

Subject	Review of breaches, complaints and appeals	Status	For Publication
Report to	Local Pensions Board	Date	27 January 2022
Report of	Head of Pensions Administration		
Equality Impact Assessment	Not Required	Attached	No
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1 Purpose of the Report

- 1.1 To update members on the latest available record of reported breaches and provide details of complaints and appeals for the period from 1 October 2021 to 31 December 2021.

2 Recommendations

- 2.1 Members are recommended to:
- a. **Note the breaches summary and comment on any further reporting requirements or actions**
 - b. **Note the outcome of complaints received and comment on any further requirements**

3 Link to Corporate Objectives

- 3.1 This report links to the delivery of the following corporate objectives:

Customer Focus

to design our services around the needs of our customers (whether scheme members or employers). Complaints and appeals provide valuable feedback on potential areas for improvement in administration

Effective and Transparent Governance

to uphold effective governance showing prudence and propriety at all times. The Pensions Regulator's Code of Practice 14 places focus on the requirements to manage breaches of the law and the importance of maintaining a system of recording breaches.

4 Implications for the Corporate Risk Register

- 4.1 The actions outlined in this report one method of working to mitigate risk O1 in the Corporate Risk Register which centres on the ability of the Authority to protect the data it owns and the data it handle

5 Background and Options

Breach Reporting

- 5.1 The reporting of breaches was expanded previously at the request of members of the Board to include all the items listed in the latest breaches report which is now attached at **Appendix A**. Quarter 3 has seen three data breaches, two of which were related. Two cases occurred where personal details on a schedule of amended AVC premiums for a small number of staff were incorrectly made visible on the member portal, despite the names being blanked out. Following the second notification, it was identified this was a potential process risk rather than just individual error and global corrections were made to the pensions database to avoid any further recurrence. The other case was a training issue with a new member of staff where a medical report had been sent to an incorrect contact at an employer (albeit it was likely the contact would have access to the report in any event). The training has been completed with the relevant member of staff.

Cyber Security Incidents

- 5.2 In order to improve visibility for the Board, the breach report now includes details of cyber security incidents. Both incidents in the quarter related to phishing emails of various descriptions. Fortunately, the staff involved recognised that the emails were not legitimate and reported the incidents immediately to ensure that the network was not compromised in any way.
- 5.3 All staff undertook an e-learning training session recently which focused on spotting this type of communication from hackers and the ICT team will continue to test staff periodically in this area to ensure that awareness levels remain high.

Complaints

- 5.4 **Appendix B** provides a summary of complaints received in the reporting period(s). As previously requested by members of the Board, the summary report includes commentary as to whether the complaints received were indicative of a wider process issue which may need review/improvement. We have also included a trend analysis to provide visibility for the Board on the level of complaints.
- 5.5 The total number of complaints received in the Quarter was six, which is more representative of the volumes received in previous quarters, following a spike in Quarter One of this year. Of these though, four were outside of SYPA control as they were a result of delays from employers or third-party providers.
- 5.6 Of the two complaints that were within SYPA control, one was from a member who was unhappy with the handling of the recovery of a pension overpayment and an alternative approach was agreed. This was an avoidable complaint, and an updated process is now in place for handling overpayments which should improve the customer experience in future. The second complaint was from a former member with a refund entitlement who was unhappy with the way she was dealt with by the Customer Centre. The matter is being addressed with the relevant member of staff who received the call.

5.7

Formal Appeals

- 5.8 During the reporting period, two Internal Dispute Resolution Procedure appeals were determined and the details are shown below. The first case is a Stage 2 appeal where a member was provided with an incorrect estimate of early retirement benefits from her employer and was arguing that these should therefore have been honoured. The case was not upheld but the employer was instructed to compensate the member for the distress and inconvenience.
- 5.9 The second case is one where SYPA reached a joint adjudication at Stages 1 and 2 concurrently to allow the member to proceed to the Pensions Ombudsman. SYPA had incorrectly estimated a member's benefits prior to her retirement as a result of two aggregations being processed incorrectly. The member is arguing that she made the decision to retire based on the overstated benefits and that therefore these should be honoured. SYPA has no authority to award benefits above the member's statutory entitlement but did recognise the significant error in agreeing an appropriate sum to compensate the member.
- 5.10 Clearly, providing inaccurate estimates to members at any stage, let alone to those considering retirement, is a situation that SYPA is very keen to avoid. Whilst the aggregation process can be complex from a system/procedural perspective as well as from the point of view of the member's understanding, it is fully acknowledged that this case should never have been allowed to reach the stage it did. To mitigate against the risk of this recurring, an additional check is being built into the aggregation process as part of a wider review of the handling of these cases and further detailed system interrogation is being undertaken to identify whether any other members may be impacted. This is a time-consuming piece of work as it will inevitably involve a level of 'manual' review of previous cases but it should at least provide some assurance that other members will not find themselves in this position.

Ref	Reason for Appeal	Stage	Upheld?	Response within IDRPs timescales?
LM	Member unhappy that employer had overstated estimate of benefits and wanted these to be honoured	Stage 2	No	Yes
AM	Member unhappy that benefits had been incorrectly calculated by SYPA and wanted these to be honoured	Stages 1 and 2	Partially	Yes, for two Stages combined

6 **Implications**

- 6.1 The proposals outlined in this report have the following implications:

Financial	None
Human Resources	None
ICT	None
Legal	None
Procurement	None

Jason Bailey

Head of Pensions Administration

Background Papers	
Document	Place of Inspection