

Suffolk Pension Fund Conflicts of Interest Policy



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This policy sets out how conflicts of interest are identified, disclosed, recorded and managed in relation to the governance and administration of the Suffolk Pension Fund.

A conflict of interest is a financial or other interest that could be reasonably be regarded as prejudicing an individual's ability to act impartially in carrying out the functions within the Suffolk Pension Fund.

Conflicts may be:

- Actual
- Potential
- Perceived

Membership of the Suffolk Pension Fund does not on its own, constitute a conflict of interest.

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.

Policy

Vision

To embed conflict of interest awareness into the governance of the Suffolk Pension Fund to ensure that the Fund operates with integrity and transparently.

Objectives

- To act in the best interests of the Fund's members and employers.
- To act with integrity and be accountable to stakeholders for decisions.
- To have robust governance arrangements in place to facilitate informed decision making, supported by appropriate advice, policies and strategies.
- To ensure compliance with the appropriate legislation and statutory guidance.

Achieved through

- Identification and management of actual, potential or perceived conflicts of interest.

Scope

Those involved in the governance and management of the Fund often hold multiple roles, including:

- Pension Fund Committee members
- Local Pension Board members
- Senior LGPS Officer
- Officers involved in LGPS functions
- Advisers and third-party providers
- Individuals representing the Fund on external bodies, including LGPS Central

These circumstances create inevitable actual, potential, or perceived conflicts of interest.

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 Suffolk Pension Fund on any conflicts of interest they may have;
- adopt practical solutions to managing those conflicts; and
- plan ahead and agree with the Suffolk Pension Fund how they will manage any conflicts of interest which arise in future.

Roles and Responsibilities

- Individuals
 - Identify and disclose conflicts promptly
 - Comply with agreed mitigation measures
- Chair of Committee/Board: manage conflicts during meetings
 - Actively manage conflicts of interest during meetings
 - Ensure declaration are recorded in the minutes
- LGPS Senior Officer: advise on controls
 - Maintain registers and declarations
 - Provide advice on conflicts of interest management
 - Ensure compliance with The Pensions Regulator and Local Government Pension Scheme governance standards
- Suffolk County Council:
 - Ensure appropriate governance arrangements are in place
 - Investigate breaches of this policy where required.

Declaration and Register of Interests

All relevant individuals must:

- Complete a declaration of interests on appointment
- Review and update declarations at least annually
- Declare interests at meetings when agenda items arise
- Declarations are recorded in a Register of Interests maintained by the administering authority.

Managing Conflicts

A conflict of interest is a financial or other interest which is likely to prejudice a person's exercise of functions. Some examples of potential conflicts are included in **Annex 1**

Where a conflict arises, one or more of the following controls will be applied:

- Disclosure
- Advice from the Monitoring Officer or LGPS senior Officer
- Partial or full withdrawal from discussion
- Abstention from voting
- In serious cases, resignation from a role

The response will be proportionate to the risk posed by the conflict.

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.

Breaches

Failure to comply with this policy may:

- Be referred to the Monitoring Officer
- Result in removal from LGPS role
- Where appropriate be reported to The Pensions Regulator

Advisers' Professional Standards

Many advisers, including the independent adviser, 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.

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:

- 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 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
- 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.

The independent person role should not be filled by a firm which is providing any other paid pensions advice to the administering authority, nor by one that is conducting the administering authority's Independent Governance Review or actuarial valuation, or that has done so within the previous valuation cycle.

If an individual is in post as an independent person, and circumstances change such that a company they are employed by provides those services, then the individual should resign from their role as the independent person if they intend to remain employed by that company.

LGPS Asset Pooling

The Suffolk Pension Fund recognises conflicts of interest can arise from LGPS asset pooling, the nature of these and key principles are set out in Annex 2.

This applies to all individuals involved in the governance, management and oversight of the Fund in connection with pooling arrangements, including elected members, officers, advisers and any representatives appointed to LGPS Central.

