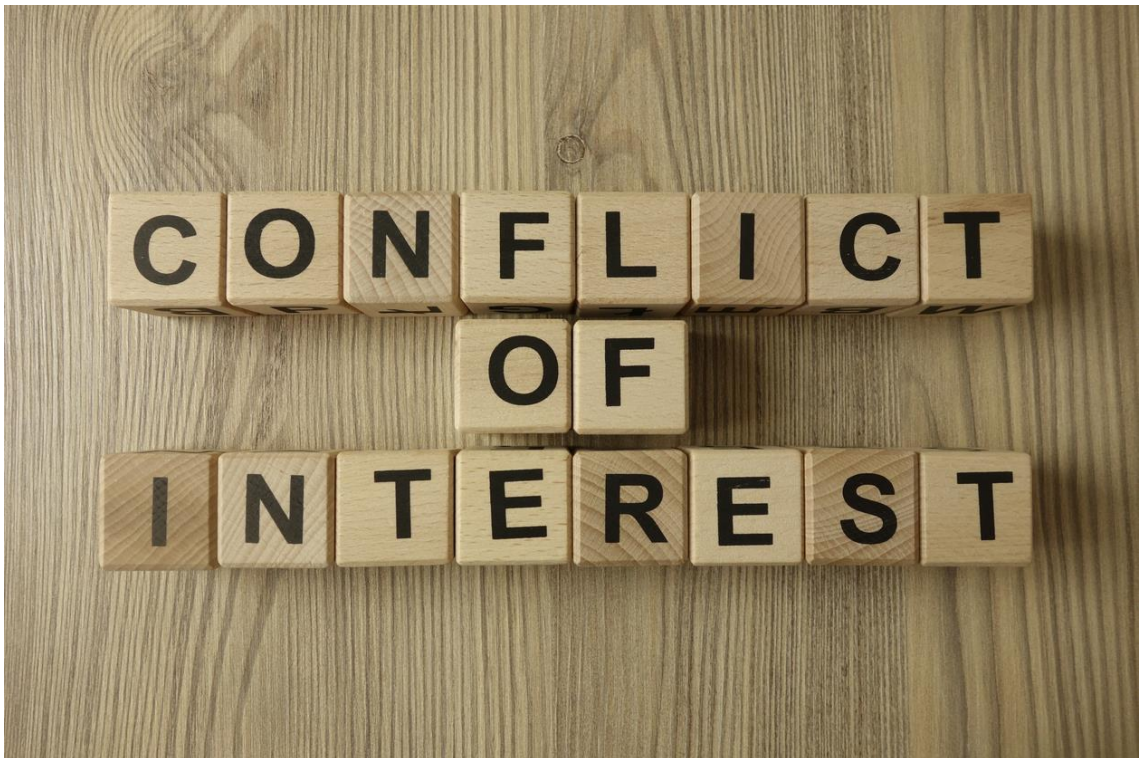


# Conflicts of Interest Policy



September 2024

## Conflicts of Interest Policy

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# Conflicts of Interest Policy – East Sussex Pension Fund

## Introduction

The potential for conflicts of interest have always existed for those with Local Government Pension Scheme (LGPS) administering authority responsibilities as well as for advisers to LGPS funds. 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, as an officer with responsibilities for or within a shared service 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 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 East Sussex Pension Fund (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 the Fund, which is managed by East Sussex County Council (the Council) in its capacity as Administering Authority. 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, and seeks to ensure consistency with the Council's policies and codes.

This Conflicts of Interest Policy is established to guide the Pension Committee members, Pension Board members, officers and advisers. 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.

This conflict of interest policy also identifies areas of potential conflict that are specific to the LGPS that would be dealt with in the same manner as conflicts of interest under the Members' codes of conduct and Employees' codes of conduct.

In preparing this policy it is noted that it is not just actual or potential conflicts which pose a risk to the Fund. Where there is a perception that a conflict exists, even where it is not the case, this must be taken into account.

# Conflicts of Interest Policy – East Sussex Pension Fund

## Aims and Objectives

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

- Act in the best interests of the Fund's members and employers
- Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies
- Ensure the Fund is managed, and its services delivered, by people who have the appropriate knowledge and expertise
- Act with integrity and be accountable to stakeholders for all decisions, ensuring they are robust and well based
- Understand and monitor risk
- Strive to ensure compliance with the appropriate legislation and statutory guidance, and to act in the spirit of other relevant guidelines and best practice guidance
- Clearly articulate its objectives and how it intends to achieve those objectives through business planning, and continually measuring and monitoring success
- 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.

