

Isle of Wight Council Pension Fund
**POLICY ON CONFLICTS
OF INTEREST**
1 June 2024

1 Document Information

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3 Introduction

The purpose of this policy is to set out the Isle of Wight Council (the “Council”) approach to Conflicts of Interest in its role as administering authority of the Isle of Wight Council Pension Fund (the “Fund”).

It should be noted that this statement is not exhaustive and individual circumstances may be taken into consideration where appropriate.

This policy was approved by the Pension Fund Committee on 22 May 2024 and is effective from 1 June 2024.

This policy will be reviewed every three years or sooner following any legislative changes within the review period or changes to applicable statutory guidance.

3.1 Aims and objectives

The Fund’s aims and objectives related to this policy are as follows:

- To outline how conflicts of interest will be identified, monitored and managed.
- To ensure that those involved in the operation of the Fund fulfil their duties to act in the interests of the Fund’s employers and scheme members.
- To provide confidence to scheme members, employers, regulators or any other interested parties that those responsible for the Fund are fully committed to identifying, managing and monitoring conflicts of interest.
- To minimise the risk to the Fund that conflicts of interest crystallise.
- To promote openness, transparency and a commitment to the Seven Principles of Public Life (these are detailed below in the section 4.1) in all aspects of the Fund’s business.

3.2 Background

This policy sets out how the administering authority will identify, manage and mitigate potential conflicts of interest.

The administering authority is also a participating employer in the Fund, and therefore there is the potential that actual or perceived conflicts may arise from time to time. Individuals involved in managing, overseeing or advising the Fund may have professional or personal obligations outside the Fund, which could give rise to a perceived or actual conflict of interest requiring management.

3.3 Application of the policy

This policy applies to:

- Members of the Council’s Pension Fund Committee
- Members of the Local Pension Board

- Section 151 Officer
- Officers who carry out functions on behalf of the Pension Fund Committee
- Advisers and service providers to the Fund

Every individual covered by this policy must adhere to it.

The S151 Officer or their nominated representative will be accountable for ensuring that this policy is adhered to and that any processes for managing conflicts of interest are followed.

To ensure transparency, where this policy applies to the S151 Officer (or their nominated representative), the Monitoring Officer for the Council (or their nominated representative) shall be accountable for overseeing compliance.

4 Statement of Principles

4.1 Guidance and Regulatory framework

The Fund has adopted the definition of conflict of interest defined in the Public Service Pensions Act 2013:

“Conflict of interest”, in relation to a person, means a financial or other interest which is likely to prejudice the person's exercise of functions as a member of the board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme).

In addition to this policy there are other legal requirements which are also relevant to the Fund's management of conflicts of interest, these currently include, but are not limited to:

- Regulation 108 of The LGPS Regulations 2013, which places duties on the Council, as the administering authority to the Fund, to be satisfied that Local Pension Board members do not have conflicts of interest on appointment to, or whilst a member of, the Board.
- The Localism Act 2011 requires elected members to comply with their own authority's code of conduct and to declare and resolve pecuniary interests and other interests.
- The ‘Seven Principles of Public Life’, also known as the ‘Nolan Principles’, with which any holder of public office is also expected to comply. These are:

Selflessness	Holders of public office should act solely in terms of the public interest.
Integrity	Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
Objectivity	Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
Accountability	Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
Openness	Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
Honesty	Holders of public office should be truthful.

Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it

4.2 Standards and behaviours

It is important that those managing the Fund adhere to the highest standards of public office.

The Council's Members Code of Conduct (contained in the Council's Constitution) applies to all members or voting co-opted members of the Council. In addition, the code has been adopted to apply to all members of the Pension Fund Committee and Local Pension Board. The policy sets out the Council's approach to:

- Standards of behaviour.
- Registration of members' interests.
- Disclosable pecuniary interests.
- Sensitive interests.

5 Managing and monitoring conflicts

5.1 Register of interests

Any conflicts or potential conflicts which are reported shall be recorded on the Fund's register of interests. It is the responsibility of Democratic Services with the support of the Pension Governance Compliance Officer to ensure that this is kept up to date. This register of interests will be published on the Pension Fund websites and the council's website under "Co-opted Isle of Wight Council registers of interest".

In addition to the framework of policies set out in section 4, the Council will manage conflicts of interest in the following way.

5.2 Declarations of interest on appointment

On appointment to the Pension Fund Committee, Local Pension Board or to a role on the Pension Management Team, or at the date of 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 form. This information will be collated in the Fund's register of interests.

