/22	Q3 21/22	Q4 21/22
Data Breaches	4	3	5	4

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 two process breaches:

	COP 14 Breach	LPPA PROCESS BREACH	TOTAL
January 2022	0	2	2
February 2022	0	0	0
March 2022	1	0	1
Total	1	2	3

January 22	Process Breaches: <ul style="list-style-type: none"> • An incorrect AVC value was provided to a member • A member elected for scheme pays in the tax year 2017/18 however the tax was not paid to HMRC.
February 22	<ul style="list-style-type: none"> • Nil
March 22	COP14: <ul style="list-style-type: none"> • A new member of staff produced retirement options, using the incorrect reason for leaving in error. Further training has commenced.

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 regard 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