

Lancashire Local Pension Board

Meeting to be held on Tuesday, 4 April 2023

Electoral Division affected:
N/A;

LCPF Breaches Report

Contact for further information:

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Brief Summary

This report provides the Board with a summary of the Lancashire County Pension Fund Breaches Log for the period 1st December 2022 to 28th February 2023 and outlines the number of complaints that have been registered during the same period for the purposes of monitoring the quality of member experience.

Recommendation

The Board is asked to note the content of this report.

Detail

The Lancashire County Pension Fund has policy and procedures in place to effectively record and, if necessary, report breaches of the law to the Pension Regulator or Information Commissioner as appropriate.

In line with the breaches policy, a log of all breaches is maintained by the Fund. This includes data breaches and breaches which contravene the legal requirements set out in the Pension Regulator's Code of Practice 14 which covers areas such as:

- Governing your scheme
- Managing Risks.
- Resolving issue
- Administration issues including aspects such as:
 - Scheme record keeping.
 - Maintaining contributions.
 - Providing information to members.

To ensure that the most recent and complete data is reported to the Board, this report references a new quarterly reporting period and includes details of breaches and complaints for the period 1st December 2022 to 28th February 2023. This is because the data relating to month 3 of the prior quarter isn't usually available by the



reporting deadline. For example, December 2022 data was missing from the Q3 report provided to the meeting in January 2023. Future reports will now follow this reporting timeframe.

Data Breaches

For the period 1st December 2022 to 28th February 2023 there were a total of 7 data breaches reported as follows:

A	1 member reported that their data may have been compromised by a cyber-attack at another organisation and was therefore concerned that emails being sent to him from LPPA may have been intercepted. This was not considered to be an LPPA breach and is included in this report for completeness only.
B	1 member's record contained forms relating to four other members due to incorrect allocation.
C	1 member's retirement forms were sent to an incorrect email address.
D	1 spouse's letter sent to wrong address due to the incorrect house number being provided by spouse on previous correspondence.
E	1 member's welcome letter was sent without a house number and was opened by another resident in the same street.
F	1 member's record was updated with an incorrect nominee.
G	1 member's correspondence was sent to an old address.

All data breaches are managed through the Information Governance Team of Lancashire County Council who are happy with the remedial action taken and have deemed that five of the breaches (A-E) aren't significant enough to warrant reporting to the Information Commissioner. The remaining breaches (F & G) continue to be investigated by the Information Governance team, but their first impressions are that none of the reported incidents will meet the threshold for reporting.

The Fund has also considered that five of the data breaches (A-E) are not material and will not be reported to the Pension Regulator. Based on initial information the other cases will not require reporting, however, further information is due from LPPA so that Fund Officers can fully understand the impact of the breach and remedial action that has been taken.

The Pension Regulator Code of Practice Breaches

This type of breach can occur for a variety of tasks normally associated with the administrative function of the scheme including, but not limited to, contribution breaches, scheme record keeping and provision of information to members.



Contribution Breaches

A breach occurs when an incorrect amount is collected on four or more occasions, or any payment is late. An incident occurs when an incorrect amount is collected, or no remittance is provided on up to three occasions.

Out of 916 collections, there were 78 incidents recorded in the period where employers failed to submit contribution figures, and which have resulted in corrective action being taken. Relevant employers have all been contacted in accordance with the Stage 2 escalation procedures, which ensure that all incidents are corrected swiftly. The number of employers which failed to submit contributions represents 8.52% of the total submissions, in monetary value this equates to 2.90% of the total contributions received during the period.

In the period December 2022 to February 2023 there were 10 breaches. These impacted 5 employers and are currently being managed by the Finance Team.

	Q1 Apr-Jun 22	Q2 Jul-Sep 22	Q3* Oct-Nov 22	Dec 22- Feb 23**
Incidents	49	44	68	78
Breach	0	2	0	10

*Q3 incomplete- excludes December 2022 data

**new reporting period to provide 3 full months data

Administration Breaches

During the period December 2022 to February 2023 there were two breaches reported to the Fund which contravened Code of Practice guidelines.

- Prudential reported a breach of Reg 17 of the Occupational and Personal Pension Scheme (Disclosure of Information) Regulations 2013, whereby one member of the LCPF had not had access to their annual benefit statement online over a period of one year due to a system issue. Prudential reported this breach to the Pension Regulator. No further action has been taken by the Fund.
- LPPA advised that there was a delay in processing a member's transfer and on processing the case, incomplete data was recorded. Following this, the member was provided with an inaccurate estimate of their benefits. It has been decided not to report the breach to the Pension Regulator for the following reasons-
 - the delay was attributed to a one-off scenario resulting from the transition to a new system.
 - Corrective action was swiftly taken with regard to the transfer and provision of a corrected estimate.
 - LPPA are continuing to investigate what went wrong with a view to improving the process.

Use of the new eForms is still bedding in so while Fund Officers are receiving more detailed information about the nature of breaches, there is a focus on ensuring that



breaches are being reported to the Fund promptly. In addition, the impact of some of the breaches and the remedial action that has been taken is not fully understood in all cases so further information has been requested from LPPA. The requirement for full and prompt disclosure of breaches has been discussed with the Head of Risk & Compliance at LPPA, who will remind staff at LPPA to report breaches immediately.

Summary of breaches:

	Q1 22/23	Q2 22/23	Q3 22/23*	Dec 22- Feb 23**
Data	6	12	3	7
CoP-Administration	2	2	0	2
CoP- Contributions	0	1	1	0

*excludes December 2022 data

** new reporting period to provide 3 full months data

Complaints

Due to the challenges being experienced by LPPA regarding the receipt of employer data and ongoing development of the new administration system it has been decided to monitor complaints to ensure member experience is not being unduly compromised. Complaints reflect the quality of service experienced by members and have been categorised by LPPA into general service issues, delays, payment, or regulatory issues. The following table provides further data regarding complaints.

Month	Nature of complaint				Total Complaints
	Delays	General service	Payments	Regulatory	
December 2022	22	17	2	0	41
January 2023	24	9	2	0	35
February 2023	28	23	0	1	52

As at 31st January 2023 the volume of complaints per 1,000 members is 1.3 (rolling 12-month basis) and is slightly above the Customer Experience Management (CEM) benchmarking target of less than 1.

Consultations

Local Pensions Partnership Administration Limited were consulted regarding the administration and data breaches. Lancashire County Council Finance Team were consulted with regards to contribution 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	Catherine Hunt 01772 533757

Reason for inclusion in Part II, if appropriate

N/A