# Conflicts of Interest Policy – East Sussex Pension Fund

## To whom this Policy Applies

This Conflicts of Interest Policy applies to:

- all members of the Pension Committee and the Pension Board, including scheme member and employer representatives, whether voting members or not.
- all managers in the Council's Fund Management Team,
  - the Chief Finance Officer (Section 151 Officer),
  - the Chief Operating Officer, and
  - any other officer of East Sussex County Council who has responsibilities relating to the Fund, (from here on in collectively referred to as the officers for or of the Fund).
- all advisers and suppliers to the Fund, whether advising the Pension Board, Pension Committee or Fund officers.

The Head of Pensions 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.

In this Policy, reference to advisers includes all advisers, suppliers and other parties providing advice and services to the Council as the administering authority in relation to Fund matters. This includes but is not limited to actuaries, investment consultants, independent advisers, benefits consultants, third party administrators, shared service partners, 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, those individuals 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.

# Conflicts of Interest Policy – East Sussex Pension Fund

## 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. These are considered further below.

### **The Public Service Pensions Act 2013**

Section 5 of this Act requires that the scheme manager (in the case of the Fund, 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 (or nominated members) to provide reasonable information to the Administering Authority for this purpose.

The Act defines a conflict of interest as “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).”

Further, the Act requires that the Council as administering authority must have regard to any such guidance that the national LGPS Scheme Advisory Board may issue (see below).

### **The Local Government Pension Scheme Regulations 2013**

Regulation 108 of these Regulations applies the requirements of the Public Service Pensions Act (as outlined above) to the LGPS, placing a duty on the Council as 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.

Regulation 109 states that each administering authority must have regard to guidance issued by the Secretary of State in relation to local pension boards. Further, regulation 110 provides that the national LGPS Scheme Advisory Board has a function of providing advice to administering authorities and local pension boards. The LGPS Scheme Advisory Board issued guidance relating to the establishment of local pension boards, including a section on conflicts of interest. This Conflicts of Interest Policy has been developed having regard to that guidance.

### **The Pensions Act 2004**

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.

Further, under section 13, the Pensions Regulator can issue an improvement notice (i.e. a notice requiring steps to be taken to rectify a situation) where it is considered that the requirements relating to conflicts of interest for local pension board members are not being adhered to.

# Conflicts of Interest Policy – East Sussex Pension Fund

## 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

Chapter 7 of the Localism Act 2011 requires local authorities to produce a code of conduct for members. All members and co-opted members of the Pension Committee are required to register and declare 'disclosable pecuniary interests' and abide by the Council's Code of Conduct for Members. 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

# Conflicts of Interest Policy – East Sussex Pension Fund

## 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.

## Administering Authority Requirements

### Pension Committee Members

Committee Elected Members and co-opted members of East Sussex County Council are required to adhere to the [Council's Members' Code of Conduct](#) which, in Part 2 and 3, includes requirements in relation to the disclosure and management of personal and prejudicial interests.

### Pension Board Members

Pension Board members are required under (xxi) of the Board's terms of reference to adhere to the Members' Code of Conduct which, in Part 2 and 3, includes requirements in relation to the disclosure and management of personal and prejudicial interests.

### Officers

Officers of the Council are required to adhere to the Council's [Code of Conduct and Conflict of Interest Policy for Employees](#) 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 and suppliers

Advisers and suppliers to the Fund are required to sign up to the [Orbis Supplier Code of Conduct](#) as part of the tendering process for all East Sussex County Council services where the contract is not entered into through a Purchase Order. This Code of Conduct is published on the County Council's website. Even where the Code of Conduct is not expressly included, contracts will cover conflicts of interest. Suppliers are required to declare any conflicts of interest when quoting or submitting a tender for any contract. The terms of contracts for all advisers and suppliers of the Fund will also include specific requirements around conflicts of interest deemed necessary for this specialised type of service.

### 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 from an employer's or member's viewpoint must state this clearly, e.g. at a Pension Board or Pensions Committee meeting, and that this will be recorded in the minutes.



# Conflicts of Interest Policy – East Sussex Pension Fund

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

### General 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.

### Conflicts of interest for Pension Board and Pension Committee members

Conflict of interests as they apply to Pension Board and Pension Committee members are defined in the Members' Code of Conduct.

