



Local Pension Board Conflicts of Interest Policy

This document should be read in conjunction with the Terms of Reference for the Local Pension Board of Lambeth Council Pension Fund. Unless stated otherwise, the defined terms used in this document have the same meaning as attributed to them under the Terms of Reference document.

Introduction

There are various legal requirements which need to be considered to make sure that sound governance principles are followed, and in particular that conflicts of interest are properly managed.

These include:

- 1) Section 5 (5) of the Public Service Pensions Act 2013, which defines “conflict of interest” for the purpose of a Local Pension Board;
- 2) Regulation 108 of the Regulations, which places duties on the Administering Authority to satisfy itself that Local Pension Board members do not have a conflict of interest on appointment or whilst they are members of the Board;
- 3) The 2011 Act, requires Councillors to comply with the code of conduct of their authority and to disclose interest;
- 4) The ‘Nolan Principles’ with which any holder of public office is also expected to comply; and
- 5) The expectations are contained in the Regulator’s Code of Practice.

The Regulator’s Code of Practice on Conflicts of Interest

Whilst members of the Pension Board may be subject to other general legal requirements, when exercising functions as a member of the Pension Board, the Regulator expects the requirements which specifically apply by virtue of the 2013 Act to be met and the standards of conduct and practice set out in its Code of Practice to be complied with.

What is a Conflict of Interest?

The Pension Board does not make decisions in relation to the administration and management of the Fund (role of the Administering Authority) and it is not anticipated that any significant conflicts will arise. Nonetheless, the issues surrounding conflicts of interest needs to be considered.

There is a requirement for Pension Board members not to have a conflict of interest – the issue of conflict being considered in light of the Pension Board’s role, which is to assist the Administering Authority.

A conflict of interest is a financial or other interest which is likely to prejudice a person’s exercise of functions as a member of the Pension Board. However, a conflict does not include

a financial or other interest arising merely by virtue of a person being a member of the LGPS and/or Fund (or any connected scheme).

By way of example, a conflict of interest may arise when a member of a Pension Board in fulfilling their legal duty to assist the Administering Authority has, at the same time, a separate personal interest (financial or otherwise) or another responsibility in relation to that matter which gives rise to a possible conflict with their initial responsibility (assisting the Administering Authority) as a Pension Board member.

The guidance issued by the Pensions Regulator and LGPS may be considered when presented with any situation involving a conflict of interest and members should make themselves familiar with the examples used in these documents.

Identifying, Monitoring and Managing Conflicts-The role of the Local Pension Board

- 1) The Local Pension Board should cultivate a culture of openness and transparency it should identify, monitor and manage dual interests and responsibilities which are or have the potential to become conflicts of interest.
- 2) The Local Pension Board should evaluate the nature of any dual interest and responsibilities and assess the impact on their operations and good governance were a conflict of interest to materialise.
- 3) A register for the declaration of interest will be provided to effectively record and monitor dual interests and responsibilities
- 4) The register will also capture decisions about how any identified potential conflicts should be managed.
- 5) The Local Pension Board's register of interests should be circulated to the Local Pension Board for ongoing review and should be published on the Fund's website. Any concerns should be reported to the Administering Authority and include in an annual report a section on good governance and management of conflicts.
- 6) Conflicts of interest should be included as an opening agenda item at Local Pension Board meetings, and revisited during the meeting where necessary. This provides an opportunity for those present, including non-Board members, to declare any dual interest and responsibilities, which have the potential to become conflicts of interest, and to minute discussions about how they will be managed so as to prevent an actual conflict arising.

Considering Conflicts of Interest – Responsibilities of Board Members

Individual members of the Pension Board need to know how to identify when they may have a potential conflict of interest which needs to be declared and which may also restrict their ability to participate in meetings or decision-making. To assist with this, members have a legal duty to provide information to the Administering Authority in relation to conflicts of interest.