

APPENDIX 1

GREATER MANCHESTER PENSION FUND LOCAL PENSION BOARD

CONFLICT OF INTERESTS POLICY

1. INTRODUCTION

- 1.1 This document outlines the approach for ensuring the Greater Manchester Pension Fund Local Pension Board is fully compliant with legislative requirements for identifying, monitoring and managing potential conflicts of interest so as to ensure that no actual conflicts of interest arise.
- 1.2 This policy applies to members of the Pension Board and to all officers and advisors supporting the operation of the Pension Board. References to Board Members also apply to advisors and, where appropriate, to officers, where an interest is not covered by Tameside MBC's Code of Conduct for Employees.
- 1.3 The policy sets out the procedures to be followed and the checks and measures in operation to ensure the business of the Board and any decisions or actions taken by it are open, transparent and compliant.

2. MANAGING POTENTIAL CONFLICTS OF INTEREST - LEGISLATIVE REQUIREMENTS ON PENSION BOARDS

- 2.1 Under section 5 (para 4) of the Public Service Pension Act 2013 it is a requirement for the regulations governing public sector pension schemes to include provisions ensuring Board Members do not have conflicts of interest. The Local Government Pension Scheme Regulations 2013 fulfil this requirement within Part 3 - Governance as follows:

LGPS Regulations 2013

Regulation 108: Local Pension Boards: Conflicts of Interest

- (1) Each administering authority must be satisfied that any person to be appointed as a member of a local pension board does not have a conflict of interest.
- (2) An administering authority must be satisfied from time to time that none of the members of a local pension board has a conflict of interest.
- (3) A person who is to be appointed as a member of a local pension board by an administering authority must provide that authority with such information as the authority reasonably requires for the purposes of paragraph (1).
- (4) A person who is a member of a local pension board must provide the administering authority which made the appointment with such information as that authority reasonably requires for the purposes.

3. PENSION REGULATOR CODE OF PRACTICE ON CONFLICTS OF INTEREST

- 3.1 The Public Service Pensions Act 2013 extended the regulatory oversight of the Pensions Regulator (tPR) to include public sector schemes and added new provisions into the Pensions Act 2004 requiring tPR to issue a code of practice on the governance of public service pension schemes including conflicts of interest for Pension Boards.

- 3.2 Complying with these new requirements (Section 90A to the Pensions Act 2004) tPR issued Code of Practice no.14 (Governance and Administration of Public Service Pension Schemes) in January 2015. This Conflicts of Interest Policy has been developed having regard to the details of the code which interprets legal requirements and offers practical guidance to Administering Authorities on meeting the terms of LGPS Regulation 108 (above).
- 3.3 This Conflicts of Interest Policy for the Pension Board of the Greater Manchester Pension Fund sets out procedures to be followed by individuals in their capacity as Board Members and as officers or advisors supporting the operation of the Board. In addition, individuals must also comply with all requirements placed on them by codes of conduct and other policies connected with their wider roles and responsibilities, whether as elected members, officers or advisors (e.g. by Tameside MBC's Code of Conduct, and its equivalent within other employers).
- 3.4 This policy encourages the consideration of interests in their broadest sense, an approach which reinforces the expectation that Board Members, officers and advisors will maintain the highest standards of conduct in adherence with the seven principles of public life.
- 3.5 These principles are:
- Selflessness
 - Integrity
 - Objectivity
 - Accountability
 - Openness
 - Honesty
 - Leadership

4. CONFLICT OF INTERESTS GENERAL

- 4.1 The prevention of actual conflicts of interest is reliant on the effective management of potential conflicts of interest. This entails Pension Board Members (and the officers and advisors supporting them) having a clear understanding of what a potential conflict of interest is and what they must do to ensure that no actual conflict arises.
- 4.2 The potential for a conflict of interest exists whenever there are underlying personal interests capable of compromising an individual's ability to act with objectivity. An interest is a personal stake or a perceived obligation (to a person, group or organisation) which is likely to prejudice an individual in the course of fulfilling the responsibilities of their role. Interests can be both financial and non-financial. Financial interests include current or prospective assets or investments, plus influences from an employment, trade, profession or contract. Non-financial interests can be many and varied but will include specific memberships or affiliations which compromise the individual's ability to think or act without bias when acting in their official capacity.
- 4.3 It is inevitable that Pension Board Members will have interests. Where these will potentially prejudice the exercise of functions as a member of the Pension Board by directly impacting on Board business (or will have the appearance of doing so) it is essential they are known about and managed effectively in order to protect the impartiality and standing of the Board and ensure the transparency of its operation and outcomes.
- 4.4 A potential conflict of interest will arise when an individual has a responsibility or duty connected to their membership of the Pension Board whilst at the same time having:
- a separate personal interest (financial or otherwise);
 - a responsibility by virtue of another role or position they hold; or

