



Staffordshire Pension Fund

Conflicts of Interest

Policy

28 June 2019



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Introduction

Conflicts of interest have always existed for those with LGPS administering authority responsibilities as well as for advisers to LGPS funds. This simply reflects the fact that many of those managing or advising LGPS funds will have a variety of other roles and responsibilities, for example as a member of the scheme, as an Elected Member of an Employer participating in the LGPS or as an adviser to more than one LGPS administering authority. Furthermore, any of those persons may have an individual personal, business or other interest which might conflict, or be perceived to conflict, with their role in managing or advising LGPS funds.

The Public Services Pensions Act 2013 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).”

It is generally accepted that LGPS administering authorities have both fiduciary and public law duties to act in the best interest of both the scheme beneficiaries and participating Employers. This, however, does not preclude those involved in the management of the Fund from having other roles or responsibilities which may result in an actual or potential conflict of interest. Accordingly, it is good practice to document how any such conflicts or potential conflicts are to be managed.

Purpose and Objectives

This is the Conflicts of Interest Policy of the Staffordshire Pension Fund, which is managed by Staffordshire County Council. The Policy details how actual and potential conflicts of interest are identified and managed by those involved in the management and governance of the Staffordshire Pension Fund, whether directly, or in an advisory capacity.

This Conflicts of Interest Policy is established to guide the Pensions Committee members, Pensions Panel members, Local Pension Board members, officers and advisers. Along with other constitutional documents, including various Codes of Conduct, it aims to ensure that those individuals do not act improperly or create a perception that they may have acted improperly. It is an aid to good governance, encouraging transparency and minimising the risk of any matter prejudicing decision making or management of the Fund otherwise.

Staffordshire Pension Fund’s objectives, as they relate to the governance of the Fund are:

- to meet the highest standards of Governance and demonstrate key principles of transparency and accountability in the management of the Fund through clear responsibilities and reporting;
- to have an appropriate Investment Strategy, which balances risk and reward and is consistent with the Funding Strategy Statement;
- to ensure that sufficient funds are available to meet the pension liabilities, as they fall due for payment;
- to ensure robust governance arrangements are in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies;
- to ensure the Fund is managed and its services delivered by those who have appropriate knowledge and expertise;
- to act with integrity and be accountable to stakeholders for all decisions, ensuring they are robust, soundly based and do not unreasonably favour one group of stakeholders over another;

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- to comply with the appropriate legislation and statutory guidance, and act in the spirit of other relevant guidelines and best practice guidance;
- to clearly articulate the Fund's objectives and how those objectives will be achieved through business planning, and continually measure and monitor success against those objectives; and
- to deliver an efficient and effective pensions and financial administration service, which provides excellent value for money.

The identification and management of potential and actual conflicts of interest is integral to Staffordshire Pension Fund achieving its governance objectives which are set out above.

To whom this Policy Applies

This Policy and the issue of conflicts of interest in general must be considered in light of each individual's role, whether this is a management, advisory or assisting role.

This Conflicts of Interest Policy applies to:

- all members of the Pensions Committee and the Local Pensions Board, including scheme member and employer representatives, whether voting members or not.
- all employees of Staffordshire County Council involved in the management, administration and governance of the Fund.
- all advisers and suppliers to the Fund, whether advising the Pension Board, Pensions Committee or Fund officers, in relation to their role in advising or supplying the Fund.

(N.B. For the avoidance of doubt, all references to the Pensions Committee are to be interpreted as also being references to the Pensions Panel).

The Monitoring Officer will monitor potential conflicts for less senior officers involved in the daily management of the Pension Fund and highlight this Policy to them as he or she considers appropriate.

In this Policy, reference to advisers includes all advisers, suppliers and other parties providing advice and services to Staffordshire Pension Fund in relation to Pension Fund matters. This 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 Staffordshire Pension Fund rather than the firm as a whole.

In accepting any role covered by this Policy, those individuals agree that they must:

- acknowledge any potential conflict of interest they may have;
- be open with Staffordshire Pension Fund on any conflicts of interest they may have;
- adopt practical solutions to managing those conflicts; and
- plan ahead and agree with Staffordshire Pension Fund how they will manage any conflicts of interest which arise in future.

The procedures outlined later in this Policy provide a framework for each individual to meet these requirements.

Recognised Behavioural Principles

The Seven Principles of Public Life, otherwise known as the ‘Nolan Principles’ apply to anyone who works as a public office-holder delivering public services.

Many of the principles are integral to the successful implementation of this Policy. These principles are:

- selflessness
- integrity
- objectivity
- accountability
- openness
- honesty
- leadership

Staffordshire Pension Fund’s Specific Requirements

Pensions Committee Members

In addition to the requirements of this Policy, Pensions Committee members and co-opted members are required to adhere to the Staffordshire County Council Members’ Code of Conduct which includes requirements in relation to disclosable pecuniary interests.

Local Pensions Board Members

In addition to the requirements of this Policy, Local Pensions Board members are required to adhere to Part 8 of the Terms of Reference of the Local Pensions Board which includes declaring any interests that may lead to a conflict situation.

