

# Conflicts of Interest Policy



**WARWICKSHIRE**  
PENSION FUND

**December 2023**

OFFICIAL

## **Introduction**

This is the Conflicts of Interest Policy of the Warwickshire Pension Fund (**Fund**), which is managed by Warwickshire County Council as the Administering Authority or 'Scheme Manager'.

The Policy details how actual and potential conflicts of interest are identified and managed by those involved in the management and governance of the Fund, whether directly, or in an advisory capacity.

For the purposes of this policy, references to the Scheme Manager should be read as references to the Strategic Director for Resources, who may nominate a person to act on his or her behalf.

## **Objectives**

This Conflicts of Interest Policy is established to guide members of the Staff and Pensions Committee, Pension Fund Investment Sub-Committee, Local Pension Board, officers and advisers to the Fund. Alongside the Council's constitution and various Codes of Conduct, this policy aims to ensure that those individuals 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.

The governance objectives in relation to the Fund are:

- to meet the highest standards of Governance and demonstrate key principles of transparency and accountability in the management of the Fund through clear responsibilities and reporting.
- to have an appropriate Investment Strategy, which balances risk and reward and is consistent with the Funding Strategy Statement.
- to ensure that sufficient funds are available to meet the pension liabilities, as they fall due for payment.
- to ensure robust governance arrangements are in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies.
- to ensure the Fund is managed and its services delivered by those who have appropriate knowledge and expertise.
- to act with integrity and be accountable to stakeholders for all decisions, ensuring they are robust, soundly based and do not unreasonably favour one group of stakeholders over another to comply with the appropriate legislation and statutory guidance, and act in the spirit of other relevant guidelines and best practice guidance.
- to clearly articulate the Fund's objectives and how those objectives will be achieved through business planning, and continually measure and monitor success against those objectives; and
- to deliver an efficient and effective pensions and financial administration service, which provides excellent value for money.

The identification and management of potential and actual conflicts of interest is integral to achieving these governance objectives.

## Scope of this Policy

This Policy and the issue of conflicts of interest in general must be considered in light of each individual's role, whether this is a management, advisory or assisting role.

This Conflicts of Interest Policy applies to:

- all members of the Staff and Pensions Committee, the Pension Fund Investment Sub Committee and the Local Pension Board, including scheme member and employer representatives, whether voting members or not.
- all employees of Warwickshire County Council involved in the management, administration and governance of the Fund.
- all advisers and suppliers to the Fund, whether advising the Local Pension Board, the Staff and Pensions Committee, the Pension Fund Investment Sub Committee or Fund officers, in relation to their role in advising or supplying the Fund.

The Scheme Manager will monitor potential conflicts for officers involved in the daily management of the Pension Fund and highlight this Policy to them as he or she considers appropriate.

In this Policy, reference to "advisers" includes all advisers, suppliers and other parties providing advice and services to Warwickshire Pension Fund in relation to Pension Fund matters. This includes but is not limited to actuaries, investment consultants, independent advisers, benefits consultants, third party administrators, fund managers, lawyers, custodians and AVC providers.

Where an advisory appointment is with a firm rather than an individual, reference to "advisers" is to the lead adviser(s) responsible for the delivery of advice and services to Warwickshire Pension Fund rather than the firm as a whole.

In accepting any role covered by this Policy, individuals agree that they must:

- acknowledge any potential conflict of interest they may have;
- be open with Warwickshire Pension Fund on any conflicts of interest they may have;
- adopt practical solutions to managing those conflicts; and
- plan ahead and agree with Warwickshire Pension Fund how they will manage any conflicts of interest which arise in future.

The procedures outlined later in this Policy provide a framework for individuals to meet these requirements.

The Seven Principles of Public Life, otherwise known as the 'Nolan Principles' and specified in the Localism Act 2011, apply to anyone who works as a public officeholder. This includes people who are elected or appointed to public office, nationally and locally. All individuals to whom this Policy applies are expected to comply with these principles which are integral to the successful implementation of this Policy. The principles are:

- selflessness
- integrity
- objectivity
- accountability
- openness
- honesty, and

- leadership

### **Specific Requirements**

#### Staff and Pensions Committee and Pension Fund Investment Sub-Committee Members

In addition to the requirements of this Policy, Committee members are required to adhere to the Warwickshire County Council Members' Code of Conduct which includes requirements in relation to the disclosure of personal and pecuniary interests. Democratic Services maintain the register of elected members' interests supported by the Monitoring Officer.

#### Local Pension Board Members

In addition to the requirements of this Policy, Local Pensions Board members are required to adhere to Part 8 of the Terms of Reference of the Local Pensions Board which includes declaring any interests that may lead to a conflict situation together with the Local Pension Board's conflicts of interest policy. In the event of any conflict between this Policy and the Terms of Reference, the Terms of Reference will prevail.

