

Kent Pension Fund

Conflicts of Interest Policy

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Introduction

In the LGPS environment there is the potential for conflicts of interest to arise. This simply 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, any of those persons may have an individual personal, business, or other interest which might conflict, or be perceived to conflict, with their role of managing or advising LGPS funds.

It is generally accepted that LGPS administering authorities have both fiduciary and public law duties to act in the best interest 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. Accordingly, it is good practice to document within a policy, such as this, how any such conflicts or potential conflicts are to be managed.

This is the Conflicts of Interest Policy of Kent County Council as the Administering Authority responsible for the management and administration of the Local Government Pension Scheme including the maintenance of the Kent Pension Fund.

The Policy details how actual and potential conflicts of interest are identified and managed by those involved in the management and governance of the Kent Pension Fund ("the Fund") whether directly or in an advisory capacity and seeks to ensure consistency with the Council's policies and codes.

This Conflicts of Interest Policy is established to guide the Pension Fund Committee members and officers. It 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 policy also identifies areas of potential conflict that are specific to the Local Government Pension Scheme (LGPS) that would be dealt with in the same manner as conflicts of interest under the Members' codes of conduct and Officers' codes of conduct.

The policy does not apply to the Kent Pension Board whose members are required to abide by the Board's code of conduct and conflict of interest policy.

Aims and Objectives

In relation to the governance of the Fund, the Administering Authority's objectives are to:

- Provide a high-quality service whilst maintaining value for money
- ensure compliance with the LGPS regulations, other relevant legislation, and the Pension Regulator's Codes of Practice
- ensure the Fund is managed, and its services delivered by people who have the appropriate knowledge and expertise
- evolve and look for new opportunities, ensuring efficiency at all times
- act with integrity and be accountable to our stakeholders
- understand and monitor risk and compliance
- continually measure and monitor success against our objectives
- ensure the confidentiality, integrity and accessibility of the Fund's data, systems and services is protected and preserved

The identification and management of potential and actual conflicts of interest is integral to the Council achieving its governance objectives as the administering authority of the Fund.

To whom this Policy Applies

This Policy applies to all members of the Pension Fund Committee, including scheme member and employer representatives, whether voting members or not. It applies to all officers in the Council's Pensions and Treasury Management Team and to the Corporate Director of Finance (Section 151 Officer). The Head of Pensions and Treasury will monitor potential conflicts for officers involved in the daily management of the Fund and highlight this Policy to them as they consider appropriate.

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 and including responsibilities representing the Fund on other committees, groups and bodies.

The Policy also applies to all advisers and suppliers to the Fund. In this Policy, reference to advisers includes all advisers, suppliers and other parties providing advice and services to the Administering Authority 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 the Council rather than the firm as a whole.

In accepting any role covered by this Policy, all individuals to which this Policy applies agree that they must:

- acknowledge any potential conflict of interest they may have

- be open with the Council and any other body on which they represent the Council, on any actual or potential conflicts of interest they may have
- adopt practical solutions to managing those conflicts, and
- plan ahead and agree with the Council how they will manage any conflicts of interest which arise in future.

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

Legislative and related context

The overriding requirements in relation to the management of potential or actual conflicts of interest for those involved in LGPS funds are contained in various elements of legislation and guidance.

The Public Service Pensions Act 2013 section 5, the Local Government Pension Scheme Regulations 2013 regulations 108 and 109 and the Pensions Act 2004 sections 90A and 13

This legislation sets out the requirements of members of the Local Pension Board and these are covered in the Kent Pension Board terms of reference at <https://www.kentpensionfund.co.uk/local-government/about-us/management-of-the-fund/pension-board>

CIPFA Investment Pooling Governance Principles for LGPS Administering Authorities Guidance

The CIPFA governance principles guidance states "the establishment of investment pooling arrangements creates a range of additional roles that committee members, representatives, officers and advisors might have." It includes some examples of how conflicts of interest could arise in these new roles. It highlights the need for administering authorities to:

- update their conflicts policies to have regard to asset pooling;
- remind all those involved with the management of the fund of the policy requirements and the potential for conflicts to arise in respect of asset pooling responsibilities; and
- ensure declarations are updated appropriately.

This Conflicts of Interest Policy has been updated to take account of the possibility of conflicts arising in relation to asset pooling in accordance with the CIPFA governance principles guidance.

Localism Act 2011

All members and co-opted members of the Pension Fund Committee are required by the Localism Act 2011 to register and declare 'disclosable pecuniary interests' and

abide by the Council's Code of Conduct for Members as set out in the Council's constitution. That Code contains provisions relating to Code Interests and Disclosable Pecuniary Interests, their disclosure, and limitations on members' participation where they have any such interest.