Advisers and service providers will be provided with a copy of this policy on appointment, or at the date of commencement of this policy if later. Advisers and service providers must declare any commercial or personal relationships which may result in conflicts of interest arising or which may give the perception that a conflict of interest exists or may do so in future.

5.3 Continued monitoring of potential conflicts of interest

Any individual covered by this policy must declare, at the earliest opportunity, if their circumstances change in such a way that a new potential or actual conflict of interest arises, or if a former conflict ceases to apply. The register of interests will be updated accordingly.

In line with good practice, the Chair of the meeting, will remind individuals at the beginning of meetings to declare any interests (or perceived conflicts of interests) regarding matters being discussed during the meeting.

If any individual covered by this policy becomes aware that a Pension Fund Committee meeting, Local Pension Board meeting or any other meeting concerning matters relating to the Fund will contain an item that places them in a conflicted position they must contact the Monitoring Officer (or their nominated representative), in the first instance who will advise the Chair of the meeting. The Chair of the meeting having, taking such advice as they consider appropriate will be responsible for determining the action to be taken.

From time to time a conflict of interest may arise during a meeting which was not anticipated prior to the meeting. In such cases the individual to whom the conflict pertains should advise the Clerk and/or the Chair of the meeting and make an immediate declaration. Any other person may make the Chair or Clerk aware if they believe an individual participating in the meeting has a conflict of interest. The Clerk of

the meeting and the Chair, taking such advice as they consider appropriate will be responsible for determining the action to be taken.

5.4 Managing conflicts of interest

The options for managing a conflict are as follows:

- The individual is excluded from the meeting for the period during which the item pertaining to the potential or actual conflict of interest is discussed. If the item is one in which papers are not made public under Part I of Schedule 12A of the Local Government Act 1972 then the member will not have access to those papers, or minutes relating to that item.
- If the item is one at which members of the public are allowed to speak, the individual may also speak having first declared their interest. The individual must not take any further part in that agenda item including the decision-making process.
- If the S151 Officer (or their nominated representative), having taken advice that they consider appropriate, believes that an individual has a significant or persistent conflict of interest, such that it is impossible or impractical to manage and undermines their ability to carry out their role, the individual may be removed from their position.
- If an advisor declares a conflict of interest, then a decision should be taken by the S151 Officer (or their nominated representative) as to whether they can provide advice under these circumstances. The conflict should be declared ahead of the provision of any advice, and this requirement should be made clear to all advisors. If it is deemed that due to the conflict, they cannot provide advice, then an alternative advisor may be sought.
- For third parties, the Head of Pensions should ensure that they have adequate conflict management policies in place. Any dealings with those third parties should not take place until the Head of Pensions is satisfied that any conflicts which arise shall be managed appropriately.

5.5 Dealing with alleged breaches of conflicts policy

A process for considering and/or dealing with any alleged conflicts of interest which are not declared, shall be agreed between the S151 Officer (or their nominative representative) and the Pension Fund Committee, including any sanction which may be applied.

5.6 Managing Administering Authority conflicts of interest

The conflicts arising from the administering authority's dual role as an employer and the body charged with Fund management and administration are considered in more detail below.

5.6.1 Contribution setting for employers

The Funding Strategy Statement sets out the Fund's approach to all funding related matters including the setting of contribution rates. This policy is set with regard to the

advice of the Fund Actuary and is open to consultation with all Fund employers before being formally adopted by the Pension Fund Committee. The approach to contribution setting is based on specific employer characteristics such as its time horizon, strength of covenant and risk profile. This approach ensures consistency across all employers and removes the possibility of any employer receiving more, or less, favourable treatment.

5.6.2 Administering the fund

The Fund's administration strategy sets out the way in which the Fund works with its employers and the mutual service standards expected. The policy details how the Fund will assist employers to ensure that they are best placed to meet their statutory LGPS obligations. On occasions where an employer's failure to comply with required processes and standards has led to the Fund incurring additional cost, the policy also provides for that cost to be recovered from the employer in question. This policy has been opened to consultation with all the Fund's employers and is operated in a consistent fashion across all the employer bases.

The Pension Fund is run for the benefit of its members and on behalf of all its employers. It is important therefore that the Fund's budget is set and managed separately from the expenditure of the Council. Decisions regarding pension fund resource are approved by the Pension Fund Committee on recommendation from the S151 Officer.

5.6.3 Investment decisions

The Investment Strategy Statement sets out how the Fund's money will be invested in order to meet future liabilities and contains the Fund's investment objectives and the asset classes in which it will invest. It is separate to and distinct from any policies that apply to the Council.