Employees

In addition to the requirements of this Policy, officers of Staffordshire County Council are required to adhere to the Staffordshire County Council Officers’ Code of Conduct which includes requirements in relation to disclosable pecuniary interests.

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.

Advisers and Suppliers

Staffordshire Pension Fund appoints its own advisers and suppliers. How conflicts of interest will be identified and managed should be addressed within its contractual agreements with those advisers and suppliers. In addition, the following requirements will apply:

- where Staffordshire Pension Fund’s advisers are asked to give advice to the Council or other scheme Employer, or to scheme members or member representatives such as the Trades Unions, in relation to pension matters; or
- where, an adviser is also appointed to another Local Government Pension Fund, which is involved in a transaction involving Staffordshire Pension Fund and on which advice is required, that adviser can only continue to advise Staffordshire Pension Fund and another party where there is no conflict of interest in doing so; or

- where the Local Pensions Board decides to appoint an adviser, this can be the same person as is appointed to advise the Pensions Committee or Fund officers as long as there is no conflict of interest between the two roles.

Conduct at Meetings

There may be circumstances where a representative of an Employer or a Scheme Member wishes to provide a specific point of view on behalf of an Employer (or group of Employers) or Member (or group of Members). Staffordshire Pension Fund requires that any individual wishing to speak from an Employer's or Member's viewpoint must state this clearly, e.g. at a Local Pensions Board or Pensions Committee meeting, and that this will be recorded in the minutes.

The above requirement does not apply to co-opted Members who have been specifically appointed to represent the views of Employers in the Fund and / or Pension Recipients.

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 advice for Staffordshire Pension Fund, and at the same time has:

- a separate personal interest (financial or otherwise) or
- another responsibility in relation to that matter,

giving rise to a possible conflict with their first responsibility. An interest could also arise due to a family member or close colleague having a specific responsibility or interest in a matter.

Some examples of potential conflicts are included in [Appendix 2](#).

Staffordshire Pension Fund 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 find themselves in a position of conflict of interest, and of how potential conflicts should be managed. Staffordshire Pension Fund will evaluate the nature of any dual interests or responsibilities that are highlighted and assess the impact on Pension Fund operations and good governance, should an actual conflict of interest materialise.

Ways in which conflicts of interest are managed are detailed in Staffordshire County Council's Code of Conduct for Members.

Provided that Staffordshire Pension Fund (having taken any professional advice deemed to be required) is satisfied that the method of management is satisfactory, it shall endeavour to avoid the need for an individual to have to resign due to a conflict of interest. However, where the conflict is considered to be so fundamental that it cannot be effectively managed, or where a Local Pensions Board member has an actual conflict of interest as defined in the Public Service Pensions Act, the individual will be required to resign from the Committee, Board or appointment.

Minor Gifts

For the purposes of this Policy, gifts such as t-shirts, pens, trade show bags and other promotional items 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. Officers and Members must declare personal gifts of more than £25 in accordance with Staffordshire County Council’s Code of Conduct.

Responsibility

Staffordshire Pension Fund must be satisfied that conflicts of interest are appropriately managed. For this purpose, the Monitoring Officer is the designated individual for ensuring the procedure outlined below is adhered to.

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.

Operational procedure for Officers, Pensions Committee members and Local Pensions Board members

What is required	How this will be done
<p>Step 1 - Initial identification of interests which do or could give rise to a conflict.</p>	<p>On appointment to their role or on the commencement of this Policy if later, all individuals will be provided with a copy of this Policy and be required to complete a Declaration of Interest</p> <p>This information will be provided by each individual to the Monitoring Officer who will assess the extent to which any declarations are relevant to the individual's role in relation to the Staffordshire Pension Fund and collate them into the County Council's register of interest. Each individual is responsible for maintaining their register of interest on a continuous basis (see Step 3 below).</p>
<p>Step 2 - Ongoing notification and management of potential or actual conflicts of interest</p>	<p>At the commencement of any Pensions Committee, Local Pensions Board or other formal meeting where Pension Fund matters are to be discussed, the Chairman will ask all those present who are covered by this Policy to declare any interests and potential conflicts. All interests declared will be detailed in the record of the meeting.</p> <p>Any individual who considers that they have a potential or actual conflict of interest which relates to an item of business at a meeting, must advise the Chairperson and the Head of Treasury and Pensions prior to the meeting, where possible, or state this clearly at the meeting at the earliest possible opportunity. The Chairman, in consultation with the Monitoring Officer, will advise the conflicted individual whether they need to leave the meeting during the discussion on the relevant matter or to withdraw from voting on the matter.</p> <p>If such a conflict is identified outside of a meeting the individual must update their Register of interest. Where it relates to the business of any meeting, the conflict must be recorded in the</p>

	minutes of that meeting. In addition, the Chairman of that meeting in consultation with the Monitoring Officer will consider any necessary action to manage the potential or actual conflict.
Step 3 - Periodic review of potential and actual conflicts	At least once every 12 months, the Monitoring Officer will provide to all those to whom the above procedures apply a copy of the Register of conflicts of interests. All individuals will confirm in writing to the Monitoring Officer that the information held in relation to them is correct. If that is not the case, they will complete a new Declaration of Interest as per step 1 and the Register will be updated.

