

**Report To:** **GREATER MANCHESTER PENSION FUND LOCAL BOARD**

**Date:** 19 January 2016

**Reporting Officer:** Peter Morris, Executive Director of Pensions

**Subject:** **MANAGING POTENTIAL CONFLICTS OF INTEREST**

**Report Summary** The LGPS Governance Regulations 2015 require each administering authority to be satisfied that members of their local board do not have a conflict of interest.

A policy for managing potential conflicts of interest on the Board has been drafted and is provided as an appendix to this report for consideration by the Board.

**Recommendations:** The Board is asked to consider and approve the attached draft policy for managing potential conflicts of interest.

**Policy implications:** None

**Financial Implications:** Conflicts of interest can inhibit open discussions and / or result in decisions, actions or inactions which could result in the ineffective governance and administration of the Fund, which may have financial implications.  
**(Authorised by the Section 151 Officer)**

**Legal Implications:** The LGPS Governance Regulations 2015 require each administering authority to be satisfied that members of their local board do not have a conflict of interest. A conflict of interest is defined in Section 5(5) of the Public Service Pensions Act 2013 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).*"  
**(Authorised by the Solicitor to the Fund)**

Those who are elected councillors will be bound by statutory regulation on interests attached at Appendix 3 for ease of reference as will officers of councils.


**Risk Management:** As part of their risk assessment process, the Board should identify, evaluate and manage dual interests and responsibilities which have the potential to become conflicts of interest and pose a risk to the Fund and possibly members, if they are not mitigated.

**ACCESS TO INFORMATION:** **NON-CONFIDENTIAL**

**This report does not contain information which warrants its consideration in the absence of the Press or members of the public.**

**Background Papers:** The Pension Regulator's Code of Practice No 14, which may be found here: <http://www.thepensionsregulator.gov.uk/codes/code-governance-administration-public-service-pension-schemes.aspx>

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## 1. INTRODUCTION

1.1 The LGPS Governance Regulations 2015 require each administering authority to be satisfied that members of their local board do not have a conflict of interest and local board members must provide the administering authority with such information as is reasonably required to satisfy this requirement.

1.2 A conflict of interest is defined in Section 5(5) of the Public Service Pensions Act 2013 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)."

## 2. MANAGING POTENTIAL CONFLICTS OF INTEREST

2.1 In accordance with paragraph 23 of the Board's Terms of Reference, a policy for managing potential conflicts of interest on the Board has been drafted and is provided as **Appendix 1** to this report for consideration by the Board. This policy has been drafted based on the guidance on conflicts of interest contained in the Pensions Regulator's Code of Practice on Governance and Administration of Public Service Schemes.

2.2 **Appendix 2** to this report is the module from the Pensions Regulator's Public Service Toolkit on conflicts of interest. The key points from this module will be covered in a training item at the meeting.

2.3 If a Board member believes a conflict of interest exists and this conflict may be of material significance it should consider reporting this to the Pensions Regulator. Some examples of potential conflicts of interest are provided on today's agenda in the item titled, "Procedure for Reporting Breaches of the Law to the Pensions Regulator". How to assess whether an issue may be of material significance and the procedure to follow when making a report are also covered in this item.

## 3 RECCOMENDATIONS

3.1 The Board is asked to consider and approve the attached draft policy for managing potential conflicts of interest.