

# **Cumbria Pension Fund – Conflicts of Interest Policy**

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## **Introduction**

Conflicts of interest may exist for those with Local Government Pension Scheme (LGPS) administering authority responsibilities as well as for advisors to LGPS funds. This reflects the fact that many of those managing or advising LGPS funds will have a variety of other roles and responsibilities, for example, as an elected member of an employer participating in the LGPS or as an independent advisor to more than one LGPS administering authority, or an LGPS pooling company or as a member of the LGPS (including family member or other close associate).

Those responsible for the management and governance of the Pension Fund have a specific fiduciary duty to act in the interests of scheme members and scheme employers. This however does not preclude them from having other roles or responsibilities which may result in an actual or potential conflict of interest. This policy sets out the process for identifying, assessing and managing conflicts of interest in the governance and management of the Fund.

This policy has been written to ensure compliance with the requirements as set out in the Pension Regulator's General Code of Practice and will be reviewed at least every three years.

It should be noted that Cumberland Council and Westmorland and Furness Council have their respective Member Code of Conduct Policies and this Conflicts of Interest Policy for the Pension Fund should be recognised as being supplementary to those policies. Similarly, Officers of the Fund are also required to adhere to Westmorland & Furness Council's Officers' Code of Conduct as well as the details set out in this policy.

## **General Principles & Objectives**

This policy is intended to encourage a culture of openness and transparency in relation to the identification, recording and management of conflicts of interest.

The basic principle in relation to conflicts of interest is that a member of the Pensions Committee ("Committee") and Local Pension Board ("Board"), a Fund Officer or Advisor must not put themselves in a position where their personal, business or other interest results in them not complying, or being perceived not to comply with their fiduciary duty to the Fund.

It is also intended to provide assurance to the Fund's members, employers and wider stakeholders that any actual or potential conflicts are managed appropriately. The Pension Regulator's General Code of Practice outlines expectations on Pension Funds in regard to the identification and appropriate management of conflicts of interest. This policy has been written to ensure compliance with the requirements as set out in the General Code.

### **To whom this Policy applies**

This policy is applicable to:

- All members of Cumbria Pensions Committee;
- All members of Cumbria Local Pension Board;
- Senior Council officers in relation to their role in the governance and management of the Fund, including Westmorland and Furness Council's Director of Resources (Section 151 Officer), the Senior Manager (Deputy S151 Officer - Pensions), Group Finance Manager and Finance Managers of Cumbria Pension Fund, Chief Legal and Monitoring Officer or representative attending in an advisory capacity; and
- Independent advisors to the Fund

Collectively throughout this policy, those individuals to whom this policy relates are referred to as "applicable persons".

This policy does not apply to other advisors and suppliers to the Fund where separate contractual arrangements should be in place to manage potential conflicts. Where any conflicts of interest relating to Cumbria Pension Fund are identified by suppliers, it is a requirement that these are disclosed to the Fund. Such arrangements will be assessed as part of the tendering process for these contracts and reviewed throughout the term of the contract.

### **Exclusions for declaring conflicts of interest**

For the avoidance of doubt, specific declaration is not required for the following:

- membership of the Cumbria Pension Fund or other LGPS Fund as an active, deferred, pensioner or dependent member;
- the Director of Resources acting in their capacity as S151 Officer for Westmorland & Furness Council;

- the Director of Resources acting in their capacity as the administering authority's shareholder representative of Border to Coast Pensions Partnership Ltd;
- the Senior Manager acting in their capacity as Deputy S151 Officer - Pension Fund;
- the Chair of the Pensions Committee acting in their capacity as the Fund's representative on the Joint Committee of Border to Coast Pensions Partnership Ltd; or
- Trade Union representatives with a general fiduciary duty to both the members of their Union as well as to the members of the Pension Fund. It should be noted that any conflict arising relating to a specific case or individual should be declared and managed in the way outlined within this policy.

### **Identifying and Recording Conflicts**

The Fund will maintain its own register of interests. On appointment, applicable persons will be required to submit details of any registrable interests that may potentially give rise to a conflict with their role in the governance and management of the Fund. This register is separate from the register of interests that elected members are required to complete for their respective Council as detailed within their Council's Code of Conduct Policy.

Applicable persons will be required to submit an annual return confirming that their information contained in the register of interests remains correct and up to date.

Additionally, applicable persons are required to report to the Fund any lobbying from third parties affecting investment decisions and details of any gifts and hospitality received.

Declarations of interest is a standing item on the agenda of Committee and Board meetings. Where a member of the Committee or Board considers that they may have a conflict or a potential conflict of interest on any matter arising on the agenda, this should be stated under this declaration of interest agenda item. Declarations can also be made later in the meeting should a conflict not become apparent until an agenda item is discussed. Any declarations will be recorded in the minutes of those meetings.

Where a specific interest has been declared, the Administering Authority's Legal and Democratic Services representative advising the Committee or Board will advise the Chair on appropriate action to be undertaken as detailed in Section 6 of this policy.

If a conflict is identified outside a Committee or Board meeting, the Chair shall consult with the Administering Authority's Legal and Democratic Services team on any action to be taken. The conflict of interest and the action taken must be recorded.

It should be recognised that even if no actual conflict of interest exists it is important to guard against the perception among, for example, the Pensions Regulator, scheme members or members of the public that a real conflict of interest exists. If there is the possibility that a perceived conflict of interest may exist, it should be managed in the same way as a real conflict of interest.

### **Managing Conflicts of Interest**

Where a member of the Pensions Committee or Local Pension Board are aware in advance of a potential conflict of interest on an agenda item, advance notice should be given to the Administering Authority's Chief Legal and Monitoring Officer for consideration of the action to be taken.

