

Pension Fund Committee

Meeting to be held on Friday, 15 September 2023

Electoral Division affected:
N/A;

Lancashire County Pension Fund Breaches 2022-23

Contact for further information:

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Brief Summary

This report provides the Committee with a summary of the Lancashire County Pension Fund Breaches for the period 1st April 2022 to 31st March 2023.

Recommendation

The Committee is asked to consider and comment on the report.

Detail

The Lancashire County Pension Fund has a 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. The Fund's breaches log, including materiality of the breach and decision on whether to report to the Pension Regulator or Information Commissioner, is thoroughly reviewed and considered by the Local Pension Board each quarter. As part of the updated breaches policy, which was agreed by the Committee on 10th March 2023, it was agreed that a summary report be presented to the Committee each year.

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. For the purposes of reporting to the Committee, breaches have been grouped as follows:

Data breach – where a breach of security leads to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data. This includes breaches that are the result of both accidental or deliberate causes. It also means that a breach is more than just about losing personal data. A personal data breach can be broadly defined as a security incident that has affected the confidentiality, integrity, or availability of personal data.



Administration breach – can occur for a wide variety of tasks normally associated with the administrative function of the scheme including but not limited to:

- Failure to disclose information about benefits and administration to relevant parties as outlined under the Disclosure of Information Regulations 2013.
- Failure of employers to provide timely and accurate data.

Contributions breach – occurs when an employer fails to make a timely payment or consistently pays an incorrect amount.

A summary of breaches for the period 1st April 2022 to 31st March 2023 is outlined below.

Summary of Breaches

	Data breaches	Code of Practice- Administration	Code of Practice- Contributions
Apr-Jun 2022	6	2	0
Jul-Sept 2022	12	2	2
Oct-Dec 2022	3	0	0
Jan-Mar 2023	9	3	10
Annual Total	30	7	12

All data breaches are managed through LCCs Information Governance Team who are happy with the remedial action taken in respect of the above breaches and have deemed that the breaches aren't significant enough to require reporting to the Information Commissioner. The Fund has also determined the data breaches are not materially significant and have not been reported to the Pension Regulator.

In terms of the overall volume of administrative and financial processing undertaken by, or on behalf of the Fund, the numbers of breaches above are at an acceptable level. However, a key activity undertaken when breaches arise is to identify root causes of the breach and assess if there are wider implications and any appropriate actions to undertake.

Examples of data breaches in the period have included:

- Sending personal data relating to a Lancashire member to another member.
- Sending a letter to a member's old address. The administrator had been advised of the new address but this was not actioned.
- Letter sent out without a house number and it was delivered to another address on the street. Recipient opened the mail but didn't recognise the name so couldn't redirect and contacted the administration team.
- Retirement forms sent to an incorrect email address delaying member receiving documents. Forms had been password protected so limited data shared.



Likewise, the Code of Practice breaches relating to administration and contribution collection are not considered to be of material significance and have not been reported to the Pension Regulator.

Code of Practice breaches have typically included sending incorrect information to a member at quotation stage which have either been queried by the member or identified by LPPA at payment stage. All cases have been one-off incidents with at least one relating to the staff member's unfamiliarity with the new system processes.

With regards contribution breaches, the percentage of contributions not collected in any quarter was less than 0.5% of total contributions and any delayed contribution collections have since been successfully collected. There was a spike in breaches in Q4 due to the late collection of contributions for 5 employers all paid by the same payroll provider. This payroll provider had failed to notify the Fund of a change to their bank account. Since then, breaches have reverted to a steady level.

Consultations

Local Pensions Partnership Administration
Local Pension Board

Implications:

This item has the following implications, as indicated:

Risk management

Lancashire County Pension Fund has a responsibility to ensure legal duties relating to the governance and administration of the Scheme are complied with, including reporting breaches of the law to the Pension Regulator or Information Commissioner's Office. Non-compliance poses financial and reputational risks to the Fund.

Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A