- a close colleague or family member with a specific responsibility or a direct interest in a particular aspect of Pension Board business.

A member of the Board does not have a financial or other interest arising merely by virtue of membership of the Local Government Pension Scheme or any connected scheme, or by membership of another local authority.

5. SENSITIVE INTERESTS

- 5.1 Where you consider that disclosure of the details of an interest could lead to you, or a person connected with you, being subject to violence or intimidation, and the Tameside MBC Monitoring Officer agrees, if the interest is entered on the register, copies of the register that are made available for inspection and any published version of the register will exclude details of the interest, but may state that you have an interest, the details of which are withheld.
- 5.2 Under this policy, the effective management of all potential conflicts of interest will be achieved through consistent compliance with 6 clear steps:
1. **identifying** interests
 2. **disclosing** interests
 3. **maintaining** an up to date register of interests
 4. **declaring** potential conflicts
 5. **managing** potential conflicts
 6. **recording** and reviewing the management actions taken

6. IDENTIFYING INTERESTS

- 6.1 The existence of any interest fundamentally incompatible with fulfilling the role and statutory responsibilities of a Pension Board Member will be identified as part of the appointment process and will ultimately prevent an individual from being appointed to the Board.
- 6.2 Following their appointment to the Pension Board, all Board Members are required to identify any interests held directly by themselves or by close family or contacts which have the potential to lead to a conflict of interest.
- 6.3 This identification of interests involves detailed reflection on the role and specific responsibilities of the Pension Board and its members which are as set out in the Terms of Reference for the Pension Board.
- 6.4 Examples of the most common interests and the scenarios in which they may cause a conflict to arise are included at Section 12 below.

7. DISCLOSING INTERESTS

- 7.1 Board Members are required to complete and submit a disclosure form when attending their first Pension Board meeting.
- 7.2 Thereafter Board Members will be required to disclose all financial and non-financial interests including the receipt of any gift or hospitality in excess of £25 using the declaration of interests form provided at **Appendix 2**. A definition of financial and non-financial interests is set out at **Appendix 3**.

- 7.3 Where no relevant interests are identified by a Board Member, they must submit a nil return to evidence that they have complied with the requirement to identify and disclose all relevant interests.
- 7.4 It is the responsibility of each Board Member to regularly consider and review their relevant interests and to submit a further disclosure form within 28 days of becoming aware of any changes to an interest previously disclosed or of any new interest not previously disclosed.
- 7.5 All Board Members must review their interests and submit an updated disclosure annually. For Board Members with no relevant interests this will involve the submission of a new nil return. Making an updated return on each anniversary of their appointment to the Board will assist Tameside MBC (as the administering authority) to fulfil the requirement to be satisfied from time to time that none of the members of a local pension board has a conflict of interest.

8. MAINTAINING AN UP TO DATE REGISTER OF INTERESTS

- 8.1 An up to date register of the interests disclosed by Local Pension Board Members, will be maintained by the Support Officer to the Local Pension Board.
- 8.2 The register will be maintained so as to provide an accurate and up to date record of all details disclosed by individual Local Pension Board Members and the date on which their disclosures were made.