Additionally, where the Chair of the Committee or Board is of the view that a potential conflict of interest may become an actual or perceived conflict in respect of one or more of its members, the Chair in consultation with the representative from Legal and Democratic Services must determine the appropriate mechanism for managing that conflict. The approach taken will depend on the nature and extent of the potential conflict.

If the conflict is likely to be persistent and ongoing in such a way that it is likely to limit a person's meaningful participation in the Committee or Board, that person should consider resigning from their position or may be removed from their role. Further details on this are given in the section on 'Dismissal from Role'.

### **Gifts and Hospitality**

Applicable persons should not accept gifts or hospitality, irrespective of estimated value, which could give rise to real or substantive personal gain or a reasonable suspicion of influence to show favour from persons seeking to acquire, develop or do business with the Pension Fund.

Applicable persons should exercise caution in accepting any gifts or hospitality which are (or which could reasonably be believed to be) offered because of an applicable persons role with the Pension Fund. The presumption should always be not to accept significant gifts or hospitality. However, there may be times when such a refusal may be difficult if it is seen as rudeness in which case this could be accepted it but must

ensure it is publicly registered. A gifts and hospitality register specific to the Pension Fund will be retained.

Any gift or hospitality received by an applicable person with an estimated value of at least £50 should be reported to the Senior Manager of the Pension Fund within 28 days of its receipt.

Similarly, applicable persons should report to the Senior Manager of the Pension Fund any gift or hospitality with an estimated value of at least £50 that has been offered but has been refused to accept.

It should be noted that this guidance on gifts and hospitality is in addition to the requirements to members of Cumberland Council and Westmorland & Furness Council through their respective Code of Conduct for Members. Similarly staff working for the Pension Fund are required to adhere to this guidance in addition to the requirements detailed in the Officer Code of Conduct of Westmorland & Furness Council.

If clarity is required as to the reporting requirements of gifts and hospitality, the administering authority's Chief Legal and Monitoring Officer should be contacted for guidance.

### **Dismissal from Role**

In exceptional cases it may be considered that an actual or potential conflict of interest is impractical to manage in the long-term governance of the Fund. In such cases the affected individual may be required to step down or removed from their respective role.

Where the Chair of the Committee is deemed to be so conflicted that their role becomes untenable, the Chief Legal & Monitoring Officer may, in consultation with the Leader of the Council and Chairman of the Council may determine that the Chair should be required to resign their role.

Where another member of the Committee is deemed to be so conflicted that their role becomes untenable, the Chief Legal & Monitoring Officer may, in consultation with the Leader and Chairman of the respective Council require that the member resign their membership of the Committee.

Where the Chair of the Board is considered to be so conflicted that their role becomes untenable, the Director of Finance (S151 Officer) may in consultation with the Chief Legal & Monitoring Officer terminate the contract of the Chair.

Where another member of the Board is considered to be so conflicted that their role becomes untenable, the Director of Finance (S151 Officer) may in consultation with the Chief Legal & Monitoring Officer require that the member resign from their role as a member of the Board.

### **Advisor and Officer Conflicts**

The Committee and Board will be supported and advised by officers of the Administering Authority in its day-to-day business. They may also receive advice from the Fund's independent advisors and other professional bodies as appropriate.

The Committee and Board must be confident that the advice received from officers and advisors is independent and truly in the best interests of the Fund. For this reason, officers and advisors giving advice must also declare any situation where a potential, perceived, or actual conflict exists, in order that it can be appropriately managed.

All Advisors will:

- be provided with a copy of this Policy on appointment and whenever it is updated,
- be required to confirm that they have read and understood the Policy and adhere to its principles
- be required to complete a declaration of interests form and update it and return to the Fund within 28 days of any amendment being required
- provide, on request, information to the Senior Manager of the Fund in relation to how they will manage actual or potential conflicts of interest relating to the provision of advice or services; and
- notify the Senior Manager of the Fund immediately should a potential or actual conflict of interest arise.

All potential or actual conflicts notified by advisors will be recorded in the Fund's register of interests.

Independent advisors to the Fund are appointed through an application process. Applicants will be requested to submit details of any potential conflicts of interest as part of the application process. This information will be referred to as part of the selection process but will only exclude applicants where conflicts of interests are considered to be unworkable for the Fund.

### **Local Pension Board**

The Pensions Regulator's General Code of Practice states that:

*The Scheme Manager must:*

- a. be satisfied that a prospective member of the Pension Board does not have a conflict of interest*
- b. remain satisfied that none of the members of the pension board has a conflict of interest*

*The Scheme Manager should:*

- a. circulate the register of interests and other relevant documents to the pension board for ongoing review*
- b. publish these documents (for example, on a scheme's website)*

The Fund notes that many issues could be argued as being a potential conflict of interest e.g. membership of certain organisations or employment within a scheme employer. Consequently, the Fund will comply with the spirit of the Code and ensure that any potential conflicts are appropriately managed rather than require exclusion from membership of the Board.

The three members representing scheme members and the one member representing employers other than Cumberland Council and Westmorland & Furness Council are appointed to the Local Pension Board through an application process. Applicants will be requested to submit details of any potential conflicts of interest as part of the application process to the Board. This information will be referred to as part of the selection process but will not necessarily exclude any potential applicants to the Board.

The Fund will ensure that the register of interests, declarations of interest and other relevant documents are circulated to the Pension Board for ongoing review but does not intend to publish these on the Fund website as these are not relevant to the operation of the Board.

Next policy review date: December 2027