As well as the definition in the Code of Conduct, paragraph xxxvi of the terms of reference of the Pension Board states a conflict of interest is defined in the Public Service Pensions Act 2013 as: "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 Pension Board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme)."

### Conflicts of interest for Officers

The Council's Code of Conduct and Conflict of Interest Policy for Employees and defines personal interests in Section 8: Personal interests. Officers are also required to declare any outside commitments under Section 7 of the Code.

### Conflicts of interest for advisers and suppliers

The terms of contracts for all advisers and suppliers of the Fund will specify what constitutes a conflict of interest and how it will be managed.

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 Fund and on which advice is required or to a supplier or organisation providing services to the Fund. An adviser can only continue to advise the Council and another party where there is no conflict of interest in doing so.

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

# Conflicts of Interest Policy – East Sussex Pension Fund

## Areas of potential conflict that are specific to the LGPS

These are areas of potential conflict that the Scheme Advisory Board identifies as specific to the LGPS. They apply to Pension Committee and Pension Board Members, as well as officers, advisers and suppliers and are to be managed in the same way as other conflicts of interest under the relevant policy:

- Any commercial relationships between the administering authority or host authority 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.
- Contributions setting for the administering authority and other employers.
- Cross charging for services or shared resourcing between the administering authority and the fund.
- Dual role of the administering authority as owner and client of a pool.
- Local investment decisions.
- How the Fund appropriately responds to Council decisions or national policies on global issues such as climate change.
- How the Fund responds to public pressure or activism and lobbying.
- 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 finance cabinet should be disclosed.

Members of the Pension Board or Pension Committee would need to consider whether they have a personal interest and whether that is prejudicial or pecuniary under the **Members' Code of Conduct**.

Officers would need to consider whether any of the above conflicts of interest apply to Section 7 or Section 8 of the **Code of Conduct and Conflict of Interest Policy for Employees**.

Advisers and suppliers to the Fund also need to consider whether any of the above conflicts of interest apply to the conflict of interest policy in their contract with the Administering Authority.

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 the Administering Authority, and
- at the same time has:
  - a separate personal interest (financial or otherwise) or
  - another responsibility in relation to that matter,

giving rise to a possible conflict with their first responsibility. An interest could also arise due to a family member or close colleague having a specific responsibility or interest in a matter.

Some examples of potential conflicts of interest relating to the areas of conflict specific to the LGPS are included in Appendix I.

East Sussex County Council, as Administering Authority, will encourage a culture of openness and

## **Conflicts of Interest Policy – East Sussex Pension Fund**

transparency and will encourage individuals to be vigilant, have a clear understanding of their role and the circumstances in which they may have a conflict of interest.

East Sussex County Council will evaluate the nature of any 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.

It is noted that the Council acts both as the Administering Authority and as an Employer within the Fund. So it is possible this could give rise to potential conflicts. Where this is the case, such conflicts should be declared and where a person is acting under the remit of the Employer, rather than the Fund, this must be made clear. Where there is a dispute or negotiation between the Employer and Fund the same person cannot represent both sides. Should the person be representing the Council as Employer, they must not take any action which may cause, or be seen to cause, influence to be had on the decision making of the Fund.

### **Gifts and Hospitality**

The Members' Code of Conduct sets gifts and hospitality with worth estimated at over £50 as a personal interest under section 8 (3) (a) (iii).

Section 5 of the Code of Conduct and Conflict of Interest Policy for Employees forbids officers from the acceptance of any gifts other than those set out in 5.6. Section 6 sets out that officers should exercise caution in offering and accepting hospitality.

The suppliers code of conduct requires advisers and suppliers to maintain a gifts and hospitality register (relating to Council contracts) that is available on review.

### **Perceived conflicts of interest**

A perceived conflict of interest occurs when it appears that a conflict of interest may exist, even if that is not the case. For example, a committee member might be in a sports team that plays against opponents connected to a third party provider that goes on to tender to provide a service to the Fund; creating a perception that a social connection may have swayed the decision making process.

In this example there is a reputational risk that a decision maker may have been unduly influenced even though they may not have been aware of the situation and it was not relevant to the decision being made.

Where individuals are aware of a perceived conflict this must be declared. Where no conflict exists, this decision can be documented to mitigate the reputational risk.

