



# Powys

**CRONFA BENSIWN  
POWYS  
PENSION FUND**

**Conflicts of Interest Policy**

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## **Introduction**

Potential conflicts of interest exist within the LGPS by its nature, as many of those involved with managing LGPS Pension Funds have a variety of roles and responsibilities simply by being a scheme member, or as an elected member of a participating employer within the LGPS, or as an adviser to more than one LGPS administering authority. It should be noted that simply being a scheme member would not constitute a conflict of interest. In addition, any of those persons may have a personal, business or other interest which might conflict, or be perceived to conflict, their responsibility of managing or advising an LGPS Fund.

It is generally accepted that LGPS administering authorities have both fiduciary and public law duties to act in the best interest of both the scheme beneficiaries and participating employers. This, however, does not preclude those involved in the management of the fund from having other roles or responsibilities which may result in an actual or potential conflict of interest. Accordingly, it is good practice to document within a policy how any such conflicts or potential conflicts are to be managed.

This is the Conflicts of Interest Policy for the Powys Pension Fund, which is managed by Powys County Council. The Policy details how actual and potential conflicts of interest are identified and managed by those involved in the management and governance of the Powys Pension Fund whether directly or in an advisory capacity.

This policy is established to guide members of the Pensions and Investment Committee, Pension Board, officers and advisers. Along with other constitutional documents, including the 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.

## **Aims and Objectives**

In relation to the governance of the Fund, the Administering Authority's objectives are to:

- Act in the best interests of the Fund's members and employers
- Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies
- Ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise

- Act with integrity and ensuring that decisions taken are robust and well documented
- Understand and monitor risk
- Strive to ensure compliance with appropriate legislation and statutory guidance and to follow best practice
- Clearly state its objectives and how it intends to achieve those objectives through business planning, then continually measure and monitor success

The identification and management of potential and actual conflicts of interest is integral to the Administering Authority achieving its governance objectives.

### **To whom this Policy Applies**

This Conflicts of Interest Policy applies to all members of the Pensions and Investment Committee and the Pension Board, including and independent chair, scheme member and employer representatives, whether voting members or not. It applies to all senior officers involved in the management of the Fund (the Section 151 Officer).

The Pension Fund Manager will monitor potential conflicts for less senior officers involved in the daily management of the Pension Fund and highlight this Policy to them as appropriate.

This Policy and the issue of conflicts of interest in general must be considered in light of each individual's role, whether this is a management, advisory or assisting role and including responsibilities representing the Fund on other committees, groups and bodies.

The Policy also applies to all advisers and suppliers to the Fund, whether advising the Pensions and Investment Committee, Pension Board or Fund officers.

In this Policy, 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.

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 and any other body on which they represent the Administering Authority, on any actual or potential 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.

### **Legislative and related context**

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.

#### **Local Government Act 2000**

All members and co-opted members of the Powys Pensions and Investment Committee are required by the Local Government Act 2000 to abide by Powys' Members' Code of Conduct, which contains provisions relating to personal interests, personal and prejudicial interests, their disclosure and limitations on members' participation where they have any such interest.

#### **The Local Government Pension Scheme Regulations 2013**

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.

Regulation 109 states that each Administering Authority must have regard to guidance issued by the Secretary of State in relation to Pension Boards. Furthermore, regulation 110 provides that the national scheme advisory board has a function of providing advice to Administering Authorities and Pension Boards.

#### **The Pensions Act 2004**

The Public Service Pensions Act 2013 also added 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 existing 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.

#### **The Public Service Pensions Act 2013**

Section 5 of this Act requires that the scheme manager (this is the administering authority within the LGPS) 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 (or nominated members) to provide reasonable information to the scheme manager 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).”

Furthermore, the Act requires that scheme managers must have regard to any such guidance that the national scheme advisory board issue.

### **CIPFA Investment Pooling Governance Principles for LGPS Administering Authorities Guidance**

The CIPFA governance principles guidance states "*the establishment of investment pooling arrangements creates a range of additional roles that committee members, representatives, officers and advisors might have.*" It highlights the need for Administering Authorities to:

- update their conflicts policies to have regard to asset pooling;
- remind all those involved with the management of the fund of the policy requirements and the potential for conflicts to arise in respect of asset pooling responsibilities;
- ensure declarations are updated appropriately.

This Conflicts of Interest Policy takes account of the possibility of conflicts arising in relation to asset pooling in accordance with the CIPFA governance principles guidance.

### **The Public Services Ombudsman for Wales’ Ten Guiding Principles**

The Local Government Act 2000 empowered the Welsh Government to issue principles to which local authority elected members must have regard in undertaking their role as a member. These principles draw on the 7 Principles of Public Life which were set out in the Nolan Report “Standards of Conduct in Local Government in England, Scotland and Wales”.

