

Lancashire Local Pension Board

Meeting to be held on Tuesday, 11 July 2023

Electoral Division affected:
N/A;

Lancashire County Pension Fund Breaches Report

Contact for further information:

Catherine Hunt, Senior Governance Officer, 01772 533757,
catherine.hunt2@lancashire.gov.uk

Brief Summary

This report provides the Board with a summary of the Lancashire County Pension Fund (LCPF) Breaches Log for the period 1st March 2023 to 31st May 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 consider and comment on 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:
 - o Scheme record keeping.
 - o Maintaining contributions.
 - o Providing information to members.

To ensure that the most recent and complete data is reported to the Board, this report includes details of breaches and complaints for the period 1st March 2023 to 31st May 2023.



Data Breaches

For the period 1st March 2023 to 31st May 2023 there was a total of 4 data breaches reported as follows:

A	An unsecure email was sent containing a member's full NI number contravening GDPR principle 6 to protect integrity and confidentiality of personal data held.
B	Personal data relating to a Lancashire member was sent to another LPPA client.
C	1 member's retirement documents were sent to an old address. LPPA had been advised of their new address, but this was not actioned.
D	A letter was sent to an incorrect address (wrong house number, same street) requesting a copy death certificate for a deceased member.

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 the breaches aren't significant enough to warrant reporting to the Information Commissioner.

The Fund also considers the four data breaches are not materially significant and will not be reported to the Pension Regulator.

There were also 5 incidents which included the following scenarios –

- documents were uploaded to the wrong member records but identified before any data shared
- documents issued via email to intended recipient, but staff member did not follow processes and password protect the attached documents
- an incorrect employer was emailed regarding a member but only surname and partial NI number was shared.

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 Incidents and 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 969 collections, there were 76 incidents recorded in the period where employers failed to submit contribution figures, and which have resulted in corrective action being taken. The number of incidents where employers failed to submit contributions represents 7.84% of the total submissions, in monetary value this equates to 5.36% of the total contributions received during the period. Previous



month's figures have been collected and usually results in only a small variance in what the Pension Fund should have collected. Relevant employers have all been contacted in accordance with the Stage 2 escalation procedures, which ensure that all incidents are corrected swiftly.

In the period 1st March 2023 to 31st May 2023 there was 1 breach. This occurred due to a failed direct debit where the Fund didn't have an employer's new bank details. These have now been obtained and contributions have been collected. A summary table showing incidents and breaches is below.

	Q2 Jul- Sep 22	Q3 * Oct-Nov 22	Dec 22 - Feb 23	Mar 23 – May 23
No. of Incidents**	44	68	78	76
No. of Breaches ***	2	0	10	1
% of employers not submitted (breach)	0.22%	0	1.09%	0.10%
Monetary value of contributions not submitted (breach)	£467.79	£0	£181,964.84	£20,172.11
% of contributions not submitted (breach)	0%	0%	0.40%	0.04%

*Q3 incomplete- excludes December 2022 data

** Previous month's figures were collected and usually causes only a small variance in what the Pension Fund should have collected.

*** Number of cases where no contributions collected with breakdown of the % of employers failing to submit contributions, the % of the total contributions and the monetary value of those contributions shown in the rows below.

Administration Breaches

During the period 1st March 2023 to 31st May 2023 there was one breach reported to the Fund which contravened Code of Practice guidelines.

LPPA advised that incorrect information had been provided to a member with the pension benefits quoted being different to those actually paid. The error occurred – at the quotation stage - when certain criteria within the quotation defaulted to 'yes' for 85- year rule protection which incorrectly inflated the retirement amount quoted. When processing the actual payment, the correct criteria was selected but this resulted in a lower actual payment and a member complaint. LPPA have advised that this was an isolated case due to staff being unfamiliar with new system processes and that corrective action has taken place and staff informed about the correct process.



The error is not considered to be of material significance and has not been reported to the Pension Regulator.

Summary of breaches:

	Q2 22/23	Q3 22/23*	Dec 22 – Feb 23	Mar 23 – May 23
Data	12	3	7	5
CoP- Administration	2	0	2	1
CoP- Contributions	1	1	10	1

*excludes December 2022 data

Complaints

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	
March 2023	27	14	1	0	42
April 2023	14	11	1	0	26
May 2023	28	20	2	0	50

As at 31st May 2023 the volume of complaints per 1,000 members is 2.0 (rolling 12-month basis) and is 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