#### Employees

In addition to the requirements of this Policy, officers of Warwickshire County Council are required to adhere to their own contracts of employment, the Member and Officer Relationships Protocol and the Warwickshire County Council's Employer and Employee Responsibilities policy which includes requirements in relation to disclosable pecuniary interests. All staff are required to complete an annual register of interests return.

#### Advisers and Suppliers

Warwickshire Pension Fund appoints its own advisers and suppliers. How conflicts of interest will be identified and managed should be addressed within its contractual agreements with those advisers and suppliers.

Many advisers will be required to meet professional standards relating to the management of conflicts of interest, for example, the Fund Actuary will be bound by the requirements of the Institute and Faculty of Actuaries and Solicitors by the SRA Code of Conduct. Any protocol or other document entered into between an adviser and the Administering Authority in relation to conflicts of interest, whether as a requirement of a professional body or otherwise, should be read in conjunction with this policy.

An adviser may only continue to advise Warwickshire Pension Fund and another party where there is no conflict of interest in doing so. For example, a conflict of interest may arise where:

- Warwickshire Pension Fund's advisers are asked to give advice to the Council or other scheme Employer, or to scheme members or member representatives such as the Trades Unions, in relation to pension matters; or
- an adviser is also appointed to another Local Government Pension Fund, which is involved in a transaction involving Warwickshire Pension Fund and on which advice is required.

Where the Local Pensions Board decides to appoint an adviser, this can be the same person as is appointed to advise the Fund, the Staff and Pensions Committee or the Pension Fund Investment Sub-Committee, as long as there is no conflict of interest between the two roles.

In undertaking any role covered by this Policy, individuals agree that they must:

1. acknowledge any potential conflict of interest that they may have
2. be open with the Pension Fund about any conflicts that they may have
3. adopt practical solutions to managing those conflicts and take appropriate advice from a relevant officer where relevant
4. plan ahead and agree with the Fund how any conflicts of interest will be managed

### **What is a Conflict or Potential Conflict and how will they be managed?**

A conflict of interest may arise when an individual has a responsibility or duty in relation to the management of or advice for Warwickshire Pension Fund, and at the same time has a separate personal interest (financial or otherwise) or another responsibility which prejudices their ability to discharge their duty in the interests of the Fund.

An interest could arise due to a family member or close colleague having a specific responsibility or interest in a matter.

A person will not be considered to have a financial interest merely by virtue of membership of the Fund.

Warwickshire Pension Fund encourages a culture of openness and transparency and encourages individuals to be vigilant; have a clear understanding of their role and the circumstances in which they may find themselves in a position of conflict of interest, and of how potential conflicts should be managed. Warwickshire Pension Fund will evaluate the nature of any dual interests or responsibilities that are highlighted and assess the impact on Pension Fund operations and good governance, should an actual conflict of interest materialise.

Provided that Warwickshire Pension Fund (having taken any professional advice deemed to be required) is satisfied that a potential conflict of interest can be properly managed, it shall endeavour to avoid the need for an individual to have to resign. However, where the potential conflict is considered to be so fundamental that it cannot be effectively managed the individual will be required to resign from the Committee, Board or appointment.

In relation to the Local Pension Board in particular, the administering authority must be satisfied that upon appointment, no members of the Board have a conflict of interest upon their appointment and from time to time thereafter. Members (and prospective members) of the board are therefore required to provide the administering authority with such information as is reasonably required to make this assessment, and to do so regularly

It is the responsibility of each individual covered by this Policy to identify any instances or potential instances where their personal, financial, business or other interest might come into conflict with (or be perceived to come into conflict with) their Pension Fund duties.

There are a number of ways in which potential conflicts of interest may be managed, for example:

- the individual concerned abstaining from discussion, decision-making or providing advice relating to the relevant issue
- the individual concerned being excluded from the meeting and any related correspondence or material in connection with the relevant issue

- where constitutional requirements permit, a working group or sub-committee may be established, excluding the individual concerned, to consider the matter outside of the formal meeting.

### **Conduct at Meetings**

There may be circumstances where a representative of an Employer or a Scheme Member wishes to provide a specific point of view on behalf of an Employer (or group of Employers) or Member (or group of Members). Warwickshire Pension Fund requires that any individual wishing to speak from an Employer's or Member's viewpoint must state this clearly, e.g. at a Local Pensions Board or Committee meeting, and that this will be recorded in the minutes.

### **Gifts**

Warwickshire County Council employees and elected members are required to comply with Warwickshire County Council's existing policies and codes of conduct concerning gifts, which can be found here: <https://api.warwickshire.gov.uk/documents/WCCC-575-3582>

Members of the Local Pensions Board are expected to adhere to the same principles.

Advisers are expected to comply with their employing organisation's anti-bribery, gifts and hospitality policies.

