

Conflicts of Interest Policy 2018

Northamptonshire Pension Fund

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1. Introduction

- 1.1 This is the Conflicts of Interest Policy for Northamptonshire Pension Fund which is managed by Northamptonshire County Council (the Administering Authority).
- 1.2 This Conflicts of Interest Policy is established to guide Pension Board members and officers . 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.
- 1.3 In common with other administering authorities, Northamptonshire County Council has a fiduciary and legal duty to act in the best interest of both scheme beneficiaries and participating employers. It should be noted that this does not prevent those involved in the management of the fund from undertaking other roles which may result in a conflict of interest arising. Accordingly, Northamptonshire County Council has adopted this policy as a framework for how such conflicts or potential conflicts are to be managed.
- 1.4 The policy sets out the procedures in place to ensure that interests are declared, potential conflicts are identified and individuals are trained and receive advice on conflicts. Northamptonshire County Council will keep appointments under review and also monitor whether appointed members have potential conflicts of interest and are declaring them appropriately. This will be reported via Northamptonshire Pension Fund Annual Report.

2. Policy Objectives

2.1 The Fund's objectives relating to conflicts of interest are:

- To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislations and statutory guidance.
- Ensure the relevant Stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a challenging environment.
- Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
- Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.

3. Purpose of the Policy

3.1 The purpose of the policy is to –

- have a robust process in place for identifying and managing conflicts of interest;
- ensure members of the Pension Board have appropriate information for making an informed decision on whether there is a potential conflict of interest (prior or post appointment); and
- meet the required needs in relation to the Fund's objectives.

4. Effective date

4.1 This policy was approved by the Pension Board on 16 July 2018 and is effective from 17 July 2018.

5. Review

5.1 This Conflicts of Interest Policy is expected to be appropriate for the long-term but it will be reviewed annually, and if necessary, more frequently to ensure it remains accurate and relevant.

6. Scope

6.1 This policy applies to members of the Pension Board and also its advisers.

- 6.2 The Policy also applies to all advisers and suppliers to the Fund, reference to advisers includes all advisers, suppliers and other parties providing advice and services to the administering authority 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.
- 6.5 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 the administering authority on any 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 procedures outlined later in this Policy provide a framework for each individual to meet these requirements.

7. Legal Requirements

- 7.1 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.
- 7.2 The Public Service Pensions Act 2013
- 7.2.1 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 Pension Board member does not have a conflict of interest at the point of appointment and from time to time thereafter. It also requires Pension Board members to provide reasonable information to the administering authority 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).
- 7.3 The Local Government Pension Scheme Regulations 2013
- 7.3.1 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 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.

7.3.2 Regulation 109 states that each administering authority must have regard to guidance issued by the Secretary of State in relation to Pension Boards. Further, regulation 110 provides that the national scheme advisory board has a function of providing advice to administering authorities and Pension Boards.

7.4 The Pensions Act 2004

7.4.1 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 pension 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 Pension Board members are not being adhered to.

7.8 Advisors' Professional Standards

7.8.1 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.

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

8.1 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 the County Council, 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.

8.2 Democratic Services will identify, monitor and manage all interests and responsibilities which are or have the potential to become conflicts of interest, as well as evaluating the nature of any dual interests and responsibilities and assessing the impact on their operations and good governance were a conflict of interest to materialise.

When seeking to prevent a potential conflict of interest becoming detrimental to the conduct or decisions of the Pension Board, there will be a consideration for obtaining professional legal advice when assessing any option. A register of interests will be maintained by Democratic Services and should also capture decisions about how any identified potential conflicts of interest should be managed.

8.3 County Councillor members of the Local Pension Board are covered by the Code of Conduct for Northamptonshire County Council as the administering authority, which includes conflicts of interest. As the Local Pension Board is not a County Council s101 committee requirement it is important non-elected members are covered by this policy.

8.4 Northamptonshire County Council 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.

Northamptonshire County Council 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.

Options for managing a potential conflict of interest from becoming an actual conflict of interest 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 the relevant issue;

8.5 Provided that the administering authority, (having taken any professional advice deemed to be required) is satisfied that the method of management is satisfactory, Northamptonshire County Council 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 Pension Board 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 or appointment.

8.6 For the purposes of this Policy, gifts such as t-shirts, pens, trade show bag and other promotional items (subject to a notional maximum value of £25 per item and an overall maximum value of £100 from an individual company per event) 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.

9. Responsibility

- 9.1 Northamptonshire County Council as the administering authority for the Northamptonshire Pension Fund must be satisfied that conflicts of interest are appropriately managed. For this purpose, the Democratic Services is the designated individual for ensuring the procedure outlined below is carried out.

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.

The Regulations place a duty on the administering authority to satisfy itself that those appointed do not have an actual conflict of interest prior to appointment and “from time to time” thereafter. Democratic Services will maintain a register of interests so declared.

10. Operational procedure for Pension Board members

- 10.1 The following procedures must be followed by all individuals to whom this policy applies.

What is required	How will this be done
Initial identification of interest which do or could give rise to a conflict	<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 (as held by Democratic Services).</p> <p>These declarations will be collated into the Pension Fund Register of conflicts of interest and published on the administering authority’s website.</p>
Ongoing notification and management of potential or actual conflicts of interest	<p>At the commencement of every Pension Board or other formal meeting where pension fund matters are discussed, the Chairman will ask all those present who are covered by this policy to declare any potential conflicts.</p> <p>Any new interests declared will be recorded in the Fund's Register of conflicts of interest. Any member, who considers that they or another individual has a potential or actual conflict of interest, as defined by this Policy, which relates to an item of business at a meeting, must advise the Chairman and the Democratic Services prior to the meeting, where possible, or state this clearly at the meeting at the earliest possible opportunity.</p>

	<p>The Chairman, in consultation with Democratic Services, should then decide whether the conflicted or potentially conflicted individual needs 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 notification must be made to Democratic Services and where it relates to the business of any meeting, also to the Chairman of that meeting.</p> <p>Democratic Services and the Chairman of the meeting will consider any necessary action to manage the potential or actual conflict.</p> <p>Where information relating to any potential or actual conflict has been provided, Democratic Services may seek such professional advice as he or she thinks fit on to how to address any identified conflicts. Any such potential or actual conflicts of interest and the action taken must be recorded on the Fund's Register of conflicts of interest.</p>
<p>Periodic review of potential and actual conflicts</p>	<p>At least once every 12 months, Democratic Services will provide to all individuals to whom this Policy applies a copy of the Fund's Register of conflicts of interest. All individuals will 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.</p> <p>Following this exercise, the updated Register will then be circulated to all individuals to whom it relates.</p>

11. Monitoring and reporting

11.1 The 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 Democratic Services. In addition, it will be published in the annual report and accounts.

In order to identify whether the objectives of this Policy are being met the administering authority will:

- Review the 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
- Provide its findings to the administering authority's Independent Adviser and ask him or her to include comment on the management of conflicts of interest in his or her annual report on the governance of the Fund each year.

12. Key Risks

12.1 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 Head of Pensions 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; and
- Failure by a chairperson to take appropriate action when a conflict is highlighted at a meeting.

13. Costs

13.1 All costs related to the operation and implementation of this Policy will be met directly by Northamptonshire 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.