The current principles were set out in a statutory instrument and are detailed below. Many of the principles are integral to the successful implementation of this Policy.

1. Selflessness
2. Honesty
3. Integrity and Propriety
4. Duty to Uphold the Law
5. Stewardship
6. Objectivity in Decision-making
7. Equality and Respect
8. Openness
9. Accountability

## 10. Leadership

### **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.

### **Other Administering Authority Requirements**

#### **Pensions and Investment Committee Members**

In addition to the requirements of this Policy, Pensions and Investment Committee members and co-opted members are required to adhere to the Powys County Council Members' Code of Conduct which includes requirements in relation to the disclosure and management of personal and prejudicial interests.

#### **Pension Board Members**

In addition to the requirements of this Policy, Pension Board members are required to declare any interests that may lead to a conflict situation.

#### **Employees**

In addition to the requirements of this Policy, officers of Powys County Council are required to adhere to the Powys County Council Officers' Code of Conduct which includes requirements in relation to the disclosure and management of personal and pecuniary interests.

#### **Advisers**

Where the Pension Board decides to appoint an adviser, this can be the same person as is appointed to advise the Pensions and Investment 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 scheme members wishes to provide a specific point of view on behalf of an employer (or group of employers) or member (or group of members). The Administering Authority 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 Pensions and Investment 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 provision of advice to, the LGPS fund administered by Powys 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.

Some examples of potential conflicts are included in Appendix 1. The appendix also illustrates where disclosure of a personal or prejudicial interest may separately be required for Pensions and Investment Committee members (including co-opted members) under the Powys County Council Members' Code of Conduct.

Powys 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.

Ways in which conflicts of interest may be managed 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 with the relevant issue (for example, a report for a Pensions and Investment Committee meeting)

Provided that the Administering Authority, (having taken any professional advice deemed to be required) is satisfied that the method of management is satisfactory, Powys 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 Committee, Board or appointment.

## **Responsibility**

Powys County Council as the scheme manager for the Powys Pension Fund must be satisfied that conflicts of interest are appropriately managed. For this purpose, the Pension Fund Manager 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.

## **Operational procedure for officers, Pensions and Investment Committee members and Pension Board members**

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

However, it should be noted all members of the Pensions and Investment Committee (including co-opted members) have a pre-eminent requirement to follow and abide by the requirements of the Powys County Council Members' Code of Conduct relating to the treatment and disclosure of certain personal and prejudicial interests. Accordingly, for those members, disclosures under this policy may **be in addition** to disclosures under the Council's Code of Conduct.



<b>What is required</b>	<b>How this will be done</b>
<i>Step 1 - Initial identification of interests which do or could give rise to a conflict</i>	<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 the same or similar to that included in Appendix 2.</p> <p>The information contained in these declarations will be collated into the Pension Fund Register of conflicts of interest in a format the same or similar to that included in Appendix 3.</p>
<i>Step 2 - Ongoing notification and management of potential or actual conflicts of interest</i>	<p>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 new potential conflicts. These will be recorded in the minutes of the meeting and also in the Fund's Register of conflicts of interest.</p> <p>At Powys Pensions and Investment Committee meetings there will also, at the start of the meeting, be an agenda item for Members to declare any interests under the Members' Code in relation to any items on that agenda.</p> <p>Any individual 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 Pension Fund Manager prior to the meeting, where possible, or state this clearly at the meeting at the earliest possible opportunity. The Chairman, in consultation with the Pension Fund Manager, 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 the Pension Fund Manager and where it relates to the business of any meeting, also to the Chairman of that meeting. The Pension Fund Manager, in consultation with the Chairman where relevant, 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, the Pension Fund Manager may seek such professional advice as he or she thinks fit (such as legal advice from the Monitoring Officer) on to how to address any identified conflicts.</p> <p>Any such potential or actual conflicts of interest and the action taken must be recorded on the Fund's Register of conflicts of interest and in the minutes of the meeting if raised during a meeting.</p>
<i>Step 3 - Periodic review of potential and actual conflicts</i>	<p>At least once every 12 months, the Pension Fund Manager will provide to all individuals to whom this Policy applies a copy of their currently declared Pension Fund conflicts of interest. All individuals will complete confirm that their information is correct or highlighting any changes that need to be made.</p>

## **Operational procedure for advisers**

All of the key advisers are expected to have their own policies on how conflicts of interest will be managed in their relationships with their clients.

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:

- 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 Pension Fund Manager in relation to how they will manage and monitor actual or potential conflicts of interests relating to the provision of advice or services to Powys County Council
- notify the Pension Fund Manager immediately should a potential or actual conflict of interest arise
- highlight at all meetings should a potential or actual conflict of interest arise, preferably at the start of the meeting.

