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# Conflict of Interest Policy

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Approved by Pensions Committee XXXX

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## **Introduction**

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Conflicts of interest have always existed for Local Government Pension Scheme (LGPS) administering authorities as well as for advisers to LGPS funds.

This 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 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 Scheme 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.

## **Objectives of the Policy**

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This is the Conflicts of Interest Policy of the Shropshire County Pension Fund which is administered by Shropshire 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 Fund whether directly, or in an advisory capacity. The Conflicts of Interest Policy is provided to guide the Pensions Committee 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.



The 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.
- 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 the Fund achieving its governance objectives which are set out above.



## **To whom this Policy applies**

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This Policy and the issue of conflicts of interest in general must be considered considering everyone'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 Pension Board, including Scheme member and Scheme employer representatives, whether voting members or not

All employees of Shropshire Council involved in the management, administration, and governance of the Fund; and

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. In this Policy, reference to advisers includes all advisers, suppliers and other parties providing advice and services to Shropshire County 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 Additional Voluntary Contribution 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 Shropshire County 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 Shropshire County Pension Fund on any conflicts of interest they may have
- Adopt practical solutions to managing those conflicts; and
- Plan and agree with Shropshire County 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 assisting everyone to meet these requirements.



## **Recognised behavioural principles**

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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

## **Specific requirements**

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### **Pensions Committee Members**

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

### **Local Pension Board Members**

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

### **Employees**

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



### **Advisers and Suppliers**

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.

The Fund appoint 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 the Fund's advisers are asked to give advice to the Council or other Scheme employer, or to Scheme members or Scheme 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 Shropshire County Pension Fund and on which advice is required, that adviser can only continue to advise Shropshire County Pension Fund and another party where there is no conflict of interest in doing so; or
- Where the Local Pension Board decides to appoint an adviser, this can be the same person appointed to advise the Pensions Committee or Fund officers if there is no conflict of interest between the two roles.

### **Conduct at meetings**

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There may be circumstances where a representative of a Scheme employer or a Scheme member wishes to provide a specific point of view on behalf of a Scheme employer (or group of Scheme employers) or Scheme member (or group of Scheme members). The Fund requires that any individual wishing to speak from a Scheme employer's or Scheme member's viewpoint must state this clearly, e.g. at a Local Pension 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 Scheme members and Scheme employers in the Fund and / or Pension Recipients.



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

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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 Shropshire County 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.

The 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 conflicted interest, and of how potential conflicts should be managed.

The Fund will evaluate the nature of any dual interests or responsibilities that are highlighted and assess the impact on Fund operations and good governance, should an actual conflict of interest materialise.

Ways in which conflicts of interest are managed are detailed in Shropshire Council's Code of Conduct for Members. Provided that the 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 so fundamental that it cannot be effectively managed, or where the 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**

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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 Elected Members must declare personal gifts of more than £50 in accordance with Shropshire Council's Code of Conduct.

## **Responsibility**

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The 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 everyone covered by this Policy to identify any potential instances where their personal, financial, business, or other interests might come into conflict with their Fund duties.

## **Additional areas of conflict- Administering Authority and the Council**

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There may be the potential for conflicts between the Council as an employer in the Fund and the Council in its role of Administering Authority.

To mitigate the risk of conflict the following principle is adopted:

That the statutory role of LGPS Senior Officer for the Pension Fund is held by the Head of the Fund, while the role of Section 151 Officer for the Council is held by the Council's Executive Director for Finance creating a clear segregation in the duties of both officers.

As a result, where tasks require a Council position and Pension Fund position, staff are clear on their role, and which position they are advising on when supporting any decision.



In summary "In the interests of promoting the separation of decision making between the Council and the Fund, all Fund decisions sit with the Head of the Fund acting as the (LGPS Senior Officer) as per regulatory requirements."

