

Computer security for pension schemes

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Data security is a major practical and legal concern for pension scheme trustees. Many would also see it as an ethical issue.

PERSONAL DATA

As a trustee, you are a data controller under data protection legislation. This means that you are responsible for keeping scheme members' personal data secure.

"Personal data" means any information from which an individual can be identified and which is held electronically (or in some types of structured manual file). Examples include members' names and contact details.

"Processing" data is another key concept. It means doing more or less anything with data, like viewing it, using it or sending it to someone else.

As a data controller, your general obligation in relation to security is to take appropriate technical and organisational measures to prevent personal data being:

- processed without authorisation or unlawfully or
- lost, destroyed or damaged.

This is the seventh out of eight core principles* that, as a data controller, you must comply with when you process members' personal data.

SEVENTH PRINCIPLE

Guidance from the Information Commissioner's Office on the seventh principle says that:

- you must make sure your security measures are appropriate having regard to the nature of the data you process and the harm that a breach of security could lead to. When considering what security measures are appropriate you can have regard to the technology that is available and the cost of implementation

- your security software must be appropriate to the size of your system and what you use it for, and
- you must use encryption on laptops and any other portable devices e.g. on backup external hard drives and USB memory sticks.

The Information Commissioner's Office is responsible for enforcing UK data protection and privacy law.

PRACTICAL STEPS

Here are some practical steps you should take to help reduce the risk of breaching the legislation.

Software

- Install a firewall
- Install anti-virus software and keep it up to date
- Consider installing anti-spyware software
- Run a current operating system or one that has been overtaken only recently
- Always download the latest security patches and updates
- Encrypt laptops and portable devices and/or the data on them; password protection is insufficient. If there is a breach of security because you lose an unencrypted device, it will be a breach of the legislation. The Information Commissioner is encouraging data processors towards best practice on security, like applying ISO 27001.

Physical security

- Do not allow others access to your laptop
- Store computers, laptops, portable media and backups in a secure place.

* Here are some of the other core principles that trustees need to comply with as data controllers:

- Personal data shall be obtained only for one or more specified and lawful purposes, and shall not be further processed in any manner incompatible with that purpose or those purposes.
- Personal data shall be adequate, relevant and not excessive in relation to the purpose or purposes for which they are processed.
- Personal data shall be accurate and, where necessary, kept up to date.
- Personal data processed for any purpose or purposes shall not be kept for longer than is necessary for that purpose or those purposes.

Burges Salmon LLP, One Glass Wharf, Bristol BS2 0ZX
Tel: +44 (0) 117 939 2000 Fax: +44 (0) 117 902 4400
Chancery Exchange, 10 Furnival Street, London EC4A 1AB
Tel: +44 (0) 20 7685 1200 Fax: +44 (0) 20 7685 1266
www.burges-salmon.com



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Transferring information

- If you use a wireless network, make sure it is a secure one
- Only put data on portable media if really necessary and the media are encrypted
- Ensure any emails or other data transmissions are encrypted. Off-the-shelf software is available. It is not enough to protect documents sent by email with a password.

Backup and deletion

- Regularly back up the data on your computer to an encrypted external drive
- Consider installing software that will irrecoverably delete information: normal deletion procedures can often be reversed
- When disposing of a computer, destroy the hard disk or delete the data irrecoverably.

ENCRYPTION

Encryption and password protection are very different things. Encryption is a much stronger form of security.

It involves using an algorithm to turn information into something that is unreadable to anyone who does not have the key to convert it back into readable form. Password protection, on the other hand, is like leaving information freely available but behind a locked door: you hope no-one will pick the lock.

Portable devices should always be encrypted. Desktops are less likely to be stolen so whether you should encrypt them depends on the information they hold and the harm that could be done if it was lost. If you have particular files on the desktop that hold members' personal data, encrypting them would reduce the risk that you would be found to be in breach of the legislation if the computer was stolen.

You should also encrypt emails that contain personal data. These need to be encrypted separately from the device from which they are sent. Otherwise they can be read as they pass through various networks on their way to their destination.

You should take professional IT security advice on encryption software according to the type of data you have access to and how you use it from day to day. If you find that your computer does not have the capacity to run encryption software, you will need to buy new equipment.

FINALLY

All that said, keeping data secure is only one of the things pension scheme trustees need to do to comply with data protection law. We would be happy to provide advice on other aspects of the legislation if you would like it.

Contact

If you would like more information, please get in touch with your usual contact in our pensions team or with **Marcus Hellyer on 0117 902 7789 or at marcus.hellyer@burges-salmon.com**.