

PENSIONS COMMITTEE – 29 SEPTEMBER 2023

Report of the Director of Finance

STAFFORDSHIRE PENSION FUND CYBER SECURITY STRATEGY

Recommendation of the Chair

1. That the Pensions Committee approves the Cyber Security Strategy attached as Appendix 1.

Background

2. Regulation states, and best practice dictates, that a Pension Fund should have a range of written policies and procedures in place. Having such, not only proves regulatory compliance, but more importantly demonstrates good governance and provides a range of information to stakeholders.
3. The Staffordshire Pension Fund endeavours to have a full range of policies in place and has made efforts over recent years to update and review them regularly. Pensions Committee have approved these policies where necessary and several have also been the subject of wider consultation with the Fund's many stakeholders.
4. Cybercrime continues to be a real and growing threat around the world. Companies and Governments recognise the risk and deal with the challenges every day and Pension Funds are no different. Why? Well, they hold, and control large amounts of personal and financial data, as well as assets and they need to pay pensions. Cyber criminals know that if they carried out an attack on pensions data, any pressure to pay a 'ransom' could be enormous.

Cyber Security Framework

5. The Pensions Committee received a Training Session on Cyber Security & Awareness from Hymans Robertson on 4 November 2022 which defined cyber risk as 'the risk of financial loss, disruption, or damage to the reputation of the Fund or its members resulting from the failure of its IT systems and processes'.
6. During the same session, Fund Officers described their proposed 4 stage approach to addressing Cyber Security as being focused on:
 - Assessing – the risks and understanding the Fund's vulnerability,
 - Protecting – and safeguarding the Fund,
 - Responding – to how we will deal with an incident and recover, and

- Governance – ensuring we have the correct documentation and monitoring processes in place.
7. Fund Officers have developed and continue to refine a Cyber Footprint Register (CFR) which maps the Fund's cyber footprint across all internal and external systems accessed or used by the Fund and its suppliers (and potentially third parties) to **assess** what data flows through those systems. The controls that are in place around those systems to **protect** the data are ascertained and the way in which we would **respond**, in terms of who to contact in the event of an attack etc is also documented.
 8. Through a risk assessment approach Officers will determine those suppliers which present the highest risk to the Fund and aim to review their cyber security procedures as part of a rolling testing programme. This will involve a questionnaire being sent to the suppliers of those systems to better help us understand and document the controls in place. It is recognised that assessing cyber resilience is an ongoing process.
 9. Disaster Recovery and Business Continuity Plans have also been reviewed to consider cyber risks and these will be routinely updated.

Cyber Security Strategy

10. The final stage is to focus is on **governance**. As the Fund did not have a Cyber Security Strategy, the document attached at Appendix 1 is the first iteration of this document to be produced. However, as cyber security is a fast moving and ever-changing area, the Strategy will need to be regularly reviewed and developed in response to any wider knowledge and experience gained. When published, the Pensions Regulators Single Code of Practice is also anticipated to have wider implications on the governance requirements around cyber security but these are unknown at the time of writing.
11. Whilst there will be some commonality of cyber risks, the combination of those cyber risks and the set of circumstances that surround them will be unique to Staffordshire Pension Fund and our Cyber Security Strategy. Therefore, wider consultation is considered unnecessary.

Rob Salmon
Director of Finance

Contact: Melanie Stokes
Assistant Director for Treasury & Pensions
Telephone No: (01785) 276330

Background Documents:
Pensions and Lifetime Savings Association – Cyber Risk June 2022

Equalities implications: There are no direct equality implications arising from this report.

Legal implications: There are no direct legal implications arising from this report.

Resource and Value for money implications: There are no direct resource and value for money implications arising from this report.

Risk implications: The risk implications are covered in the body of the Report and in the Cyber Security Strategy.

Climate Change implications: There are no direct climate change implications arising from this report.

Health Impact Assessment screening: There are no health impact assessment implications arising from this report.