



LOCAL PENSION BOARD - 24TH MAY 2021

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PENSIONS AND CYBER RISK

Purpose of the Report

1. To inform the Board of the issues with regards to the impact of cyber risk on the Pensions Section.

Background

2. Pension schemes hold large amounts of personal data and assets which can make them a target for criminals. Officers therefore have a responsibility to take steps to protect those data and assets against cyber risk.
3. Cyber risk can be broadly defined as the risk of loss, disruption or damage to a scheme or its members as a result of the failure of its IT systems. It includes both internal risks (e.g. staff) and external risks (e.g. hacking).
4. Pension scheme managers are accountable for the security of scheme information and need to ensure that sufficient controls are in place to minimise the risk of cyber incident around systems, processes and people. This also includes ensuring that third party suppliers also have sufficient controls in place and that relevant standards and accreditations are maintained and kept up to date.
5. The Pensions Regulator (TPR) considers cyber risk to be an area of high priority for scheme trustees and recommend that it is included on the risk register and is reviewed regularly. They have produced a guide, "Cyber Security Principles for Pension Schemes" which has been appended to this report.
6. In November 2019 the Pension Section contacted Leicestershire County Council's Information and Technology team initially to discuss cyber risk and this led to a request for a full review.

Actions

7. January 2020: Officers from Pensions met with Leicestershire County Council Technical Security Officer (TSO) and the systems supplier, Aquila Heywood to conduct an Information Security Risk Assessment review. Prior to the meeting AH supplied copies of documents relating to their own cyber risk measures, including

their Business Continuity plan and a summary of their most recent penetration testing exercise, conducted in February 2019.

8. February 2020: The TSO raised a series of questions with AH plus a request to see details of other accreditation certificates. AH responded promptly and provided all requested documentation.

Outcome

9. Due to other IT related issues in response to Covid, the Pensions Risk Assessment was not updated and supplied to the Pension Section until October.
10. The TSO stated that he was happy with the responses and the documentation and confirmed that there was nothing of concern. He recommended:
 - Regular checks to ensure that AH relevant accreditations were kept up to date;
 - Check that AH's annual penetration testing exercises continue to take place and that they provide us with relevant summaries of the exercises;
 - Ensure that access permissions for Pensions staff to Altair are regularly reviewed;
 - Business contingency plans are put into place.
11. The next review is due in October 2021. Arrangements have been put in place for these to be done and a breakdown can be found in Appendix B..

Other Information

12. In addition to the above exercise, in February 2021 the Internal Audit section recently conducted their Governance and Risk Audit and concluded that "Personal Data and Assets are adequately protected." They have requested that the findings from the cyber review exercise included in this report are presented to the Board. Officers will also ensure that the Board receive future updates annually.
13. The next cyber review will also include two lower risk products that are currently used. These are a third party reporting tool which extracts data securely from altair, where a third party access agreement is in place in the event that any maintenance is required and does not require the sharing of data with the provider. The other is a secure portal that is used to provide de-sensitised data.
14. The Pensions Section follows LCC's policies with regards to cyber risk. This includes the corporate training programme, which includes an e-learning course covering Data Protection and Information Security. It is currently a requirement that all officers take a refresher every two years. In addition all data breaches are reported to the Information Governance team for advice on next steps.
15. Information Governance also keep records of the data sharing agreement that the section has in place with the Local Government Pension Scheme National Database, which allows funds to share pension data to prevent the duplicate

payment of death grants, and also allows pension funds to participate in the 'Tell Us Once' service operated by the Department for Work and Pensions, which allows family members to report a death to most government organisations with just one notification.

14. To comply with GDPR legislation, a Fair Processing Notice is available on the member website. This states who we share data with and why,
15. As the TPR prioritises cyber risk as an area of high priority, one of the largest LGPS actuarial firms has prepared a cyber risk questionnaire for all Funds to voluntarily complete. Given the importance of this risk area, Officers decided the Leicestershire Fund should participate. This is designed to complement the work already done and to highlight any concerns or areas for improvement. Whilst Officers are happy that what we currently have in place is sufficient, it was felt that this would provide further reassurance. The survey has been completed and feedback is awaited.

Recommendation

- 16.. It is recommended that the Board notes the contents of this report.

Equality and Human Rights Implications

None specific

Appendix

Appendix A: Summary of Cyber Risk Areas for action
Appendix B: Cyber Security Principles for Trustees

Officers to Contact

Ian Howe
Pensions Manager
Telephone: (0116) 305 6945
Email: Ian.Howe@leics.gov.uk

Declan Keegan
Assistant Director of Strategic Finance and Property
Telephone: (0116) 305 6199
Email: Declan.Keegan@leics.gov.uk

This page is intentionally left blank