

**SUFFOLK PENSION FUND**  
**Conflicts of Interest Policy Statement – November 2015**

The introduction of the Public Services Pensions Act 2013 has from 1 April 2015 provided the Pensions Regulator with a role in overseeing the governance of Local Government Pension Schemes.

The Regulator issued a Code of Practice in April 2015, No 14 - *Governance and administration of public service pension schemes* (the Code). This includes the requirement that Schemes should ensure that there is an agreed and documented conflicts policy and procedure, which includes identifying, monitoring and managing potential conflicts of interest.

This document sets out the Conflicts of Interest Policy of the Suffolk Pension Fund. This details how actual and potential conflicts of interest are identified and managed by those involved in the management and governance of the Suffolk Pension Fund, whether directly, or in an advisory capacity.

**Purpose and Objectives**

The purpose of the Conflicts of Interest Policy is to establish a guide for Pension Fund Committee members, 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.

**To whom this Policy Applies**

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

This Conflicts of Interest Policy applies to:

- a. all members of the Pension Fund Committee and the Pension Board, including scheme member and employer representatives.
- b. all employees of Suffolk County Council involved in the management, administration and governance of the Fund.
- c. all advisers and suppliers to the Fund, whether advising the Pension Board, Pension Fund Committee or 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 the Suffolk 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 the Suffolk Pension Fund rather than the firm as a whole.

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

- a. acknowledge any potential conflict of interest they may have;
- b. be open with the Suffolk Pension Fund on any conflicts of interest they may have;
- c. adopt practical solutions to managing those conflicts; and
- d. plan ahead and agree with the Suffolk 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.

### **Suffolk Pension Fund's Specific Requirements**

#### Pension Fund Committee Members

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

#### Pension Board Members

In addition to the requirements of this Policy, Pension Board members are required to adhere to the Rules of Procedure of the 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 Suffolk County Council are required to adhere to the Suffolk 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

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

- a. Where Suffolk 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

- b. Where, an adviser is also appointed to another Local Government Pension Fund, which is involved in a transaction involving the Suffolk Pension Fund and on which advice is required, that adviser can only continue to advise the Suffolk Pension Fund and another party where there is no conflict of interest in doing so.
- c. Where the Pension Board decides to appoint an adviser, this can be the same person appointed to advise the Pension Fund 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 employers or members wishes to provide a specific point of view on behalf of an employer (or group of employers) or member (or group of members). Suffolk 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 Pension Board or Pension Fund Committee meeting, and that this will be recorded in the minutes.

### **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 the Suffolk Pension Fund, and at the same time has:

- a. a separate personal interest (financial or otherwise) or
- b. 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 1.

The Suffolk 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. The Suffolk 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 Suffolk County Council's Code of Conduct for Members.

Provided that the Suffolk 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 Pension 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 Suffolk County Council's Code of Conduct.

## Responsibility

Suffolk 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.

<b>Operational procedure for officers, Pension Committee members and Pension Board members</b> What is required	How this will be done
Step 1 - Initial identification of interests which do or could give rise to a conflict.	On appointment to their role 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 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.
Step 2 - Ongoing notification and management of potential or actual conflicts of interest	At the commencement of any Pension Fund Committee, Pension 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. 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 Chairman and the Monitoring Officer 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

	<p>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 the 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.                  Dispensation may be granted by the Monitoring Officer in accordance with the County Council's arrangements</p>
<p>Step 3 - Periodic review of potential and actual conflicts</p>	<p>Register 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.</p>

### 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:

- a. be provided with a copy of this Policy on appointment and whenever it is updated
- b. adhere to the principles of this Policy
- c. provide, on request, information to the Monitoring Officer in relation to how they will manage actual or potential conflicts of interest relating to the provision of advice or services to Suffolk County Council
- d. notify the Monitoring Officer immediately should a potential or actual conflict of interest arise.

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

### Monitoring and Reporting

The County Council's Register of members' Interests is available on the council's website to be viewed by any interested party at any point in time. The other Register of Interests may be made available on request by the Monitoring Officer.

In order to identify whether the objectives of this Policy are being met, Suffolk Pension Fund will review the County Council's Registers of Interests on an annual basis and consider whether there has 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 Pension Fund

Committee, the Pension Board, the Monitoring Officer, and the Director of Resource Management will monitor these and other key risks and consider how to respond to them.

- a. insufficient training or poor understanding in relation to individuals' roles on pension fund matters
- b. failure to communicate the requirements of this Policy
- c. 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
- d. failure by a Chairman to take appropriate action when a conflict is highlighted at a meeting
- e. failure by a Pension Board member to make a declaration of interest resulting in an actual conflict of interest

### **Costs**

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

**Examples of Potential Conflicts of Interest**

- a) A member of the Pension Fund Committee is on the board of a Fund Manager that the Pension Fund Committee is considering appointing.
- b) An officer or member of the Pension Fund 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) The person appointed to consider internal disputes is asked to review a case relating to a close friend or relative.
- d) A member representative, who is also a trade union representative, appointed to the Pension 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.
- e) An officer of the Fund or member of the Pension Fund Committee accepts a dinner invitation from a Fund Manager, who has submitted a bid as part of a tender process.
- f) 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 Pension Fund Committee or Pension Board. He or she has to consider whether to share this information in the 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 Pension Fund Committee or Pension Board.