Operational procedures for Advisers

Although this Policy applies to all advisers, the operational procedures outlined in steps 1 and 3 above relating to completing ongoing declarations are not expected to apply to advisers. Instead 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 Head of Treasury and Pensions in relation to how they will manage actual or potential conflicts of interest relating to the provision of advice or services to Staffordshire County Council and Staffordshire Pension Fund; and
- notify the Head of Treasury and Pensions immediately should a potential or actual conflict of interest arise.

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

Monitoring and Reporting

The County Council’s Register of conflicts of interest may be viewed by any interested party at any point in time. It will be made available on request by the Monitoring Officer.

In order to identify whether the objectives of this Policy are being met, Staffordshire Pension Fund will review the County Council’s Register of conflicts of interest on an annual basis and consider whether there have been any potential or actual conflicts of interest that were not declared at the earliest opportunity.

Key Risks

The key risks to the delivery of this Policy are outlined below, all of which could result in an actual conflict of interest arising and not being properly managed. The Pensions Committee, Local Pensions Board, the Monitoring Officer, and the Scheme Manager 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;
- failure to communicate the requirements of this Policy;
- absence of the individual allocated 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;

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- failure by a Chairperson to take appropriate action when a conflict is highlighted at a meeting; and
- failure by a Local Pensions Board member to make a declaration of interest resulting in an actual conflict of interest.

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Costs


All costs related to the operation and implementation of this Policy will be met directly by Staffordshire 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 they may have under this Policy.


Approval, Review and Consultation


This Conflicts of Interest Policy was approved by the Staffordshire Pensions Committee on the date on the front cover of the policy. 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 considered.

Further Information

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

 Melanie Stokes, Head of Treasury and Pensions, Staffordshire County Council, 1 Staffordshire Place, Tipping Street, Stafford, ST16 2DH

 melanie.stokes@staffordshire.gov.uk

 01785 276330

If a copy of this information is needed in large print, Braille, another language or on cassette or disc, please contact Pension Services

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 Local Pensions Board member does not have a conflict of interest at the point of appointment and from time to time thereafter. It also requires Local Pensions Board members (or nominated members) to provide reasonable information to the scheme manager for this purpose.

The Local Government Pension Scheme Regulations 2013

Regulation 108 of these Regulations applies the requirements of the Public Service Pensions Act 2013 (as outlined above) to the LGPS, placing a duty on each administering authority to satisfy itself that pension board members do not have conflicts of interest on appointment or whilst they are members of the board. It also requires those pension board 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 Pensions Boards. Further, regulation 110 provides that the national Scheme Advisory Board has a function of providing advice to administering authorities and Local Pensions Boards. This Conflicts of Interest Policy has been developed having regard to that advice and guidance.

The Pensions Act 2004

The Public Service Pensions Act 2013 also added a number of provisions to the Pensions Act 2004 related to the governance of public service pension schemes and, in particular, conflicts of interest.

Section 90A requires the Pensions Regulator to issue a code of practice relating to conflicts of interest for Local Pensions Board members. The Pensions Regulator has issued such a code and this Conflicts 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 Local Pensions Board members are not being adhered to.

The Localism Act 2011

Chapter 7 of this Act requires Councillors to comply with the code of conduct of their local authority and that code of conduct must be consistent with the Seven Principles of Public Life (considered further below). In addition, the Act requires that the code of conduct must include provisions requiring the disclosure and registration of pecuniary interests and interests other than pecuniary interests.

Examples of Potential Conflicts of Interest

- a) A member of the Pensions Committee is on the board of a Fund Manager that the Pensions Committee is considering appointing.
- b) An officer or member of a Pensions Committee accepting hospitality and/or gifts from a potential adviser or supplier could be perceived as a potential or actual conflict of interest; particularly where a procurement exercise relating to those services is imminent.
- c) An Employer representative on the Local Pensions Board is employed by a company to which Staffordshire County Council has outsourced its pension administration services and the Local Pensions Board is reviewing the standards of service provided by that company.
- d) The person appointed to consider internal disputes is asked to review a case relating to a close friend or relative.
- e) A member representative, who is also a trade union representative, appointed to the Local Pensions Board to represent the entire scheme membership could be conflicted if he or she only acts in the interests of their union and union membership, rather than in the interests of all scheme members.
- f) An officer of the Fund or member of the Pensions Committee accepts a dinner invitation from a Fund Manager, who has submitted a bid as part of a tender process.
- g) An Employer representative has access to information by virtue of his or her employment, which could influence or inform the considerations or decisions of the Pensions Committee or Local Pensions Board. He or she has to consider whether to share this information in light of their duty of confidentiality to their Employer. Their knowledge of this information will put them in a position of conflict if it is likely to prejudice their ability to carry out their functions as a member of the Pensions Committee or Local Pensions Board.