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

## **Monitoring and Reporting**

The Fund's 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 the Pension Fund Manager.

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

## **Key Risks**

The key risks to the delivery of this Policy are outlined below. These could potentially result in an actual conflict of interest arising if not properly managed. The Pension Fund Manager 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
- Failure by a chairperson to take appropriate action when a conflict is highlighted at a meeting.

## **Costs**

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

## **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.

## **Further Information**

If you require further information about anything in or related to this Conflicts of Interest Policy, please contact:

Chris Hurst,  
Pension Fund Manager, Powys County Council  
E-mail – [chris.hurst@powys.gov.uk](mailto:chris.hurst@powys.gov.uk)  
Telephone – 01597 827640

## Examples of Potential Conflicts of Interest

Examples of Pension Related Potential Conflict of Interest	Also a Personal or Prejudicial Interest*
a) An elected member on the Pensions and Investment Committee may be required to provide views on a funding strategy which could result in an increase in employer contributions payable by the employer he or she represents.	No
b) A member of the Pensions and Investment Committee member is on the board of an Investment Manager that the Committee is considering appointing.	Yes
c) An employer representative on the Pension Board is employed by a company to which the administering authority has outsourced its pension administration services and the Pension Board is reviewing the standards of service provided by that company.	No
d) The person appointed to consider internal disputes is asked to review a case relating to a close friend or relative.	Yes
e) The administering authority is considering buying its own payroll system for paying pensioners, rather than using the payroll system used for all employees of the Council. The Section 151 Officer, who has responsibility for the Council budget, is expected to approve the report to go to the Pensions and Investment Committee which, if agreed would result in a material reduction in the recharges to the Council from the Fund.	No
f) Officers of the Fund are asked to provide a report to the Pension Board or Pensions and Investment 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.	No
g) An employer representative employed by the administering authority and appointed to the Pension Board to represent employers generally could be conflicted if he or she only serves to act in the interests of the administering authority, rather than those of all participating employers. Equally, 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 all scheme members.	No
h) A Fund adviser is party to the development of a strategy which could result in additional work for his or her firm, for example, providing delegated or fiduciary management of Fund investments, providing assistance with monitoring the covenant of employers or where they are also advisers to the Wales Pensions Partnership.	No
i) 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 Pensions and Investment Committee or Pension Board. He or she has to consider whether to share this information in 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	No

their functions as a member of the Pensions and Investment Committee or Pension Board.	
j) An officer of the Fund or member of the Pension Committee accepts a dinner invitation from a Fund Manager who has submitted a bid as part of a tender process	No
k) An officer of the Fund is asked to provide guidance to the Local Pension Board on the background to an item considered at the Pension Committee. This could be a potential conflict as the officer could consciously or sub-consciously avoid providing full details, resulting in the Board not having full information and not being able to provide a complete view on the appropriateness or otherwise of that Pension Committee item.	No
l) A member of the Pensions and Investment Committee or officer of the Fund is on a Wales Pensions Partnership committee/group and a matter is being considered that would benefit their originating Council or Pension Fund to a greater degree than other participating Councils or Funds.	No

\* This indicates those interests that must also be declared by Pensions and Investment Committee members in accordance with the Powys County Council Members' Code of Conduct.

## Declaration of Interests relating to the management of Powys Pension Fund administered by Powys County Council

*Tick as appropriate*

I, \_\_\_\_\_ [insert full name], am:

- an officer involved in the management
- Pensions and Investment Committee Member
- Pension Board Member

of Powys Pension Fund and I set out below under the appropriate headings my interests, which I am required to declare under Powys Pension Fund Conflicts of Interest Policy. I have put “none” where I have no such interests under any heading.

**Responsibilities or other interests that could result in a conflict of interest** (please list and continue overleaf if necessary):

*A) Relating to me*

*B) Relating to family members or close colleagues*

### **Undertaking:**

I declare that I understand my responsibilities under the Powys Pension Fund Conflicts of Interest Policy. I undertake to notify the Pension Fund Manager of any changes in the information set out above.

Signed \_\_\_\_\_ Date \_\_\_\_\_

Name (CAPITAL LETTERS) \_\_\_\_\_

## Appendix 3

### Powys Pension Fund - Register of Potential and Actual Conflicts of Interest

All reported conflicts of interest will be recorded in the minutes and a register of conflicts will be maintained and reviewed annually by Powys County Council, the Administering Authority.

Date identified	Name of Person	Role of Person	Details of conflict	Actual or potential conflict	How notified(1)	Action taken(2)	Follow up required	Date resolved

(1) E.g. verbal declaration at meeting, written conflicts declaration, etc

(2) E.g. withdrawing from a decision making process, left meeting