### **Managing conflicts of interest**

#### **Managing conflicts of interest for members of the Pension Board and Pension Committee**

Section 9 of the Members' Code of Conduct sets out the requirements around Members disclosing an interest at a meeting of the authority at which any matter relating to the business is considered, including circumstances where they do not have to disclose an interest. Each agenda of the Pension Board and Pension Committee includes an agenda item seeking declarations of interest from members for all matters for discussion on the agenda.

## Conflicts of Interest Policy – East Sussex Pension Fund

Section 12 of the Members' Code of Conduct sets out the effect of prejudicial interests on participation at a meeting, including circumstances where they must withdraw from a meeting and where they may continue to attend a meeting but only for the purposes of making representations. Section 15 sets out dispensations to these restrictions. A Member declaring a personal, non-prejudicial interest would not be expected to take any action.

Section 13 of the Members' Code of Conduct deals with the requirement for Members to register in the register of members' interests all personal interests and personal interests that are also disclosable pecuniary interests.

Section 14 sets out the steps taken where a Member considers that the information relating to any of their personal interests is sensitive information, and the authority's Monitoring Officer agrees. Section 14 (3) states that "sensitive information" means information, the details of which, if disclosed, could lead to you or a person connected with you being subject to violence or intimidation.

Section xxxix of the Pension Board terms of reference requires Members of the Pension Board to provide, as and when requested by the Scheme Manager, such information as the Scheme Manager requires to identify all potential conflicts of interest and ensure that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest at appointment or whilst a member of the Pension Board.

### Managing conflicts of interest for officers

The [Code of Conduct and Conflict of Interest Policy for Employees](#) requires that all potential conflicts of interest must be declared before the activity commences or the issue arises. If an individual's circumstances change, it is their responsibility to immediately inform their manager and make a new declaration.

Annually, all staff will be reminded of the need to declare potential conflicts of interest and required to complete an annual form, including where a NIL return has been made in the previous declaration.

*Managing conflicts of interest for advisers and suppliers.*

In addition to the [Orbis Supplier Code of Conduct](#), the contract between the adviser and supplier and the Administering Authority will specify how conflicts of interest are managed. This will include all of the advisers and suppliers to the East Sussex 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, East Sussex County Council.

All advisers and suppliers 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 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 immediately should a potential or actual conflict of interest arise

# Conflicts of Interest Policy – East Sussex Pension Fund

## Fiduciary Duties

A "fiduciary" is a person or organisation who acts on behalf of another person or persons (the "beneficiaries") to manage their assets (or assets from which they are entitled to benefit). In the LGPS, the assets of a pension fund are owned solely by the authority, not by the beneficiaries. A fiduciary can therefore be an individual, a company or another body that has legal personality such as a public body. Essentially, a fiduciary owes to their beneficiaries the duties of good faith and trust.

The primary object of any fiduciary duties in a pension scheme are the beneficiaries of that scheme. The fundamental legal principle of fiduciary duty applies in respect of the ESPF in the same way as it applies in respect of any other funded occupational pension scheme – and breach of this duty can have serious consequences.

LGPS Administering Authorities are also subject to public law duties – and it is these duties which necessitate the delegation of decision-making in relation to LGPS Funds by the Administering Authority to its Pension Committee (members of which are both fiduciaries and subject to public law duties).

One important aspect of being a fiduciary is that the law requires fiduciaries to be scrupulous about conflicts of interest and potential conflicts of interest whether, in each case, those conflicts are actual or perceived.

The Pension Committee is subject to the statutory obligation to have political balance in their membership. Whilst all Pension Committee Members bring with them their own knowledge and experience, political views must form no part of the consideration of issues or of the decision-making process. Pension Committee members must act as fiduciaries, safeguarding the interests of those to whom they owe their duties – beneficiaries of the Fund.

Committee Members must take decisions in accordance with their public law obligations, including the obligations of reasonableness, rationality and impartiality.

The Pension Fund is ring-fenced and represents separate assets from the general assets of the authority and must be used for the sole purpose of paying pension benefits. When Committee Members are asked to make a decision on a matter affecting the Fund or its beneficiaries, they must always act as a fiduciary and must also keep in mind that the purpose behind ESCC having been given the statutory responsibility for administering the Fund is ultimately to pay pensions.

