

Worcestershire Pension Fund Policy on conflicts of interest V2 dated 26 April 2022

Conflicts of interest can arise in the LGPS, as those managing or advising an LGPS fund can have other roles, interests, or responsibilities. Specifically, Worcestershire County Council's dual role as both an employer participating in the Fund and the body legally tasked with its management can produce the potential for conflicts of interest.

For example (see the end of this Policy for some further examples), a member of a Pensions Committee may also be employed by an employer participating in that LGPS fund or be an adviser to more than one LGPS fund / pool or have an individual personal, business, or other interest which might conflict.

It is also generally accepted that LGPS funds have both fiduciary and public law duties to act in the best interests of both LGPS members and participating employers.

This Policy applies to all members of the Pensions Committee, Pension Investment Sub Committee (PISC) and Pension Board.

It also applies to:

1. All officers involved in managing the Fund who are also required to adhere to the Worcestershire County Council Code of Conduct for Employees which includes requirements in relation to the disclosure and management of personal and other interests and receipt of gifts and hospitality
2. All advisers and suppliers to the Fund who may also be required to meet their own professional standards relating to conflict of interest

A cornerstone of this Policy is that the Chief Financial Officer will monitor potential conflicts of interest, having highlighted the Policy to all those involved in the daily management of the Fund when they first become so involved.

The Chief Financial Officer will promote a culture of:

- Acknowledging any actual or potential conflicts of interest
- Encouraging any individual who considers that they or another individual has a potential or actual conflict of interest to speak up
- Being open with the Fund and any other body on which they represent the Fund on any actual or potential conflicts of interest they may have
- Adopting practical solutions to managing those conflicts
- Planning ahead and agreeing with the Fund how any conflicts of interest which arise in future will be managed
- Maintaining confidentiality as appropriate

Attendees of Pensions Committee or Pension Board meetings will be required to sign a Record of Conflicts of Interest Declarations Made form at the start of each meeting.

The Fund will regularly monitor and review a Declarations of Interest Register that is maintained from the verbal declarations of interest made during the meeting's appropriate (usually the second) agenda item and may be viewed by any interested party at any point in time. It records the date identified / name of person / role of person / details of conflict / whether actual or potential / how notified / action taken / follow up required / date resolved.

At least once every 12 months the Chief Financial Officer will provide to all individuals to whom this Policy applies a copy of their currently declared conflicts of interest and require them to confirm that their information contained in the register is correct / highlight any changes that need to be made to the declaration.

The Chair of the Pension Board is also required to include an item on conflicts of interest in its annual report.

All members of the Pensions Committee, PISC and Pension Board are required to:

- Register and declare disclosable pecuniary interests
- Abide by the [Code of Conduct for Members and Co-opted Members of Worcestershire County Council](#). This sets out the rules governing the behaviour of all elected Councillors, co-opted and independent members of the Council with voting rights (collectively called "Members"). Anyone wishing to seek advice on the Code should contact the Assistant Director for Legal and Governance
- Abide by The Seven Principles of Standards in Public Life ([the Nolan Principles](#))
- State clearly at meetings if they are providing a specific point of view on behalf of an employer (or group of employers) or member (or group of members)

The Fund will manage and mitigate conflicts of interest by:

- Having clear governance material to refer to, including a Funding Strategy Statement, Pension Administration Strategy, Investment Strategy Statement, Climate Change Risk Strategy, Governance Policy Statement and Training Policy & Programme
- Keeping the Fund's budget separate to Worcestershire County Council's
- Ensuring actual and potential conflicts of interest are considered during procurement processes
- Asking the individual concerned to abstain from discussion, decision-making or providing advice relating to the relevant issue
- Excluding the individual from the meeting(s) and any related correspondence or material in connection with the relevant issue (for example, a report for a Pensions Committee meeting)
- Establishing a working group or sub-committee, excluding the individual concerned, to consider the matter outside of the formal meeting (where the terms of reference permit this to happen)
- Advising an individual to resign due to a conflict of interest or requesting the appointing body to reconsider their appointment

The key identified risks to the delivery of this Policy are outlined below, and the Chief Financial 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
- Insufficient training or failure to communicate the requirements of this Policy
- Failure by an individual to follow 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 the Chair to take appropriate action when a conflict is highlighted at a meeting

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

Examples of potential conflicts of interest faced by those covered by this Policy could include:

- Being required to provide views on a funding strategy which could result in an increase in the employer contributions payable by the employer he or she represents
- Being a board member of an investment manager that the Fund is considering appointing
- Being on an LGPS Central Limited board / group when a matter is being considered that would benefit their originating Council or LGPS fund to a greater degree than other participating Councils or funds
- Accepting a dinner invitation from an investment manager who has submitted a bid as part of a tender process or might be in the process of preparing a bid for an open tender process
- Being asked to review a case or calculate a benefit relating to a close friend or relative
- Being asked to provide technical advice to a scheme employer about an outsourcing contract, including being asked questions about the impact on that employer and the employer requirements relating to the outsourcing contract
- Having a role in driving carbon reduction in one's local authority
- A Fund adviser being party to the development of a strategy which could result in additional work for their firm

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