The Seven Principles of Standards in Public Life

Sometimes known as the 'Nolan Principles,' the seven principles of public life apply to anyone who holds public office. This includes people who are elected or appointed to public office, nationally and locally, and all people appointed to work in:

- the civil service
- local government
- the police
- the courts and probation services
- non-departmental public bodies
- health, education, social and care services

The principles also apply to all those in other sectors that deliver public services. Many of the principles are integral to the successful implementation of this Policy.

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

Advisers' Professional Standards

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. Any protocol or other document entered into between an adviser and the Council in relation to conflicts of interest, whether as a requirement of a professional body or otherwise, should be read in conjunction with this Policy.

Other Administering Authority Requirements

Local Pension Board Members

Pension Board Members are required under the Pension Board Terms of Reference to adopt a policy for identifying and managing potential conflicts of interest. The Kent Local Pension Board has adopted the policy as set out at appendix 1 to the Board's terms of reference at [Kent Pension Board](#) and agreed to abide by it.

Members of the Board will provide any information to Kent County Council as the Scheme Manager as they reasonably require from time to time to ensure that members do not have a conflict of interest.

Officers

In addition to the requirements of this Policy, officers of the Council are required to adhere to the Council's Code of Officers Conduct at section 23 of the [Council's Constitution](#) which includes requirements in relation to the disclosure and management of all potential conflicts of interests that may impact on their work or that of the Council.

Advisers

The Administering Authority appoints its own advisers. There may be circumstances where these advisers are asked to give advice to scheme employers, or even to scheme members or member representatives such as the Trades Unions, in relation to pension matters. Similarly, an adviser may also be appointed to another administering authority which is involved in a transaction involving the Kent Pension Fund and on which advice is required or to a supplier or organisation providing services to the Kent Pension Fund. An adviser can only continue to advise the Administering Authority and another party where there is no conflict of interest in doing so.

An adviser appointed to advise the Pension Fund Committee, Local Pension Board or Fund officers can be the same person, as long as there is no conflict of interest between the multiple responsibilities.

Conduct at Meetings

There may be circumstances where a representative of employers or members wishes to provide a specific point of view on behalf of an employer (or group of employers) or member (or group of members). The Administering Authority requires that any individual wishing to speak or advocate on behalf of a specific person or organisation or to represent the views of a group of such persons must state this clearly at the meeting, and that this will be recorded in the minutes.

What is a Conflict or Potential Conflict of interest and how will they be managed?

Identifying conflicts of or potential conflicts of interest

The Public Service Pensions Act 2013 defines a conflict of interest as a financial or other interest which is likely to prejudice a person's exercise of functions.

Therefore, 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 LGPS fund administered by Kent County Council
- at the same time, they:
 - o have a separate personal interest (financial or otherwise), or
 - o have another responsibility in relation to that matter, or
 - o have an interest due to a family member or close colleague having a specific responsibility or interest in a matter which gives rise to a possible conflict with their first responsibility.

As Administering Authority, Kent County Council, will:

- encourage a culture of openness and transparency
- encourage individuals to be vigilant, have a clear understanding of their role and the circumstances in which they may have a conflict of interest, and of how potential conflicts should be managed
- evaluate the nature of any dual interests or responsibilities that are highlighted and assess the impact on pension fund operations and good governance were an actual conflict of interest to materialise.

Areas of potential conflict that are specific to the LGPS

Some of the key areas of potential conflict relate to KCC's responsibility for managing the Kent Pension Fund and the dual roles held by Kent County Council as administering authority and employer in the Fund:

- Any commercial relationships between KCC and other employers in the fund/or other parties which may impact decisions made in the best interests of the fund. These may include shared service arrangements which impact the fund operations directly but will also include outsourcing relationship and companies related to or wholly owned by the Council, which do not relate to pension fund operations
- Contribution setting for KCC and other employers
- Cross charging for services or shared resourcing between KCC and the Fund and ensuring the service quality is appropriate for the Fund
- Dual role of the administering authority as an owner and client of the ACCESS pool
- Investment decisions directly related to companies, development, infrastructure or other projects within the Council's area
- How the Kent Pension Fund appropriately responds to Council decisions or policies on global issues such as climate change

- Any other roles within the Council being carried out by committee members or officers which may result in a conflict either in the time available to dedicate to the fund or in decision making or oversight. For example, some roles on other finance committees, audit or health committees or cabinet should be disclosed.

Other examples of potential conflicts including relating to these dual roles are included at appendix 1.

Further details of how potential conflicts of interest should be identified and managed are set out in table 1 below.