For example, the Council may have particular strategies regarding tobacco investment as a consequence of its public health duties. This should remain distinct from the Fund's investment strategy, as set by the Pension Fund Committee and which is operated on behalf of all Fund employers. A similar situation arises in respect of the Council's policy regarding matters such as investment in local housing or other infrastructure within the county, which remain distinct from the policies and strategies of the Pension Fund.

All investment decisions are taken in accordance with the Investment Strategy Statement, following appropriate professional advice. No person with a conflict of interest relating to a particular investment decision may take part in that decision.

From time to time the Council may pursue certain climate related goals, for example a commitment to being carbon neutral by a certain date. Actions taken in pursuit of these goals may impact on members and employees of the Council in certain ways, for example members and staff may be required to pursue low carbon travel options when travelling on Council business. Where this is the case, members and employees carrying out work related to the management of the Fund will be subject to the same policies as all other Council members or staff, insofar as they reflect operational matters. However, decisions in respect of Fund investments are made by the Pension Fund Committee on behalf of all employers in the Fund and as such will

be made independently of any such Council policies and strategies, though the Committee could independently reach the same outcomes.

5.7 Managing Conflicts from Pooling

The Council is one of 11 constituent funds in the ACCESS pool. The constituent funds, as LGPS administering authorities, also purchase investment management services from ACCESS. The nature of this relationship has the potential to lead to conflicts of interest that must be managed.

The following governing principles have been agreed by the constituent funds as part of the pool's governance arrangement:

- The Councils will work collaboratively.
- The Councils will have an equitable voice in governance.
- Decision making will be objective and evidence based.
- The Pool will use professional resources as appropriate.
- The risk management processes will be appropriate to the Pool's scale, recognising it as one of the biggest pools of pension assets in the UK.
- The Pool will avoid unnecessary complexity.
- The Pool will evolve its approach to meet changing needs and objectives.
- The Pool will welcome innovation.
- The Pool will be established and run economically, applying value for money considerations.
- The Pool's costs will be shared equitably.
- The Pool is committed to collaboration with other pools where there is potential to maximise benefits.

5.8 Third parties

The Fund requires its professional advisors, suppliers and any other third-party providing advice or services to have in place conflict management plans which set out how those firms will:

- declare any potential conflict of interest that exists on appointment.
- communicate with the Administering Authority on any conflicts of interest that arise during the course of the contract.
- put in place processes that will manage those conflicts.

This will be actioned as part of the procurement process.

6 Identifying conflicts of interest

In order to monitor and manage actual or perceived conflicts of interest, it is necessary to be able to identify these conflicts. All individuals have a responsibility to recognise conflicts which could arise. Pension Fund Committee members and fund officers should have a knowledge of the types of conflict which may arise.

Some examples of these are noted below.

1. A Pension Fund Committee member who also holds a position as a director for a company which is an employer in the Scheme is asked to comment on the suitability of the funding approach of the employer they represent, as part of the triennial valuation.

Action: It should be disclosed that they have a role with that employer, and this should be noted in the register of interest. If the decision relates solely to that employer, then they may be required to abstain in the vote.

2. A member representative on the Pension Fund Committee could be conflicted if they are asked to vote on a decision or action, and they do so in the best interests of only the union they represent, rather than all scheme members in aggregate.

Action: This should be disclosed and recorded on the register of interests and noted during the decision-making process.

3. A Fund officer has a family member who works for an advisor who has tendered for professional services through the standard procurement exercise.

Actions: the procurement department should be informed of this. The officer must not disclose any confidential or commercially sensitive information to the family member about either the Fund, or other bids. The officer should not be involved in putting any recommendations to the committee or other officers regarding this procurement exercise. This should again be recorded in the register of interests.

4. The officer appointed to deal with internal disputes has received a dispute concerning a colleague who is also a close friend. They feel conflicted in dealing with this dispute.

Action: disclose this to their manager and Monitoring Officer (or their nominee) immediately. Ideally, the officer should not be involved in the case at all. If they have specialist knowledge which is required in the case, then the senior officers must ensure that there is another independent officer who can either oversee the dispute management and decision-making processes, and offer challenge as required.

Where a conflict or a perceived conflict is identified, but there is concern that this has not been correctly disclosed and recorded, then this should be raised with the Democratic Services team in the first instance.