**Operational procedure for Officers, Pensions Committee members and Local Pensions Board members**

<b>What is required</b>	<b>How this will be done</b>
<p>Step 1 - Initial identification of interests which do or could give rise to a conflict.</p>	<p>On appointment to their role or on the commencement of this Policy if later, all individuals will be provided with a copy of this Policy (and any other relevant policy, terms of reference or code of conduct) and be required to complete a Declaration of Interest The Scheme Manager will assess the extent to which any declarations are relevant to the individual's role in relation to the Fund. Each individual is responsible for maintaining their declaration of interest on a continuous basis and ensuring that they are kept up to date.</p>
<p>Step 2 - Ongoing notification and management of potential or actual conflicts of interest</p>	<p>At the commencement of any Committee, Local Pension Board or other formal meeting where Fund matters are to be discussed, the Chair will ask all those present to declare any interests. All interests declared will be detailed in the record of the meeting.</p> <p>Any individual who considers that they have a potential or actual conflict of interest which relates to an item of business at a meeting, must advise the Chair and the Scheme Manager prior to the meeting, where possible, or state this clearly at the meeting at the earliest possible opportunity. The Chair, in consultation with the Scheme Manager, will seek advice as necessary and will advise the individual whether they need to leave the meeting during the discussion on the relevant matter or to withdraw from voting on the matter. Where an actual conflict of interest on an agenda item is identified, the presumption is that an individual will exclude themselves from participating in the discussion and from voting on the relevant matter.</p> <p>If such a conflict is identified outside of a meeting the individual must complete an updated Declaration of interest. The Scheme Manager will consider any necessary action to manage the potential or actual conflict.</p>

Step 3 - Periodic review of potential and actual conflicts	All individuals will be required complete a declaration of interest at least once every 12 months.

All actual or potential conflicts of interest declared in meetings will be recorded in the minutes of the meeting and noted in the Fund's Register of Interests. Where identified outside of meetings they will be recorded in the Funds Register of Interests.

If an interest is sensitive, it should be discussed with the Scheme Manager who will take advice as to whether the disclosure of the existence of the interest rather than the detail will be sufficient.

### **Operational procedures for Advisers**

The operational procedures outlined above are not expected to apply to advisers. Instead, all advisers must:

- be provided with a copy of this Policy on appointment and whenever it is updated;
- adhere to the principles of this Policy as it applies to them;
- provide, on request, information to the Scheme Manager in relation to how they will manage actual or potential conflicts of interest relating to the provision of advice or services concerning the Warwickshire Pension Fund;
- comply with the terms of their appointment as regards conflicts of interest and probity, and
- notify the Scheme Manager immediately should a potential or actual conflict of interest arise.

### **Additional possible areas of conflict**

#### **Administering Authority and the County Council**

The Council manages the Fund in its role as Administering Authority. There may be the potential for conflicts between the Council as an employer in the Fund and the Council as the Administering Authority for the fund. To mitigate the risk of conflict the following principles are adopted:

- That the role of Section 151 Officer for the Pension Fund is held by the Director of Finance while the role of Section 151 Officer for the Council is held by the Executive Director of Resources.

That where tasks require a Council position and Pension Fund position, that staff are clear on their role and which position they are advising on when supporting any such tasks. In summary "In the interests of promoting probity and separation of decision making and pursuant to delegations granted by the Executive Director for Resources, the s151 officer for the Pension Fund is the Director of Finance".

### **Border to Coast and Warwickshire Pension Fund**

The Council has two relationships with the Border to Coast Pension Partnership. One is as one of the partner authorities, and owning an equal share of the company alongside other partner authorities. The Council's interest is that the company is successful in meeting its objectives which include providing appropriate investment opportunities to partner Funds that meet the requirements for pooling of LGPS funds and that enable them to reduce costs and still meet their



investment objectives. The other relationship is from Warwickshire Pension Fund as a customer/client, and in this relationship the Fund's interest is to meet its fiduciary duties by expressing its investment strategy appropriately.

Examples of the potential for conflicts include (1) if/where the investment opportunity set provided by Border to Coast Pension Partnership does not provide the optimum opportunity to the Pension Fund and (2) if developments that would best benefit the company itself or the majority of its shareholders results in less optimal investment opportunities for the Warwickshire Pension Fund.

In order to mitigate the risks above, the Fund will adopt the following protocols:

- Client interactions (for example the Joint Committee) to be led by Pension Fund Officers and the Chair of the Investment Sub Committee.
- Shareholder interactions to be led by the Section 151 Officer or a representative who does not participate in client activity.

### **Monitoring and Reporting**

The Scheme Manager will maintain a Register of Interests relating to the Pension Fund which may be viewed by any interested party at any point in time upon request.

In order to identify whether the objectives of this Policy are being met, Warwickshire Pension Fund will review the Register of Interests periodically and consider whether any additional steps to manage conflicts of interest should be undertaken.

### **Costs**

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

### **Review**

This Policy will be formally reviewed and updated at least every three years, or sooner if the conflict management arrangements or other matters included within it merit reconsideration, including if there are any changes to the LGPS Regulations or other relevant Regulations or Guidance which need to be considered.