

Conflict of Interest Policy



Introduction

Local Government Pension Scheme (LGPS) administering authorities have both fiduciary and public law duties to act in the best interest of both the scheme beneficiaries and participating employers. However the other roles or responsibilities for those with LGPS administering authority responsibilities, as well as for advisers to LGPS funds, presents potential or actual conflicts of interest – for example as an elected member of an employer participating in the LGPS, or as an adviser to more than one LGPS administering authority, or where an individual personal, business or other interest presents, which might conflict, or be perceived to conflict, with an individual's role managing or advising LGPS funds.

It is therefore considered good practice to document how any such conflicts or potential conflicts are to be managed by those involved in the management and governance, encouraging transparency, and minimising the risk of any matter prejudicing decision making or management of the Fund otherwise.

This is the Conflict of Interest Policy of the West Sussex Pension Fund, which is managed and administered by West Sussex County Council (the Administering Authority) and is aimed at providing guidance to West Sussex Pension Committee (PC) Members, West Sussex Pension Advisory Board (PAB) Members, all officers in the West Sussex Pensions Team and the Director of Finance and Support Services (Section 151 Officer), Advisers and suppliers.¹ This Policy also applies where Members of the PC and PAB and officers of the Fund act as a representative of the Fund on another board, Committee, groups and bodies, including the ACCESS Joint Committee.

It is expected that each individual must:

- acknowledge any potential conflict of interest they may have;
- be open with the Administering Authority and any other body on which they represent the Administering Authority, on any actual or potential conflicts of interest they may have;
- adopt practical solutions to managing those conflicts; and
- plan ahead and agree with the Administering Authority how they will manage any conflicts of interest which arise in future.

The Pension Fund Strategist will monitor potential conflicts for all officers involved in the Fund and highlight this Policy to them as the Pension Fund Strategist considers appropriate. However, it is the responsibility of each individual covered by this Policy to identify any potential instances where their personal, financial, business or other interests might come into conflict with their pension fund duties, to declare and register interests and seek advice and to withdraw from meetings if they are not complying.

¹ Advisers and suppliers includes but is not limited to actuaries, investment consultants, independent advisers, benefits consultants, third party administrators, fund managers, lawyers, custodians and AVC providers. Where an advisory appointment is with a firm rather than an individual, reference to "advisers" is to the lead adviser(s) responsible for the delivery of advice and services to the Administering Authority rather than the firm as a whole.

What is a Conflict or Potential Conflict and how will they be managed?

The Public Service Pensions Act 2013 defines a conflict of interest as a financial or other interest which is likely to prejudice a person's exercise of functions.

Therefore, a conflict of interest may arise when an individual:

- has a responsibility or duty in relation to the management of, or provision of advice to, the LGPS fund administered by West Sussex County Council;
- at the same time has a separate personal interest (financial or otherwise); or
- has another responsibility in relation to that matter, giving rise to a possible conflict with their first responsibility; or
- has an interest due to a family member or close colleague having a specific responsibility or interest in a matter.

The Administering Authority will encourage a culture of openness and transparency and will encourage individuals to be vigilant, have a clear understanding of their role and the circumstances in which they may have a conflict of interest, and of how potential conflicts should be managed.

The Pension Fund Strategist in consultation with the West Sussex County Council's Monitoring Officer will evaluate the nature of any dual interests or responsibilities that are highlighted and assess the impact on pension fund operations and good governance were an actual conflict of interest to materialise.

Ways in which conflicts of interest may be managed include:

- the individual concerned abstaining from discussion, decision-making or providing advice relating to the relevant issue;
- the individual being excluded from the meeting(s) and any related correspondence or material in connection with the relevant issue (for example, a report for a PC meeting); or
- a working group or sub-committee being established, excluding the individual concerned, to consider the matter outside of the formal meeting (where the terms of reference permit this to happen).

Provided that the Administering Authority, having taken any professional advice deemed to be required, is satisfied that the method of management is satisfactory it will endeavour to avoid the need to advise an individual to resign due to a conflict of interest or to request the appointing body to reconsider their appointment to the PAB or PC. Where a PAB Member has an actual conflict of interest as defined in the Public Service Pensions Act 2013, the individual will be required to resign from the Board.

Procedure

With the exception of advisers and suppliers, the following procedures must be followed by all individuals to whom this policy applies.