### **Additional areas of conflict- Administering Authority and LGPS Central**

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The Council has two relationships with LGPS Central. One is as one of the partner authorities owning an equal share of the company alongside other partner authorities. The Council's interest is that the company is successful in meeting its objectives which include providing appropriate investment opportunities and advice to partner Funds that meet the requirements of pooling, reducing costs and meeting their investment objectives.

The other relationship is from Shropshire County Pension Fund as a customer/client, and in this relationship the Fund's interest is to meet its fiduciary duties by implementing its investment strategy appropriately.

Examples of the potential for conflicts include:

1. If/where the investment opportunity set provided by LGPS Central does not provide the optimum opportunity to the Fund; and
2. If developments that would best benefit the company itself or the majority of its shareholders results in less optimal investment opportunities for the Shropshire County Pension Fund.

To mitigate the risks above, the Fund will adopt the following protocols:

- Client interactions will be led by Fund Officers and will be presented to the Full Pensions Committee for approval where appropriate.
- Shareholder interactions to be led by Chair of the Committee supported by the LGPS Senior Officer. Independent legal advice will be obtained as necessary to ensure appropriate support.



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## **Operational procedure for Officers, Pensions Committee members and Local Pension Board members**

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### **Step 1 - Initial identification of interests which do or could give rise to a conflict**

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. 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 Shropshire County Pension Fund and collate them into the Council's Register of Interest.

Everyone is responsible for maintaining their Register of Interest on a continuous basis (see Step 3).

### **Step 2 – Ongoing notification and management of potential or actual conflicts of interest**

At the commencement of any Pensions Committee, Local Pension Board, or other formal meeting where Fund matters are to be discussed, the Chair 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.

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 Chair and the Head of Pensions prior to the meeting, where possible, or state this clearly at the meeting at the earliest possible opportunity. The Chair, 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.

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 minutes of that meeting. In addition, the Chair 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 procedure for Advisers

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Although this Policy applies to all advisers, the operational procedures outlined in Steps 1 and 3 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 Pensions in relation to how they will manage actual or potential conflicts of interest relating to the provision of advice or services to Shropshire County Pension Fund; and
- Notify the Head of 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 or the minutes of meetings.

### Monitoring and reporting

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Within 28 days of election or appointment to office, the Council's Monitoring Officer requires Members to complete a Register of Disclosable Pecuniary Interests and notify him or her of other Registerable Interests. These documents can be made available on request to the Monitoring Officer.

To identify whether the objectives of this Policy are being met, Shropshire County Pension Fund will review the County Council's Register of Interests and the minutes of Pensions



Committee meetings 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

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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 effectively managed. The Pensions Committee, Local Pension 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 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
- Failure by a Chair 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.

### Costs

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All costs related to the operation and implementation of this Policy will be met directly by the Shropshire County 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

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This Conflicts of Interest Policy was approved by the 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.



### Contact details

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The Shropshire County Pension Fund is a data controller under data-protection law. This means we store, hold, and manage your personal information in line with statutory requirements to enable us to provide you with pension administration services. To enable us to carry out our statutory duty, we must share your information with certain bodies but will only do so in limited circumstances. For more information about how we hold your information, who we share it with and what rights you have, you can ask for this information from the fund, please visit [www.shropshirecountypensionfund.co.uk](http://www.shropshirecountypensionfund.co.uk).

If you can read this but know someone who cannot, please contact us on 01743 252130 so we can provide this information in a more suitable format.

#### Office hours

**Monday to Thursday** 8.45am to 5.00pm

**Friday** 8.45am to 4.00pm

Helpdesk phonelines are open Monday to Friday: 10am to 4pm (excluding Bank Holidays).

#### Contact details

Contact form: [www.shropshirecountypensionfund.co.uk/contact-us](http://www.shropshirecountypensionfund.co.uk/contact-us)

Website: [www.shropshirecountypensionfund.co.uk](http://www.shropshirecountypensionfund.co.uk)

Tel: 01743 252130

Write: Pensions, PO Box 4826, Shrewsbury, SY1 9LJ

#### Administered by

