

## West Northamptonshire Council

### Pension Fund Committee

**12/12/2022**

### Mark Whitby – Head of Pensions

<b>Report Title</b>	Northamptonshire Pension Fund Conflicts of Interest Policy
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#### Contributors/Checkers/Approvers

<b>MO</b>	Jeanette McGarry on behalf of Catherine Whitehead	17 November 2022
<b>S151</b>	James Smith on behalf of Martin Henry	24 November 2022
<b>Head of Pensions</b>	Mark Whitby	11 November 2022

#### List of Appendices

##### **Appendix A - Northamptonshire Pension Fund Conflicts of Interest Policy**

#### **1. Purpose of Report**

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- 1.1 The purpose of this report is to ensure the Northamptonshire Pension Fund has an adequate Conflicts of Interest Policy in place.

#### **2. Executive Summary**

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- 2.1 This report details how actual and potential conflicts of interest are identified and managed by those involved in the management and governance of the Northamptonshire Pension Fund whether directly or in an advisory capacity.
- 2.2 The Policy applies to all members of the Pension Fund Committee, members of the Local Pension Board, and the Chief Financial Officer (Section 151 officer).
- 2.3 The Policy also applies to all advisers and suppliers to the Fund whether advising the Pension Fund Committee, Fund officers or the Local Pension Board.

#### **3. Recommendations**

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- 3.1 The Pension Fund Committee is asked to:
- a) Approve the Northamptonshire Pension Fund Conflicts of Interest Policy.

## **4. Report Background**

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- 4.1 Along with other constitutional documents, including the various Codes of Conduct, this Policy aims to ensure that those individuals covered by the Policy 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 otherwise.
- 4.2 In the Local Government Pension Scheme (LGPS) environment, there is the potential for conflicts of interest to arise. This reflects the fact that many of those managing or advising LGPS funds will have a variety of other roles and responsibilities, for example as a member of the scheme, as an elected member of an employer participating in the LGPS or as an adviser to more than one LGPS administering authority. Further to this, any of those persons may have an individual personal, business or other interest which might conflict, or be perceived to conflict, with their role managing or advising LGPS funds.
- 4.3 It is generally accepted that LGPS administering authorities have both fiduciary and public law duties to act in the best interests 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. The Good Governance Review recommended that each fund should have a fund-wide published conflicts of interest policy.
- 4.4 This recommendation is being considered by the Department for Levelling Up, Housing and Communities (DLUHC). In the meantime, West Northamptonshire Council as Administering Authority of the Fund considers it good practice to document within a policy, such as this, how any such conflicts or potential conflicts are to be managed in relation to Fund matters.
- 4.5 The Pension Fund Committee, Local Pension Board and key officers were invited to a training session conducted by Aon in November with a link to the training provided for members who were unable to attend. The training was an opportunity for members to fully understand the requirements and discuss any concerns prior to receiving the policy for approval.

## **5. Issues and Choices**

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### **5.1 Legislative and related context**

- 5.1.1 The overriding requirements in relation to the management of potential or actual conflicts of interest for those involved in the administration and governance of LGPS funds are contained in various elements of legislation and guidance.
- 5.1.2 The Public Service Pensions Act 2013 requires that the scheme manager (in the case of the LGPS, this is the administering authority) 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 to provide reasonable information to the scheme manager for this purpose.
- 5.1.3 The Local Government Pension Scheme Regulations 2013 place 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.
- 5.1.4 Regulation 109 of the Local Government Pension Scheme Regulations 2013 states that each administering authority must have regard to guidance issued by the Secretary of State in relation to pension boards. In addition, Regulation 110 provides that the national scheme advisory board has a function of providing advice to administering authorities and pension boards

5.1.5 The Public Service Pensions Act 2013 also added a number of 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 code.

5.1.6 The Local Government Act 2000, The Localism Act 2011 and the Seven Principles of Public Life also provide legislative context around conflicts of interest.

## **5.2. Responsibility**

5.2.1 West Northamptonshire Council as the Administering Authority for the Fund must be satisfied that conflicts of interest are appropriately managed. For this purpose, the Governance and Regulations Manager is responsible for ensuring the procedures outlined in the Policy are carried out.

5.2.2 However, it is the responsibility of each individual covered by the Policy to identify any potential instances where their personal, financial, business or other interests might come into conflict with their pension fund duties and to follow the requirements of the Policy appropriately

## **6 Implications (including financial implications)**

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### **6.1 Resources and Financial**

6.1.1 There are no resources or financial implications arising from the proposals.

### **6.2 Legal**

6.2.1 There are no legal implications arising from the proposals.

### **6.3 Risk**

6.3.1 The Pension Committee and Pension Board are expected to ensure the Fund has an appropriate Conflicts of Interest Policy in place.

6.3.2 The risks associated with not having appropriate policies in place and acting appropriately have been captured in the Fund's risk register as detailed below.

Risk	Residual risk rating
Those charged with governance of the Fund and Scheme are unable to fulfil their responsibilities effectively	Green
Failure to administer the scheme in line with regulations and guidance.	Green
Failure to recognise and manage conflicts of interest.	Green
Risk of fraud and error	Green
Failure to understand and monitor risk compliance	Green

6.3.3 The executive summary risk register can be found on the Fund's website at the following link: [Northamptonshire Risk Register](#)

#### **6.4 Relevant Pension Fund Objectives**

6.4.1 The following objectives have been considered in this report –

- To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
- To manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
- To ensure that the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.
- To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.

#### **6.5 Consultation**

6.5.1 Not applicable.