

Local Pensions Board Conflicts of Interest Policy

Legislative Background

The Public Services Pensions Act 2013 (the Act) makes it a legal requirement that members appointed to the Local Pension Board do not have a conflict of interest. In addition, the Pension Regulators Code of Practice 14. Governance and Administration of Public Services Pension Funds requires LGPS Funds to establish a conflicts of interest policy which sets the process for managing actual and potential conflicts.

Legislation defines a conflict of interest as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Pensions Board.

What is a Conflict

As stated above a conflict of interest is defined as a financial or other interest which is likely to prejudice a person's judgement / exercise of functions as a member of the Local Pensions Board.

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 West Midlands Pension Fund, 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, or perceived 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. A conflict can also include bias (actual or perceived), bias is defined as the action of supporting or opposing a particular view because of personal opinions or judgements. Example of bias or potential bias could occur where employer representatives on the have taken a decision at their employer to refuse a higher contribution rate.

Conflicts and bias do not include financial or other interest arising merely by virtue of that person being a member of the scheme or any connected scheme.

Employer representatives sitting on the Local Pensions Board may be conflicted if discussions regarding their employer are taking place, employer representatives will be required to declare their interest and leave the discussion in that scenario. Being an employer representative in itself, is not a conflict.

For information examples of Conflicts of Interest are Included Below;

- As a result of their position on the Pension Board a board member could become aware of a scheme change that will affect a family member and advise that family member of the impact of their pension.
- A finance officer appointed to the Pensions Board as an employer representative might be required to review a decision that would could involve additional work or cost to their employer to improve scheme administration.
- The Board may be asked to consider an item of business which affects or is connected to a family member or close acquaintance.

Procedure

For this policy to be effective Local Pension Board Members should agree to, declare actual and potential conflicts of interest to the Head of Governance and Corporate Service, provide information required to assess whether an actual or potential conflict of interest exists and agree how conflicts will be managed.

In accordance with best practise the Fund takes a 3 – stage approach to managing conflicts of interest; Identifying, monitoring and managing;

- **Identifying**
On appointment and on an annual basis, Local Pensions Board members will be asked to declare potential conflicts, a conflict of interest form is attached to this policy at appendix 1. In accordance with procedure an opportunity to declare conflicts is also provided at the start of all meetings of the Local Pensions Board.
- **Monitoring**
The Fund maintains a register of interests for members of the Local Pensions Board, interests declared at meetings should be included within the register within 28 days of the meeting (written declaration is required). For transparency a copy of the register is published on the Fund's website and is open to public scrutiny.
- **Managing**
Where a Member has a potential conflict of interest they are required to declare that interest on the register and at the meeting at which the matter in which they have an interest is to be discussed. Once a declaration has been made the member must not take part in the discussion where the matter is being addressed.

Members should seek advice with regards to the declaration and management of potential conflicts of interest from the Head of Governance and Corporate Services. Members who have a conflict of interest will not ordinarily be required to resign from their position. It is the aim of this policy to adequately manage conflicts in order to allow individual's to retain their role on the Local Pension Board.

Sensitive Interests

Members may be exempt from declaring their interests on a public register if it is determined to be a sensitive interest.

Sensitive information is defined as

“the nature of the interest is such that a Local Pensions Board member, and the Head of Governance and Corporate Services, consider that disclosure of the details of the interest could lead to the member, or a person connected with the member, being subject to violence or intimidation”

Advice should be sought from the Head of Governance and Corporate Services where the possibility of a sensitive interest exists.