

Lancashire Local Pension Board

Meeting to be held on Tuesday, 17 October 2023

Electoral Division affected:
N/A;

LCPF Breaches & Complaints 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 (LCPF) Breaches Log for the period 1st June 2023 to 31st August 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:
 - 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 includes details of breaches and complaints for the period 1st June 2023 to 31st August 2023.



Data Breaches

For the period 1st June 2023 to 31st August 2023 there were a total of 8 data breaches reported as follows:

A	Letter sent to an incorrect address and opened by the resident who confirmed they would shred the documentation
B	Retirement forms sent to an old address despite new address being provided
C	Nomination form relating to a member was sent to another member containing name and full NI number
D	Transfer discussions have taken place with another pension provider without a letter of authority from the member
E	Letter sent to a member's old address despite the new address being provided
F	Incorrect address held by the administrator and employer so data was disclosed to a non-member. Contact made with member via the employer to obtain the new address.
G	Member data shared with another client in error
H	A member received an email containing information in respect of another 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 these data breaches are not materially significant and will not be reported to the Pension Regulator.

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 1046 collections, there were 68 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 0.10% of the total submissions, in monetary value this equates to 1.58% 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 June 2023 to August 2023 there was 1 breach. This occurred due to a failed direct debit arising from up-to-date bank details following a change by the employer. New details have been obtained and contributions have been collected. A summary table showing incidents and breaches is below.

	Q3 * Oct-Nov 22	Dec 22– Feb 23	Mar 23 – May 23	Jun 23 – Aug 23
No. of incidents**	68	78	76	68
No. of breaches ***	0	10	1	1
% of employers not submitted (breach)	0.00%	1.09%	0.10%	0.10%
Monetary value of contributions not submitted (breach)	£0	£181,964.84	£20,172.11	£292.65
% of contributions not submitted (breach)	0%	0.40%	0.04%	0.01%

*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 June to 31st August 2023 there were 5 breaches reported to the Fund which contravened Code of Practice guidelines.

A	Member received incorrect information as a tier 1 ill health retirement was processed as an early retirement with reductions in error.
B	Incorrect AVC fund value used in calculation resulting in provision of incorrect retirement options
C	Retirement options provided to a member without including their AVC fund value. This delayed final payment of retirement benefits.
D	Annual benefit statements were produced for 96.1% active members and 99.1% deferred members and statements for remaining members are in production. Further information on this is provided in the Risk Register paper.
E	Monthly data files for some employers have yet to be submitted from April 2023 to date impacting on communication activity. Further information on this is provided in the Risk Register paper.

Regarding breaches A & B, further information including the cause and remedial action that has been taken for each breach has been requested before a decision is



made on whether to report to the Pension Regulator. Based on preliminary information received it is unlikely that either breach will be materially significant.

Breach C has been investigated and found to be a one-off incident. The pension is now in payment and the breach has not been reported to the Pension Regulator.

Breach reporting

The pensions team is working with its administrator to improve the accuracy and timeliness of breach reporting, this includes enhancing awareness of breach reporting with administrators and improved timeliness and content of the notifications to the Fund.

Summary of breaches:

	Q3 22/23*	Dec 22 – Feb 23 **	Mar 23 – May 23	Jun 23- Aug 23
Data	3	7	5	8
CoP – Administration	0	2	1	4
CoP - Contributions	1	10	1	1

*excludes December 2022 data

** new reporting period to provide 3 full months 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	Volume per 1,000 members (rolling 12-month basis)*
	Delays	General service	Payments		
June 2023	44	21	1	66	2.2
July 2023	36	23	0	59	2.5
August 2023	60	32	0	92	2.7

*this measure is adopted by CEM benchmarking to score complaints as part of their overall service metric with the target being less than 1.

As at 31st August 2023 the volume of complaints per 1,000 members is 2.7 (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's 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