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 Senior Pensions Officer 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
- Failure by a Pension Committee or Board member to make a declaration of interest resulting in an actual conflict of interest
- Failure by a Chairman to take appropriate action when a conflict is highlighted at a meeting

Examples of Potential Conflicts of Interest

- 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.
- The person appointed to consider internal disputes is asked to review a case relating to a close friend or relative.
- 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.
- 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.
- An elected member may be required to provide views on a funding strategy which could result in an increase in employer contributions payable by the employer they represent
- An elected member may be connected with an employer participating in the Fund
- An officer who is either a member of the Fund or is a close friend or relative of a person who is a member, makes recommendations on the exercise of scheme discretions
- A member of the Committee or officer of the Fund is on a LGPS Central committee / group and a local investment is being considered that originated from Suffolk County Council or the Suffolk pension Fund and would therefore benefit their originating Council or the Fund to a greater degree than other participating Councils or Funds

- Officers of the Fund are asked to provide a report to the Committee on whether the administration services should be outsourced which, if it were to happen could result in a change of employer or job insecurity for the officers
- An officer of the Fund is asked to provide guidance to the Committee or on a matter which might affect their role and either consciously or sub-consciously avoids providing full details / a balanced view
- A Board member with close relatives who are scheme members
- An adviser may act for the Fund and also for a participating employer
- A member, officer or adviser is a trustee of another pension scheme
- An adviser is party to the development of a strategy which could result in additional work for their firm

Conflicts of Interest: LGPS Central Representation

This Annex forms part of the Suffolk Pension Fund Conflicts of Interest Policy and sets out the specific arrangements for identifying and managing conflicts of interest arising from representation on LGPS Central Limited and its associated governance bodies.

The Suffolk Pension Fund is a shareholder and participating partner in LGPS Central Limited. From time to time, elected members and officers may be appointed to act as the Fund's representatives on LGPS Central Limited boards, committees, shareholder groups, or related working groups.

Nature of LGPS Central-Related Conflicts

Representation within LGPS Central Limited creates particular conflicts of interest because individuals may owe duties both to the Suffolk Pension Fund and to LGPS Central Limited as a corporate entity. Such conflicts may be actual, potential or perceived.

Examples include:

- Committee Members involved in setting the Fund's investment strategy while also participating in LGPS Central governance responsible for implementation
- Scrutiny of LGPS Central performance, costs or value for money where the individual holds a formal role within LGPS Central
- Officers advising the Fund who also support LGPS Central operational or governance activity
- Situations where the interests of the Suffolk Pension Fund diverge from the collective interests of LGPS Central partner funds

Key Principles for Managing LGPS Central Conflicts

The following principles apply to all LGPS Central representation on behalf of the Fund:

- Transparency: all LGPS Central roles and appointments must be declared and recorded
- Primacy of Fund duties: fiduciary and statutory duties owed to the Fund take precedence
- Separation of responsibilities where practicable between strategy oversight and implementation
- Proportionality: conflict mitigation measures should reflect the level of risk

Declaration and Recording

- All appointments and roles connected to LGPS Central Limited must be disclosed through the Fund's Declaration of Interests process and recorded in the Register of Interests maintained by the LGPS Senior Officer.
- Declarations must be reviewed annually and updated as circumstances change.

Fund Meeting Management and Decision-Making

Where Pension Fund Committee or Local Pension Board business involves LGPS Central Limited:

- Relevant interests must be declared at the commencement of the meeting
- The Chair will determine whether the individual should withdraw from discussion or decision-making
- Abstention from voting may be required on matters directly relating to LGPS Central governance, performance or remuneration
- Advice may be sought from the Monitoring Officer or LGPS Senior Officer where necessary

Confidential Information and Information Barriers

Individuals representing the Fund within LGPS Central must ensure that confidential or commercially sensitive information obtained through those roles is managed appropriately. Such information must not be disclosed improperly or used in a manner that could advantage or disadvantage the Fund, LGPS Central, or other partner funds.