

REPORT OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES

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| Conflicts of Interest Policy | Classification PUBLIC | Enclosures One |
| | Ward(s) affected ALL | |
| Pensions Committee 26th March 2019 | | |

1. INTRODUCTION

- 1.1 This report provides the Pensions Committee with an update to the Fund's Conflicts of Interest Policy. The report provides an overview of the changes made to the Policy since its last review by the Committee and recommends the updated Policy for approval.

2. RECOMMENDATIONS

- 2.1 **The Pensions Committee is recommended to:**
- **Approve the draft updated Conflicts of Interest Policy**

3. RELATED DECISIONS

- Pensions Committee (31st March 2015) – Conflicts of Interest Policy

4. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES

- 4.1 Proper management of conflicts of interest helps to reduce financial risk to the Pension Fund by promoting fair and transparent relationships with Fund stakeholders. Maintaining a Conflicts of Interest Policy provides a framework for the disclosure and management of potential conflicts and represents good practice; the costs of maintaining such a policy are not material.
- 4.2 There are no direct financial implications arising from this report.

5. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE

- 5.1 Regulation 108 of the Local Government Pension Scheme Regulations requires administering authorities to satisfy themselves that none of the members of its Local Pension Board has a conflict of interest. This sets out a clear legislative requirement to manage conflicts of interest within the Pension Board; it is good practice for this approach to be extended to Pensions Committee Members and to senior officers of the Pension Fund.
- 5.2 Paragraph 1 of Pensions Committee's terms of references state that the Committee's role is to consider pension matters and meet the obligations and duties of the Council under the Superannuation Act 1972, and the various pension legislation. Taking this

into account, consideration of the Pension Fund Conflicts of Interest Policy would appear to sit within the remit of Pensions Committee.

6 BACKGROUND TO THE REPORT

- 6.1 The Local Government Pension Scheme Regulations 2013 and the Pensions' Regulator's (TPR) Code of Practice set out that members of the Pensions Board should not have a conflict of interest in respect of their duties as members of the Board. In addition the TPR guidance provides for how such conflicts can be identified, monitored and managed. Although following the code itself is not a regulatory requirement, should TPR identify a situation where the legal requirements are being breached, he will use the code as a core reference document when deciding appropriate action.
- 6.2 Whilst the legal requirements around conflicts of interest relate specifically to members of the Pension Board, the attached draft Conflicts of Interest Policy (appendix 1 to this report) has been widened to include both the Pensions Committee and officers involved in the management of the Pension Fund. Whilst both Committee Members and officers are covered by other Council policies in respect of wider responsibilities, it is appropriate to consider conflicts of interest in relation to the Pension Fund in a single policy.
- 6.3 The Policy details how actual and potential conflicts of interest are identified and managed by those involved in the management and governance of the Pension Fund whether directly or in an advisory capacity. A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions and appendix 1C of the Policy document sets out some examples of how conflicts of interest might arise. The Policy document also contains an example (appendix 1D) of a declaration form for completion by those involved in the Pension Fund with an annual register (appendix 1E) for recording potential and actual conflicts of interest to be reviewed annually.
- 6.4 The Policy has been updated to reflect changes to the structure of the Financial Services team since the previous update and to amend job titles where appropriate.

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Appendices

Appendix 1 – Draft Conflicts of Interest Policy