

**Lancashire Local Pension Board**

Meeting to be held on Tuesday, 2 April 2024

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 (LCPF) Breaches Log for the period 1<sup>st</sup> December 2023 to 29<sup>th</sup> February 2024 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 (at the point of drafting this report) 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 1<sup>st</sup> December 2023 to 29<sup>th</sup> February 2024.



## Data Breaches

For the period 1<sup>st</sup> December 2023 to 29<sup>th</sup> February 2024 there were a total of 7 data breaches reported as follows:

A	Retirement documents sent via email to the wrong member. As the retirement documents were sent encrypted only the member's name was disclosed.
B	Welcome letter sent to member's old address. Member had not informed LPPA of their new address.
C	Letter issued to member's previous address. Member has not informed LPPA of their new address.
D	Welcome letter sent to another member's address.
E	Pension benefits claim letter and forms issued to wrong address due to typo. Letter was issued prior to being checked.
F	Complaint response issued to wrong email address due to typo.
G	Retirement forms and letter issued to wrong address due to typo. (House number 17 not 18.)

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.

## Administration Breaches

During the period 1<sup>st</sup> December 2023 to 29<sup>th</sup> February 2024 there were 8 breaches reported to the Fund which contravened Code of Practice guidelines.

A	Scheme Pays details not included in retirement calculation. Incorrect benefits paid to member resulting in an overpayment.
B	Incorrect pensionable pay used for retirement calculation resulting in incorrect benefits being paid to member and an overpayment.
C	LPPA are not directly informing members of the changes to the LGPS rules concerning McCloud ruling. Information available online only.
D	Incorrect deferred benefits quote issued to member due to typo in calculation.
E	AVC disinvested as LGPS annuity instead of max cash lump sum.
F	Member retired in November 2022 and received lump sum retirement grant but no monthly payments.
G	Incorrect lump sum value paid to member twice. Incorrect value paid due to admin error, which was then paid again due to teething problems with new



	system.
H	Member within 12 months of normal retirement date was incorrectly provided Cash Equivalent Transfer Value quotes.

## Breach reporting

The Fund team is continuing to work 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.

Additional steps have been put into place by the Fund team to closely monitor the progress of the breach investigations. The Fund's Senior Governance Officer and LPPA Risk and Compliance Manager will meet on a quarterly basis to review the submitted breaches and discuss any issues and/or trends identified from the breaches log.

## 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 993 collections, there were 24 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 figures represents 2.42% of the total submissions, in monetary value this equates to 0.41% 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 1<sup>st</sup> December 2023 to 31<sup>st</sup> January 2024 there was 0 breaches. However, we are yet to be provided with February 2024 data. An update confirming if any breaches were recorded will be provided verbally at the Local Pension Board.

	<b>Mar 23 – May 23</b>	<b>Jun 23 – Aug 23</b>	<b>Sep 23 – Nov 23</b>	<b>Dec 23 – Feb 24</b>
No. of incidents*	76	68	67	24
No. of Breaches**	1	1	2	0
% of employers not submitted (breach)	0.10%	0.10%	0.20%	0.00%
Monetary value of contributions not submitted (breach)	£20,172.11	£292.65	£24,786.10	£0.00
% of contributions not submitted (breach)	0.04%	0.01%	0.04%	0.00%

\* Previous month's contribution amounts 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.

### Summary of breaches

	<b>Mar 23 – May 23</b>	<b>Jun 23 – Aug 23</b>	<b>Sep 23 – Nov 23</b>	<b>Dec 23 – Feb 24</b>
<b>Data</b>	5	8	7	7
<b>CoP – Administration</b>	1	4	5	7
<b>CoP - Contributions</b>	1	1	1	

### 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.

<b>Month</b>	<b>Nature of Complaint</b>			<b>Total Complaints</b>	<b>Volume per 1000 members (Rolling 12-month basis) *</b>
	<b>Delays</b>	<b>General Service</b>	<b>Payments</b>		
<b>December 23</b>	12	28	0	40	2.86
<b>January 24</b>	8	42	2	52	2.87
<b>February 24</b>	1	43	0	44	2.78

\*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 of 29th February 2024, the volume of complaints per 1,000 members is 2.78 (rolling 12- month basis) and is above the Customer Experience Management (CEM) benchmarking target of less than 1.

### Development of Breaches Dashboard

The Fund team have been working to develop the breaches report following feedback from the Lancashire Local Pensions Board. An initial proposal of how the report may be presented in the future can be found in Appendix 'A' and this will be discussed at the meeting.

### 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	James Almond 01772 539699

Reason for inclusion in Part II, if appropriate

N/A