What is required	How this will be done
Step 1 - Initial identification of interests which do or could give rise to a conflict	<p>All individuals will be provided with a copy of this Policy and be required to complete a Registration of Interest Form. The information contained in these forms will be collated into the Pension Fund Register of Interests. The latest version of the Register of Interests at the first meeting of the PC and PAB in each financial year to ensure it is up to date.</p> <p>The Register will be made available by the Pension Fund Strategist to the Chairman of every meeting prior to that meeting, where relevant. The Pension Fund Strategist is responsible for monitoring the Register on an ongoing basis to determine if any actual or potential conflict could impact on the ongoing business of the West Sussex Pension Fund.</p>
Step 2 - Ongoing notification and management of potential or actual conflicts of interest	<p>Members and officers are invited to make any declaration of personal or prejudicial interests that they may have in relation to items on a meeting agenda and are reminded to make any declaration at any stage during the meeting if it becomes apparent that this may be required when a particular item or issue is considered. If such a conflict is identified outside of a meeting the notification must be made to the Pension Fund Strategist. All declarations will be recorded on a Declarations Log for the meeting and also in the Fund's Register of Interest.</p> <p>The Chairman, in consultation with the Pension Fund Strategist and the County Council's Monitoring Officer, should decide whether the conflicted or potentially conflicted individual is advised to leave the meeting during the discussion on the relevant matter or to withdraw from voting on the matter. Whilst ultimately it is for the member to decide whether or not to be present, but if they do not follow advice they are at risk of a formal complaint being made.</p> <p>The Log will be made available by the Pension Fund Strategist to the Chairman of every meeting prior to that meeting, where relevant.</p>
Step 3 - Periodic review of potential and actual conflicts	<p>At least once every 12 months, the Pension Fund Strategist will provide to all individuals to whom this Policy applies a copy of the Fund's Register of conflicts of interest. All individuals will be asked to complete a new Declaration of Interest confirming that their information contained in the Register is correct or highlighting any changes that need to be made to the declaration. The updated Register will then be circulated by the Pension Fund Strategist to all individuals to whom it relates.</p> <p>If a member fails to do so the matter will be escalated to the Chairman of the PC or Chairman of the PAB (as applicable).</p>

There may be circumstances where advisers are asked to give advice to scheme employers, scheme members or member representatives such as the Trades Unions, in relation to pension

matters. An adviser may also be appointed to another administering authority which is involved in a transaction involving the West Sussex Pension Fund and on which advice is required or to a supplier or organisation providing services to the West Sussex Pension Fund. An adviser can only continue to advise the Administering Authority and another party where there is no conflict of interest in doing so.

An adviser appointed to advise the PC, PAB or Fund officers can be the same person, as long as there is no conflict of interest between the multiple responsibilities.

All advisers must:

- be provided with a copy of this Policy on appointment and whenever it is updated;
- adhere to the principles of this Policy;
- provide, on request, information to the Pension Fund Strategist in relation to how they will manage and monitor actual or potential conflicts of interests relating to the provision of advice or services to West Sussex County Council as Administering Authority;
- notify the Pension Fund Strategist immediately should a potential or actual conflict of interest arise; and
- highlight at all meetings should a potential or actual conflict of interest arise, preferably at the start of the meeting.

All potential or actual conflicts notified by advisers will be recorded in the Fund's Register of Interest.

Other relevant Policies

<u>Party</u>	Administering Authority Requirement
<u>All</u>	For the purposes of this Policy, gifts such as t-shirts, pens, trade show bags and other promotional items (subject to a notional maximum value of £25 per item) obtained at events such as conferences, training events, seminars, and trade shows, that are offered equally to all members of the public attending the event do not need to be declared. Fund Officers are also required to comply with the Guidance on Propriety and Official Conduct
<u>Pensions Committee</u>	<p>All Members of the PC have an overriding legal obligation to follow and abide by the requirements of the Localism Act 2011 and West Sussex County Council's Code of Member Conduct relating to the treatment and disclosure of certain disclosable pecuniary interests and Code Interest.</p> <p>Accordingly, for those members, disclosures under this policy may be in addition to disclosures under the Council's Code of Conduct/the Localism Act 2011.</p> <p>Members of the PC are also required to complete an online register of interests and submit it to West Sussex County Council's Monitoring Officer. This will be published on the internet unless it is agreed that publication of all or part of it will cause a threat to a Member's safety.</p>
<u>Pension Advisory Board (PAB) Members</u>	<p>PAB Members are required to adhere to the West Sussex County Council's Members' Code of Conduct in relation to the standards of conduct of Board members, including the non-disclosure of confidential information.</p> <p>Members of PAB are also required to complete an online register of interests and submit it to West Sussex County Council's Monitoring Officer. This will be published on the internet unless it is agreed that publication of all or part of it will cause a threat to a member's safety.</p>
<u>Fund Officers</u>	Officers of West Sussex County Council are required to adhere to the West Sussex County Council Officers' Standards of Conduct and its Guidance on Propriety and Official Conduct which includes requirements in relation to the disclosure and management of potential or actual conflicts interest or relationships (financial and non-financial) that may impact on their work or that of West Sussex County Council.

Key Risks

The key risks to the delivery of this Policy are outlined below. All of these could result in an actual conflict of interest arising and not being properly managed. The Pension Fund Strategist will monitor these and other key risks and consider how to respond to them.

- Insufficient training or poor understanding in relation to individuals' roles on pension fund matters;
- Insufficient training or failure to communicate the requirements of this Policy;
- Absence of the individual nominated to manage the operational aspects of this Policy and no one deputising, or failure of that individual to carry out the operational aspects in accordance with this Policy;
- Failure by a chairman to take appropriate action when a conflict is highlighted at a meeting; and
- A decision by an individual to disregard advice and be subject to formal action under the Localism Act 2011.

Costs

All costs related to the operation and implementation of this Policy will be met directly by West Sussex Pension Fund. However, no payments will be made to any individuals in relation to any time spent or expenses incurred in the disclosure or management of any potential or actual conflicts of interest under this Policy.