Monitoring and recording potential conflicts of interest

All declarations should be collated and recorded on the Fund's Register of Conflicts of Interests (see Appendix 2 for details on the format of the register).

In order for the Administering Authority to fulfil its obligations to manage and monitor potential conflicts of interests the Pension Fund Committee must include an item on conflicts of interest at each meeting.

The Fund's Register of conflicts of interest may be viewed by any interested party at any point in time. It will be made available on request by the Head of Pensions. In order to identify whether the objectives of this Policy are being met, the Administering Authority will review the Register of conflicts of interest on an annual basis and consider whether there have been any potential or actual conflicts of interest that were not declared at the earliest opportunity.

Further details are set out in table 1 below.

Managing and mitigating potential conflicts of interest

It is inevitable that conflicts of interest will arise, and it is important to recognise that there are various ways that conflict can be managed depending on the individual circumstances. These include:

- the individual concerned abstaining from discussion, decision-making or providing advice relating to the relevant issue
- the individual being excluded from the meeting(s) and any related correspondence or material in connection with the relevant issue (for example, a report for a Pension Fund Committee meeting), or

- a working group or sub-committee being established, excluding the individual concerned, to consider the matter outside of the formal meeting (where the terms of reference permit this to happen).

Provided that the Administering Authority, (having taken any professional advice deemed to be required) is satisfied that the method of management is satisfactory, Kent County Council shall endeavour to avoid the need to advise an individual to resign due to a conflict of interest or to request the appointing body to reconsider their appointment to the Committee.

Table 1 – What is required?

What is required?	How this will be done
<i>Step 1 - Initial identification of interests which do or could give rise to a conflict</i>	<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 be required to complete a Declaration of Interest the same or similar to that included in Appendix 3.</p> <p>The information contained in these declarations will be collated into the Pension Fund Register of conflicts of interest in a format the same or similar to that included in Appendix 2.</p> <p>At the commencement of any Pension Fund Committee or other formal meeting where pension fund matters are to be discussed, the Chair will ask all those present who are covered by this Policy to declare any interests.</p>
<i>Step 2 - Management of potential or actual conflicts of interest</i>	<p>Where an actual conflict of interest on an agenda item is identified, an individual will be expected to exclude themselves from participating in the discussion and from voting on the relevant matter.</p> <p>Where a potential conflict of interest on an agenda item is Identified prior to the meeting the individual will be expected to advise the Chair and Head of Pensions and Treasury who will consult with the Monitoring Officer (or their representative) regarding the individual's participation in the relevant discussion and vote based on all the available information.</p>
<i>Step 3 - Monitoring conflicts</i>	<p>All interests declared in meetings of the Committee and any other formal Pension Fund meetings will be recorded in the minutes of the meeting and noted in the Fund's Register of conflicts of interest.</p> <p>Any potential or actual conflicts of interest identified outside of a meeting and the action taken will also be recorded on</p>

	<p>the Fund's Register of conflicts of interest.</p> <p>The Register will be kept under review by the Head of Pensions and Treasury and the Monitoring Officer (or their representative). Annually all relevant individuals will be required to confirm in writing to the Head of Pensions and Treasury that the information held in respect to them is correct.</p> <p>The Fund's Register of Conflicts of Interest may be viewed by any interested party at any point in time. It will be made available to view by the Head of Pensions and Treasury Fund on request.</p>
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Minor Gifts and Hospitality

For the purposes of this Policy, gifts such as t-shirts, pens, trade show bags and other promotional items (subject to a notional maximum value of £25 per item) obtained at events such as conferences, training events, seminars, and trade shows, which are offered equally to all members of the public attending the event do not need to be declared. Kent County Council Officers are also required to comply with the Council's applicable Declaration of Interests, Gifts and Hospitality policy. Members and Co-Opted Members of the authority are also required to comply with the Kent Code of member Conduct rules on gifts and hospitality.

Operational procedures for advisers

The contract between the adviser or supplier and the Administering Authority will specify how conflicts of interest are managed. This will include all of the advisers and suppliers to the Kent Pension Fund being expected to have their own policies on how conflicts of interest will be managed in their relationships with their clients, and these should have been shared with, Kent County Council.

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,
- provide, on request, information to the Head of Pensions and Treasury in relation to how they will manage and monitor actual or potential conflicts of interest relating to the provision of advice or services to the Council
- notify the Head of Pensions and Treasury immediately should a potential or actual conflict of interest arise, and
- highlight at all meetings should a potential or actual conflict of interest arise, preferably at the start of the meeting.