9. DECLARING POTENTIAL CONFLICTS

- 9.1 Pension Board Members are personally responsible for identifying potential conflicts of interest. They must routinely review the work plan, agenda and papers of the Board in advance in order to identify any matters in which they have an interest.
- 9.2 Where a Board Member is aware of an interest with the potential (or appearance of having the potential) to cause a conflict they should declare this in advance of the meeting taking place by providing details to the Board Support Officer who will inform the Chair of the Board.
- 9.3 The Local Pension Board must be confident that the advice it receives from officers and advisers is independent and truly in the best interests of the Fund. For this reason officers and advisers giving advice to the Local Pension Board must declare any situation where a potential, perceived or actual conflict exists, in order that it can be appropriately managed. Declarations should be made in advance to the Monitoring Officer of Tameside MBC who will inform the Chair of the Board.
- 9.4 Declaring an interest in advance provides the opportunity for adequate reflection on the most appropriate approach to managing a potential conflict, it also encourages open discussion and ensures a fully transparent approach.
- 9.5 All meetings of the Local Pension Board will commence with a standing agenda item which facilitates the declaration (and where necessary the disclosure and declaration) of all relevant interests.
- 9.6 Where it becomes apparent during the course of a meeting that an undisclosed interest held by a Board Member, officer or advisor is relevant and creates the potential (or appears to create the potential) for a conflict, this interest must be immediately drawn to the attention of the Board Chair who will determine the appropriate course of action to manage this situation.

10. MANAGING POTENTIAL CONFLICTS

- 10.1 Potential conflicts of interest will arise as a result of a variety of interests and scenarios and they fall to be managed on a case by case basis in the manner most suited to ensuring that:
- no actual conflict will arise;
 - where there is the appearance of a potential conflict this is acknowledged and addressed openly;
 - adequate attention is given to recording the basis for judging a declared interest to be immaterial.
- 10.2 The Board must determine the appropriate mechanism for managing each potential conflict. Approaches to managing potential conflicts of interest will include:
- the member for whom the potential conflict exists taking no part in discussions or voting on the matter creating the conflict;
 - the member relinquishing or divesting themselves of a personal interest which is the source of a conflict of interest with their Pension Board responsibilities (where practical);
 - a member considering resignation from their position if the conflict is likely to be so persistent as to limit meaningful participation in the Pension Board;
 - The Scheme Manager (i.e. the Administering Authority) removing the individual from the Pension Board where they consider the potential conflict is impractical to manage.

11. RECORDING THE MANAGEMENT APPROACH

- 11.1 Details of the specific approach taken to manage potential conflicts of interest will be documented and reported upon as part of the minute taking which formally records the conduct and outcomes of Pension Board meetings.
- 11.2 Wherever a relevant interest is declared, the minutes of Board meetings will record this and give details of how the potential conflict of interest was managed to prevent an actual conflict from arising.
- 11.3 Compliance with the approach and procedures set out within this Conflict of Interests Policy is a requirement under the Terms of Reference for the Local Pension Board and the Code of Conduct for Members of the Local Pension Board of the Greater Manchester Pension Fund.

12. EXAMPLES OF INTERESTS CREATING POTENTIAL CONFLICTS

- 12.1 The following examples of potential conflicts of interest are provided for illustrative purposes. References to Board Members also apply to advisors and, where appropriate, to officers, where an interest is not covered by Tameside MBC's Code of Conduct for Employees.

Example 1

- 12.2 A finance officer appointed as a member of a Local Pension Board may, from time to time, be required to review a decision which may be, or appear to be, in opposition to another interest or responsibility. For example, they may be required as a member of the Local Pension Board to review a decision which involves the use of departmental resources to improve scheme administration, whilst at the same time being tasked, by virtue of their employment, with reducing departmental spending.

Any Board Member employed by an employer participating in the Fund would need to declare their interest in order for a potential conflict to be identified and managed so as to prevent any actual conflict of interests from arising.

Example 2

- 12.3 A Scheme Member representative on the Local Board who works in the Administering Authority's internal audit department may be required as part of his work to audit the Fund. For example, the employee may become aware of confidential breaches of law by the Fund which have not yet been brought to the attention of the Local Pension Board.

Example 3

- 12.4 A Local Board Member holds shares in a large company that provides services to the Fund. The Pension Board is reviewing the performance of the provider and the Pension Fund Management Panel's decision to extend the value and term of the contract.

A Board Member may have financial or other interests which give the appearance of a conflict but which, by virtue of their nature or scale, are not ultimately material to the issue under consideration by the Board.

In this case the Board may consider that on grounds of materiality, no conflict of interest exists. The Local Pension Board is not responsible for the decision to award the contract and the impact of the contract extension will have no effect on the company's share price. The Board Member in question should, however, still declare their interest and the minutes of the meeting should record the decision that the Board judged the interest insufficiently material to require the member to be excluded from discussing or voting on the item of business.