The members of the LGPS make contributions to the Scheme and their contributions are made in the course of doing their jobs. Members' pensions therefore represent deferred pay.

## Duties to Employer or Taxpayers

Although employers directly and taxpayers indirectly have contributed to the Fund, the relationship with employers and taxpayers is slightly different from the authority's relationship with the beneficiaries and gives rise to different legal considerations.

The purpose behind having ring-fenced pension funds in the LGPS is to enable the administering authority to meet its statutory obligations to pay pensions. It is not to enable LGPS employers (and

## Conflicts of Interest Policy – East Sussex Pension Fund

still less the general taxpayer) to finance those obligations themselves. The only party who can pay the benefits is the administering authority.

Unlike in a private sector trust scheme, employers in the LGPS are not potential beneficiaries of the scheme.

When an LGPS Fund sets the contribution rates payable to the Fund by employers, it does so on actuarial advice and has to do so by reference to "the requirement to secure the solvency of the pension fund and the long term cost efficiency...of the pension fund". This is the essential safeguard for both employers and taxpayers.

Administering authorities are permitted to take into account the views of any relevant parties they think are appropriate when setting their investment strategy statement and they are obliged to take investment advice before deciding on specific investments. However, the views of other parties, whether scheme employers, Fund beneficiaries or taxpayers, cannot supersede the ultimate obligation of the Committee to decide strategic investment matters itself.

As a matter of general public law, an authority should always ask itself the questions that a public body discharging the responsibilities of a Pension Committee would reasonably ask itself before taking a decision. That can include taking into account the views of third parties if they are relevant, but will certainly involve consideration of all relevant factors and disregarding irrelevant factors.

When a conflict arises between the interests of, for example, employers and Fund members, Committee Members have a primary duty to the Fund beneficiaries as the objects of their power to pay pensions. Authorities may take into account the interests of employers (but they are not obliged to do so) and they may only do so long as they do not conflict with the purpose of investing Fund money, which is ultimately to pay pensions.

### Investment conflicts

The Fund's Investment Strategy Statement, which is published on the Fund's website, cross references this policy. With respect to Stewardship, it is possible that actual or perceived conflicts of interest may arise through the normal course of business in relation to the execution of the Fund's Stewardship activity. The more it engages with managers and investee companies, vote at AGMs, vote on shareholder resolutions and engage or communicate with policy makers and governments in jurisdictions within which it invests, the greater the potential for conflicts of interest or the perception of them to arise. These conflicts relate to potential tensions between the Fund's fiduciary duties as asset owners on behalf of its members, its role as a public sector pensions service provider, the responsibility of East Sussex County Council as Administering authority and individual political or personal views of the Pension Committee members or officer team.

**The Fund's primary responsibility is to act in the interests of its beneficiaries, who are the members of the scheme on whose behalf we invest their pension contributions.** As a Stewardship Code signatory, the Fund is aligned and report against the 12 stewardship principles with the aim to enhance the quality of engagement between investors and companies to help improve long-term risk-adjusted returns to shareholders. The day-to-day delivery of the voting and engagement activity is delegated to the Investment Managers.

## Conflicts of Interest Policy – East Sussex Pension Fund

Where the investment is made through the ACCESS pool the Investment Managers will follow the ACCESS voting guidelines. From time to time the Fund responds to consultations from the UK government and UK regulators in relation to corporate governance and stewardship activity. This is part of the Fund's active stewardship priorities in supporting the efficient functioning of markets and promoting higher standards of corporate governance, reporting and transparency.

Engagements and representations will be in line with Fund policies and major consultation responses will be approved at the Committee level. The Fund will only partake in open letters to governments where these are researched and led by the Fund's collaborative partners where there is no political bias or conflict from the wider political pressure on the County Council as Administering Authority. There will be instances where the interests of the Fund's scheme employers, scheme members and wider County Council beliefs will diverge, in these instances when exercising our stewardship responsibilities only the interests of the Fund's beneficiaries will be taken into account in line with the Fund's fiduciary duties and under advice from its consultants or advisers.

# Conflicts of Interest Policy – East Sussex Pension Fund

## Reporting conflicts of interest

### Pension Committee Members

Section 13 of the Members' Code of Conduct requires Members and co-optees of East Sussex County Council to complete a registration of interests form within 28 days of election or appointment to officer (where that is later) containing details of personal and pecuniary interests.

A copy of the register of interest form is available on the Administering Authority's website and available to view on request.