All potential or actual conflicts notified by advisers will be recorded in the Fund's Register of conflicts of interest.

Responsibility

The Council as the Administering Authority for the Kent Pension Fund must be satisfied that conflicts of interest are appropriately managed. For this purpose, the Head of Pensions and Treasury is the designated individual for ensuring the procedure outlined above is carried out.

However, it is the responsibility of each individual covered by this Policy to identify any potential instances where their personal, financial, business or other interests might come into conflict with their pension fund duties, to declare and register interests and seek advice and to withdraw from meetings if they are not complying.

Key Risks

The key risks to the delivery of this Policy are outlined below. All of these could result in an actual conflict of interest arising and not being properly managed. The Head of Pensions and Treasury will monitor these and other key risks and consider how to respond to them.

- Insufficient training or poor understanding in relation to individuals' roles on pension fund matters,
- Insufficient training or failure to communicate the requirements of this Policy,
- Failure by an individual to follow the requirements of this Policy,
- Absence of the individual nominated to manage the operational aspects of this Policy and no one deputising, or failure of that individual to carry out the operational aspects in accordance with this Policy, and
- Failure by the Chair to take appropriate action when a conflict is highlighted at a meeting

Costs

All costs related to the operation and implementation of this Policy will be met directly by Kent Pension 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 under this Policy.

Approval, Review and Consultation

This Conflicts of Interest Policy was approved on *8 December 2022* by the Kent Pension Fund Committee. It will be formally reviewed and updated by the Committee 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 or other relevant Regulations or Guidance which need to be taken into account.

Further Information

If you require further information about anything in or related to this Conflicts of Interest Policy, please contact:

Nick Buckland

Head of Pensions and Treasury, Kent County Council

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Telephone – 03000 418934

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Appendix 1 - Examples of Potential Conflicts of Interest

The examples provided are for illustrative purposes only and are not designed to be an exhaustive list.

<p>a) An elected member on the Pension Fund Committee may be required to provide views on a funding strategy which could result in an increase in employer contributions payable by the employer he or she represents.</p>
<p>b) A member of the Pension Fund Committee is a board member of an Investment Manager that the Committee is considering appointing.</p>
<p>c) An officer of the Fund or member of the Pension Fund Committee is on an ACCESS group and a matter is being considered that would benefit their originating Council or Pension Fund to a greater degree than other participating Councils or Funds.</p>
<p>d) An officer of the Fund or member of the Pension Fund Committee accepts a dinner invitation from a Fund Manager who has submitted a bid as part of a tender process or might be in the process of preparing a bid for an open tender process.</p>
<p>e) The senior pension fund officer appointed to consider internal disputes is asked to review a case relating to a close friend or relative.</p>
<p>f) The senior pension fund officer is asked to provide technical advice to a scheme employer about an outsourcing contract. This includes questions about the impact on that employer and their employer requirements relating to the outsourcing contract. That senior pension fund officer is also (or will be) involved in similar matters from a Pension Fund perspective relating to that outsourcing.</p>
<p>g) An administrator in the Fund receives a case to calculate a benefit which relates to a family member, close friend, or colleague.</p>
<p>h) A Fund adviser is party to the development of a strategy which could result in additional work for their firm, for example, providing delegated or fiduciary management of Fund investments, providing assistance with monitoring the covenant of employers or where they are also advisers to the ACCESS Pool.</p>

Appendix 2 – Kent Pension Fund – Register of Potential and Actual Conflicts of Interest

All reported conflicts of interest will be recorded in the minutes, and we will maintain and review a register of conflicts annually.

Date identified	Name of Person	Role of Person	Details of Conflict	Actual or potential conflict	How notified (1)	Action (2)	Follow up required	Date resolved

(1) e.g. verbal declaration at meeting, written conflicts declaration, etc

(2) e.g. withdrawing from a decision-making process, left meeting

Appendix 3 – Declaration of Interests relating to the management of the Kent Pension Fund as administered by Kent County Council

I, _____(insert full name), am:

- an officer involved in the management of
- a Pension Fund Committee Member

of the Kent Pension Fund and I set out below under the appropriate headings my interests, which I am required to declare under the Kent Pension Fund Conflicts of Interest Policy. I have put 'none' where I have no such interests under any heading.

Responsibilities or other interests that could result in a conflict of interest

(please list and continue overleaf if necessary):

A) relating to me
B) Relating to family members or associated persons

Undertaking:

I declare that I understand my responsibilities under the Kent Pension Fund Conflicts of Interest Policy. I undertake to notify the Head of Pensions and Treasury of any changes in the information set out above.

Signed: _____ Date: _____

Name: (CAPITAL LETTERS): _____