

SURREY COUNTY COUNCIL**LOCAL PENSION BOARD****DATE: 29 JULY 2022****LEAD OFFICER: ANNA D'ALESSANDRO, DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL****SUBJECT: Update on Cyber Security and Business Continuity****SUMMARY OF ISSUE:**

This report considers the recent work done on cyber security and business continuity arrangements for the Surrey Pension Team.

RECOMMENDATIONS:

It is recommended that the Board:

Note the content of this report and make recommendations to the Surrey Pension Fund Committee (the Committee) if appropriate.

REASON FOR RECOMMENDATIONS:

The Public Sector Pensions Act 2013 requires Local Pension Boards to assist the Scheme Manager in securing compliance with the Local Government Pension Scheme (LGPS) Regulations and requirements imposed by the Pensions Regulator. This report provides the Board with insight into the activities of the Surrey pension function and furthers the successful collaboration of the Committee and Board in managing risk and compliance and promoting effective governance.

DETAILS:**Introduction**

1. The Local Pension Board received a report on Cyber Security on 5 August 2021. However, in view of the escalating situation in Ukraine and the evolving geopolitical landscape, the Surrey Pension Team reviewed the business continuity arrangements in place and prepared a statement on 3 March 2022 to ensure their continued relevance and operational readiness during the period of uncertainty.

Background

2. This paper provides an overview of the light touch business continuity review undertaken in March 2022, summarises the cyber security and business continuity arrangements for the Surrey Pension Team and reflects on activities anticipated in the latter part of 2022/23.

Overview of March 2022 review

3. Areas reviewed in March 2022, and that continue to be kept under review since, are set out below:

Confirmed payments were not being made in affected regions	We do not have any pensioners residing in Russia, Belarus or Ukraine. We had not received any reports of any issues with payments. We will continue to monitor the situation.
Stakeholder approach confirmed	Business continuity steps established with Fund managers, advisors and the custodian were reconfirmed.
Defences against cyber-attack remain in place	Surrey County Council has a comprehensive suite of security arrangements, and the corporate ICT team has deployed specific defences against cyber-attacks.
Investment risks are clear	Near term volatility was expected with certain sectors, such as commodities, impacted. Negative effects have the potential for further implications. We continue to work with our advisers to review the ongoing investment landscape.
Other risks were assessed	A review of high-impact risks and their potential mitigations was undertaken.

Approach in uncertainty

4. Where there is operational uncertainty, the Surrey Pension Team takes note of the position and advice of HM Government, the Pension Team policies and values and those of Surrey County Council.
5. Our approach to managing the Surrey Pension Team through periods of uncertainty is based around three key principles:
- Continuity of service to our members, employers, pension fund committee and local pension board
 - Colleague, employer & supplier welfare
 - Social responsibility

Summary of cyber security and business continuity arrangements

Working arrangements

6. In accordance with Surrey County Council policy, the Surrey Pension Team is working from home or office locations in line with agile working arrangements.
7. All Information, Communication and Technology (ICT) issues are managed by the corporate ICT team of Surrey County Council.
8. We remain alive to the possibility of business interruption. Mobile phones and MS Teams are alternatives to face-to-face meetings.
9. Business continuity steps established with Fund managers, advisors and the custodian will be reconfirmed on a regular basis.
10. Staff may review business continuity arrangements here:
<https://surreycc.jiveon.com/groups/business-continuity/>

Disaster recovery

11. Information Technology & Digital (IT&D) Team hold a comprehensive Business Continuity and Disaster Recovery plan (which includes pensions administration) for all systems and software related activities.
12. IT&D provide a software-based replication from the Primary Data Centre to the Secondary off-site Data Centre.
13. In the event of an Altair (pension administration system) server failure or web servers in the Primary Data Centre, the server will be recovered in the Secondary Data Centre. Typically, we expect the secondary server to be ready within a four-hour target time window. Once the secondary server is available, Surrey Pension Team will be able to use Altair as normal, as will any users of the associated web portals.

Funding

14. The Fund will continue with its existing funding strategy for as long as possible.
15. The Fund continues to balance the drive for sound covenants with a measured approach.
16. We will remain vigilant to any pressures on employers.

Investment

17. The portfolio of assets under management is regularly reviewed to ascertain potential exposures to areas with issues. An enforced sale of assets is not envisaged, as there are sufficient cash reserves available to pay pensions for over six months.

18. There are no current plans to reconsider the existing investment strategy review cycle. The Surrey Pension Team is in regular consultation with its investment consultant, independent advisor and fund actuary. Issues under ongoing consideration include the following:

- Review asset allocation
- Rebalance to take advantage of market opportunities, subject to a risk assessment
- Review performance targets

Governance

19. No changes are envisaged to current governance arrangements.

20. In periods of uncertainty, there may need to be flexibility regarding meeting dates.

21. It is anticipated that activity with Border to Coast will continue as currently in place.

Delivery

22. There is a risk of failure of delivery objectives of the Surrey Pension Team Business Plan within agreed timescales, if there is any unplanned business interruption. Business Plan tasks continue to be prioritised on an ongoing basis.

23. The Team is in constant contact to ensure team and system resilience.

24. The Team will regularly engage with Border to Coast, investment managers and custodians for assurance of their contingency plans.

25. The Pension Fund Committee and Local Board will be provided with regular market updates.

Future activities

26. The need for an up-to-date comprehensive cyber security review is acknowledged. The scope and timing of activity in this area will be determined in due course with work anticipated in the third quarter of this year. This will align with planned transfer of software hosting arrangements.

27. A pension Team specific business continuity plan aligned to the single risk register for the Pension team and noting dependencies on other parties will be prepared.

CONSULTATION:

28. The Chairman of the Local Pension Board has been consulted on this report.

RISK MANAGEMENT AND IMPLICATIONS:

29. Risk related issues have been discussed and are contained within the report.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

30. The performance of the pensions function does present potential financial and value for money implications to the Pension Fund.

DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL COMMENTARY

31. The Director of Finance, Corporate and Commercial is satisfied that all material, financial and business issues and possibility of risks have been considered and addressed.

LEGAL IMPLICATIONS – MONITORING OFFICER

32. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY

33. There are no equality or diversity issues to be addressed.

OTHER IMPLICATIONS

34. There are no other implications.

WHAT HAPPENS NEXT

35. The following next steps are planned:

The business continuity plan aligned to the single risk register for the Pension team will be prepared and brought to the Local Pension Board.

Both documents will be kept under regular review and updated.

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Consulted:

Local Pension Board Chairman

Sources/background papers: None

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