7 Related Documents

Isle of Wight Council

Constitution <https://iow.moderngov.co.uk/ieListDocuments.aspx?CId=219&MId=1767&Ver=4&Info=1>

Isle of Wight Council Pension Fund

Funding Strategy Statement <https://www.isleofwightpensionfund.org/resources/isle-of-wight-council-pension-fund-2022-funding-strategy-statement/>

Investment Strategy Statement <https://www.isleofwightpensionfund.org/resources/investment-strategy-statement-2024/>

Pension Administration Strategy <https://www.isleofwightpensionfund.org/resources/pension-administration-strategy-may-2023/>

Recording and reporting breaches of the law policy <https://www.isleofwightpensionfund.org/resources/policy-for-recording-and-reporting-breaches-of-the-law-2023/>

8 Appendix

8.1 Declaration of interest form

REGISTER OF INTERESTS

ISLE OF WIGHT COUNCIL

ISLE OF WIGHT COUNCIL requires all Members of the Pension Fund Committee and Local Pension Board to complete this register within 28 days of their appointment. If your circumstances change you are required, within 28 days of the change, to submit written notification of the change to the Monitoring Officer.

Name of Member...

Role:

Pension Fund Committee (not Isle of Wight Council elected member)	
Local Pension Board – employer representative	
Local Pension Board – scheme member representative	
Local Pension Board – independent chair	
Pension Fund Officer	

I set out below my interests and those I am aware of relating to my spouse /partner under the various headings.

Disclosable Pecuniary Interests:

These are interests that are required to be declared by the Localism Act 2011 and the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012, and for Pension Fund matters under the Public Service Pensions Act 2013. **These declarations relate to you AND any interests you are aware of relating to your spouse or civil partner or a person you live with as husband and wife or as if you were civil partners.**

Please put “None” where appropriate.

Category of Interest	Your Interests	Interests of your spouse/partner
<p>Employment, office, trade, profession or vocation carried on for profit or gain.</p> <p>This includes any firm or company in which you, or your spouse, or your partner are a business partner or director.</p>		
<p>Isle of Wight Council Pension Fund</p> <p>Please state whether you, your spouse or your partner, are a member of the Isle of Wight Council Pension Fund, as either a contributing (active) member, a former employee of the council and/or an external employer not yet entitled to a pension benefit (deferred member), or in receipt of pension.</p>		

Category of Interest	Your Interests	Interests of your spouse/partner
<p>Contracts</p> <p>Any contract which is made between ISLE OF WIGHT COUNCIL, in its capacity as administering authority for the ISLE OF WIGHT COUNCIL PENSION FUND, and either:</p> <p>a) you; your spouse; or your partner; or</p> <p>b) firm in which either you or your spouse or partner is a business partner; or</p> <p>c) a body corporate of which you or your spouse or partner is a director; or</p> <p>d) a body in which you or your spouse or partner has a beneficial interest (that is a firm in which you or your spouse/partner is a business partner or a corporate body in which you or your spouse/partner is a director or an industrial and prudent society where you or your spouse or partner are a member of the management committee or a corporate body in which you or your spouse/partner have a beneficial interest in its securities</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>		

Category of Interest	Your Interests	Interests of your spouse/partner
<p>Securities</p> <p>Any beneficial interest in securities (shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the Financial Services and Markets Act 2000 and other securities of any description other than money deposited with a building society) of a body where that body (to your knowledge) is an adviser to the Isle of Wight Council Pension Fund.</p> <p>This includes, but is not limited to:</p> <ul style="list-style-type: none"> • Fund Actuary • Investment Consultants • Governance Consultants • Custodian • Investment Managers • Employer in the fund • Auditors 		

ADDITIONAL INTERESTS AGREED BY ISLE OF WIGHT COUNCIL TO BE INCLUDED IN THE MEMBERS REGISTER OF INTERESTS

Only your interests are required for these; not those of your spouse/partner.

I am a member of or hold a position of general control or management in the following bodies to which I have been appointed or nominated by the authority as its representative:

I am a member of or hold a position of general control or management in the following:

Category of Interest	Your Interests
Public authorities or bodies exercising functions of a public nature.	
Company, industrial and provident society, charity, or body directed to charitable purposes.	
Body whose principal purposes include the influence of public opinion or policy.	
Trade union or professional association.	

Date:

Signed:

RECEIVED:

Date:

Signed:

(Pension Fund Manager, Monitoring Officer or their representative)

9 Definitions

Conflict of interest

In relation to a person, means a financial or other interest which is likely to prejudice the person's exercise of functions as a member of the board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme). *Public Service Pensions Act 2013*