Approval, Review and Consultation

This Conflict of Interest Policy was approved on **XXX** by the PC. It will be formally reviewed and updated at least every three years or sooner if the conflict management arrangements or other matters included within it merit reconsideration, including if there are any changes to the LGPS or other relevant Regulations or Guidance which need to be taken into account.

Further Information

If you require further information about anything in or related to this Conflict of Interest Policy, please contact:

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Appendix A –Declaration of Interest Form

Form to Register Interests relating to the management of West Sussex Pension Fund administered by West Sussex County Council

I, [insert full name], am:

- an officer involved in the management
- Pension Committee Member
- Pension Advisory Board Member

of West Sussex Pension Fund and I set out below under the appropriate headings my interests, which I am required to declare under West Sussex Pension Fund Conflict of Interest Policy. I have put “none” where I have no such interests under any heading.

Responsibilities or other interests that could result in a conflict of interest (please list and continue overleaf if necessary):

Relating to me -

Relating to family members or close colleagues -

Appendix B - Legislative and related context

The overriding requirements in relation to the management of potential or actual conflicts of interest for those involved in LGPS funds are contained in various elements of legislation and guidance. These are considered further below.

The Public Service Pensions Act 2013

Section 5 of this Act requires that the scheme manager (in the case of the LGPS, this is the Administering Authority) must be satisfied that a PAB (referred to in legislation as the Local Pension Board) Member does not have a conflict of interest at the point of appointment and thereafter. It also requires PAB Members to provide reasonable information to the scheme manager for this purpose. The Act defines a conflict of interest as "a financial or other interest which is likely to prejudice the person's exercise of functions as a Member of the Board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme)."

Further, the Act requires that scheme managers must have regard to any such guidance that the national Scheme Advisory Board issue (see below).

The Local Government Pension Scheme Regulations 2013

Regulation 108 of these Regulations applies the requirements of the Public Service Pensions Act (as outlined above) to the LGPS, placing a duty on each Administering Authority to satisfy itself that PAB Members do not have conflicts of interest on appointment or whilst they are Members of the Board. It also requires those PAB Members to provide reasonable information to the Administering Authority in this regard.

Regulation 109 states that each Administering Authority must have regard to guidance issued by the Secretary of State in relation to Local Pension Boards (PAB). Further, regulation 110 provides that the national Scheme Advisory Board has a function of providing advice to Administering Authorities and Local Pension Boards. The LGPS National Scheme Advisory Board issued guidance relating to the establishment of Local Pension Boards including a section on conflicts of interest. This Conflict of Interest Policy has been developed having regard to that guidance.

The Pensions Act 2004

Section 90A of the Pension Act 2004 requires the Pensions Regulator to issue a code of practice relating to conflicts of interest for PAB Members. The Pensions Regulator has issued such a code and this Conflict of Interest Policy has been developed having regard to that code.

Further, under section 13, the Pensions Regulator can issue an improvement notice (i.e. a notice requiring steps to be taken to rectify a situation) where it is considered that the requirements relating to conflicts of interest for PAB Members are not being adhered to.

CIPFA Investment Pooling Governance Principles for LGPS Administering Authorities Guidance

The CIPFA governance principles guidance states "the establishment of investment pooling arrangements creates a range of additional roles that committee members, representatives, officers and advisers might have." It includes some examples of how conflicts of interest could arise in these new roles. It highlights the need for Administering Authorities to:

update their conflicts policies to have regard to asset pooling;

remind all those involved with the management of the fund of the policy requirements and the potential for conflicts to arise in respect of asset pooling responsibilities; and ensure declarations are updated appropriately.

This Conflict of Interest Policy has been updated to take account of the possibility of conflicts arising in relation to asset pooling in accordance with the CIPFA governance principles guidance.

Localism Act 2011

All members and co-opted members of the PC are required by the Localism Act 2011 to register and declare 'disclosable pecuniary interests' and abide by West Sussex's Code of Conduct for Members. That Code contains provisions relating to Code Interests and Disclosable Pecuniary Interests, their disclosure and limitations on members' participation where they have any such interest.

The Seven Principles of Standards in Public Life

Sometimes known as the 'Nolan Principles', the seven principles of public life apply to anyone who holds public office. This includes people who are elected or appointed to public office, nationally and locally, and all people appointed to work in:

- the civil service;
- local government;
- the police;
- the courts and probation services;
- non-departmental public bodies; and
- health, education, social and care services.

The principles also apply to all those in other sectors that deliver public services. Many of the principles are integral to the successful implementation of this Policy. The principles are as follows:

- selflessness;
- integrity;
- objectivity;
- accountability;
- openness;
- honesty; and
- leadership.

Advisers' Professional Standards

Many advisers will be required to meet professional standards relating to the management of conflicts of interest, for example, the Fund Actuary will be bound by the requirements of the Institute and Faculty of Actuaries. Any Protocol or other document entered into between an adviser and the Administering Authority in relation to conflicts of interest, whether as a requirement of a professional body or otherwise, should be read in conjunction with this Policy.