

## **PENSIONS COMMITTEE**

**24 SEPTEMBER 2024**

<b>REPORT TITLE:</b>	<b>MERSEYSIDE PENSION FUND CONFLICT OF INTEREST POLICY</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF PENSIONS</b>

### **REPORT SUMMARY**

A key recommendation of the Scheme Advisory Board's (SAB) Good Governance Phase 3 Report was for every Local Government Pension Scheme (LGPS) Fund to produce and publish a conflicts of interest policy which includes details of how actual, potential and perceived conflicts are addressed within the governance of each Fund.

This report presents for approval, a draft conflict of interest policy for Merseyside Pension Fund.

The draft conflict of interest policy is contained within the appendix to this report

### **RECOMMENDATION/S**

The Pensions Committee be recommended to approve the conflict of interest policy for Merseyside Pension Fund.

## **SUPPORTING INFORMATION**

### **1.0 REASON/S FOR RECOMMENDATION**

- 1.1 To comply with the SAB recommendation for every LGPS Fund to produce and publish a conflict of interest policy and strengthen the governance arrangements at the Fund.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 The option to not produce a conflict of interest policy for the Fund was considered, however, it was concluded this would be against SAB recommendations and the objective to strengthen governance arrangements.

### **3.0 BACKGROUND INFORMATION**

- 3.1 Conflict of interests are interests that are likely to prejudice the way a person carries out their role.
- 3.2 In public service pension schemes, potential conflicts of interest need to be identified and managed to prevent actual conflicts of interests arising.
- 3.3 The Good Governance project was instigated by the SAB to examine the effectiveness of LGPS governance models and consider enhancements to further strengthen governance. After a procurement exercise, Hymans Robertson was appointed by the SAB in January 2019 to work alongside scheme stakeholders to identify best practice and propose beneficial changes to regulations or guidance.
- 3.4 One of the key objectives of the Good Governance Review was to consider how potential conflicts of interest manifest themselves within the current LGPS set up and to suggest how those potential conflicts can be managed to ensure that they do not become actual conflicts.
- 3.5 A key recommendation of the Scheme Advisory Board's Good Governance Phase 3 Report (final report) was for every Local Government Pension Fund to produce and publish a conflicts of interest policy which includes details of how actual, potential and perceived conflicts are addressed within the governance of each Fund.
- 3.6 Almost all LGPS funds, including MPF, are rooted in local authority law and practice, Pensions Committee and Senior Officers are subject to local authority member codes of conduct and must also comply with the Seven Principles of Public Life (often referred to as the Nolan Principles). Non-elected members sitting on committees and local pension boards are also subject to the same codes and principles.
- 3.7 There are, however, specific conflicts that can arise as a result of managing a pension fund within the local authority environment. The intention of the SAB recommendation is that all administering authorities publish a specific LGPS conflicts of interest policy. The policy should include information on how it

identifies, monitors and manages conflicts, including areas of potential conflict that are specific to the LGPS.

#### **4.0 FINANCIAL IMPLICATIONS**

4.1 There are none arising directly from this report.

#### **5.0 LEGAL IMPLICATIONS**

5.1 As set out in the appendix to this report.

#### **6.0 RESOURCE IMPLICATIONS: STAFFING; ICT AND ASSETS**

6.1 It is anticipated that the operation and monitoring of the conflict of interest policy can be accommodated within existing compliance arrangements.

#### **7.0 RELEVANT RISKS**

7.1 It is essential that the Fund maintains strong governance arrangements, with clear, documented policies and procedures. A lack of understanding in relation to conflicts of interest and decision making in respect of the Pension Fund, could lead to poor governance and poor decision making.

#### **8.0 ENGAGEMENT/CONSULTATION**

8.1 There has been no consultation undertaken or proposed for this report. There are no implications for partner organisations arising from this report.

#### **9.0 EQUALITY IMPLICATIONS**

9.1 The content and/or recommendation contained within this report have no direct implications for equality.

#### **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

10.1 There are no environmental or climate implications arising from this report.

#### **11.0 COMMUNITY WEALTH IMPLICATIONS**

11.1 The content and/or recommendation contained within this report have no direct implications for community wealth.

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#### **APPENDICES**

Conflict of Interest Policy for Merseyside Pension Fund

## **BACKGROUND PAPERS**

SAB Good Governance Phase 3 Report, February 2021  
The Pensions Regulator General Code of Practice, March 2024

## **TERMS OF REFERENCE**

This report is being considered by the Pensions Committee in accordance with Section D of its Terms of Reference:

(d) To monitor the Local Government Pension Scheme including the benefit regulations and payment of pensions and their day-to-day administration and to be responsible for any policy decisions relating to the administration of the scheme.

## **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>Pensions Committee</b>	