Member Services officers will send an annual reminder to Members to review their registration of interests.

Any declarations of interest made at a Committee meeting will be recorded in the minutes.

### Pension Board Members

Pension Board members are required under (xxi) of the Board's terms of reference to adhere to the Members' Code of Conduct.

Section 13 of the Members' Code of Conduct requires Members and co-optees of East Sussex County Council to complete a registration of interests form within 28 days of election or appointment to officer (where that is later) containing details of personal and pecuniary interests.

A copy of the register of interest form is available to view on request.

Member Services officers will send an annual reminder to Board Members to review their registration of interests.

Any declarations of interest made at a Board meeting will be recorded in the minutes.

### Officers

Annually, all staff will be reminded of the need to declare potential conflicts of interest and required to complete an annual form, including where a NIL return has been made in the previous declaration.

The officers line manager/Assistant Director assess any declared conflicts and approve the declaration.

## Responsibility

The Council as the scheme administering authority manager for the Fund must be satisfied that conflicts of interest are appropriately managed. For this purpose, the Head of Pensions 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.



# Conflicts of Interest Policy – East Sussex Pension Fund

## 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 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 or the relevant codes of conduct referred to in 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
- A decision by an individual to disregard advice and be subject to formal action under the Localism Act 2011.

## Costs

All costs related to the operation and implementation of this Policy will be met directly by East Sussex 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 **25 September 2024** by the East Sussex Pension 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:

Sian Kunert  
Head of Pensions, East Sussex County Council  
E-mail - [sian.kunert@eastsussex.gov.uk](mailto:sian.kunert@eastsussex.gov.uk)

### Examples of situations where a conflict of interest may arise

a)	An employer representative on the Pensions Board may be required to consider a policy or covenant change which could result in an increase in employer costs by the employer he or she represents.
b)	A member of the Pension Committee is on the board of an Investment Manager that the Committee is considering appointing.
c)	A Pension Committee or Pensions Board member is a beneficiary of the East Sussex Pension fund and a discussion item as a result of legislative change could affect members benefits.
d)	A Pension Committee member's political party has a stance on a policy issue or other topic which is potentially in conflict with the Committee member's fiduciary duty when making investment decisions to generate the best risk adjusted financial return to ensure pensions can be paid in full over the long term and keeping employer contributions stable and sustainable.
e)	The Pension Committee are considering an investment which benefits the local economy but whose returns would not otherwise justify the investment to discharge duties to the Funds beneficiaries.
f)	An officer of the Pension Fund also has responsibilities within the administering authority or relating to a shared service initiative which provides services to the Fund, and which has objectives which are not fully aligned to that of the Fund.
g)	An employer representative on the Pension Board is employed by a company to which the Council has outsourced its pension administration services and the Pension Board is reviewing the standards of service provided by that company.
h)	The person appointed to consider internal disputes is asked to review a case relating to a close friend or relative.
i)	The Pension Fund is considering alternative supply of services currently provided by the Administering Authority. The Chief Finance Officer, who has responsibility for the Council budget, is expected to approve the report to go to the Pension Committee which, if agreed would result in a material reduction in the recharges to the Council from the Fund.
j)	Officers are asked to provide a report to the Pension Board or Pension Committee on whether the administration services should be outsourced which, if it were to happen could result in a change of employer or job insecurity for the officers.
k)	An employer representative appointed to the Pension Board to represent employers generally could be conflicted if he or she only serves to act in the interests of their own authority/organisation, rather than those of all participating employers. Equally, a member representative, who is also a trade union representative, appointed to the Pension Board to represent the entire scheme membership could be conflicted if he or she only acts in the interests of their union and union membership, rather than all scheme members.
l)	A Fund adviser is party to the development of a strategy which could result in additional work for his or her firm, for example, selection of new investment managers, providing assistance with monitoring the covenant of employers or where they are also advisers to the ACCESS Pool.
m)	An employer or employee representative has access to information by virtue of his or her employment, which could influence or inform the considerations of the Pension Board. He or she has to consider whether to share this information in light of their duty of

confidentiality to their employer. Their knowledge of this information will put them in a position of conflict if it is likely to prejudice their ability to carry out their functions as a member of the Pension Board.

- n) An officer of the Fund or member of the Pension Committee accepts a dinner invitation or gift from an Investment Manager who has submitted a bid as part of a tender process.