



Merseyside Pension Fund
Conflict of Interest Policy

Wirral Metropolitan Borough Council

As approved by Pensions Committee on **24 September 2024**

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1. Introduction

This is the Conflicts of Interest Policy of Merseyside Pension Fund (MPF/the Fund), administered by Wirral Council. This Policy sets out the process for identifying, monitoring and managing conflicts of interest in the governance and management of the Pension Fund.

Conflicts of interest have always existed for those with Local Government Pension Scheme (LGPS) administering authority responsibilities as well as 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 advisor to more than one LGPS administering authority. Further, any of those persons may have an individual, personal, business or other interest which might, or might be perceived to, conflict with their role managing or advising LGPS funds.

LGPS administering authorities have both fiduciary and public law duties to act in the best interest of both their LGPS beneficiaries and participating employers. This, however, does not preclude those involved in the management of the LGPS fund from having other roles or responsibilities which may result in an actual or potential conflict of interest.

2. Policy Statement

Wirral Council as the Administering Authority for Merseyside Pension Fund is committed to the highest standards of ethical conduct and integrity in its business activities. This Policy sets out the process for identifying, monitoring and managing conflicts of interest in the governance and management of the Fund. The policy sets out the Council's position if situations arise where an actual or perceived conflict arises in the operation and management of the Pension Fund.

This policy demonstrates Wirral Council's/the Fund's commitment to good governance, encouraging transparency and ensuring accountability in the management of the Fund through clear responsibilities and reporting.

3. Regulatory Background, Codes of Conduct and Guidance

The 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, codes of conduct and guidance. Further details are included in Appendix A.

All individuals to whom this policy applies are expected to comply with the requirements and principles as set out in Appendix A, which are integral to the successful implementation of this policy and the Fund achieving its governance objectives.

4. Scope of Policy

This policy applies to:

- All Pensions Committee Members,
- All Local Pension Board Members,
- Merseyside Pension Fund Senior Officers,
- Other Senior Officers of Wirral Council with a role in the management and operation of the Pension Fund,
- Advisors and Suppliers – providing services to the Administering Authority in relation to Pension Fund matters. This includes but is not limited to actuaries, investment consultants, independent advisors, fund managers, property advisors, legal advisors, custodians, and AVC providers.

All parties are required to familiarise themselves and comply with this policy and procedure, including any future updates that may be issued.

In accepting any role covered by this policy, individuals agree that they must:

- Acknowledge any potential conflict of interest they may have.
- Be open with the Fund on any conflicts of interest they may have.
- Adopt practical solutions to managing those conflicts, seeking advice from the named officer as required.
- Plan and agree with the Fund how any conflicts of interest may be managed.

5. Aims and Objectives

This policy, along with other constitutional documents of Wirral Council, for example Codes of Conduct for Officers and Members, aims:

- To ensure all individuals involved in the governance and management of the Fund act in the best interests of the Fund's members and employers.
- To meet the highest standards of good governance through demonstration of the key principles of accountability and transparency.
- Ensure robust governance arrangements are in place, to facilitate informed decision making, supported by appropriate advice, policies, and strategies.
- To ensure all individuals involved in the governance and management of the Fund act with integrity and be accountable to stakeholders for all decisions, ensuring they are robust, soundly based and do not unreasonably favour one group of stakeholders over another.
- To ensure that individuals involved in the governance and management of the Fund do not act improperly or create a perception that they may have acted improperly.

- To ensure the Fund complies with appropriate legislation, the Pension Regulator's Code of Practice and guidance.
- To ensure robust systems and processes, including clear records, for managing and mitigating conflicts (actual, perceived and potential) in the operation and management of the Fund.
- To provide guidance to the Fund's governing bodies and officers on how to manage conflicts.
- To embed a culture which supports transparency and the management and mitigation of the conflicts of interest.
- To provide assurances to the Fund's members, employers and stakeholders that conflicts are appropriately managed.

6. What is a Conflict or Potential Conflict?

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.

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, Merseyside Pension Fund 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 can also arise due to a family member or close associate having a specific responsibility or interest in a matter.

A key consideration is for individuals to consider whether they are subject to a conflict of interest which prevents them from acting entirely independently in their capacity as appointed for the Pension Fund.

Examples of potential conflicts of interest are included in Appendix B.

7. Operational Procedure

The following procedures must be followed by all individuals to whom this policy applies.

However, it should be noted that where individuals have constitutional and/or policy requirements to abide by; disclosure under this policy may be in addition to disclosures required elsewhere e.g. Council's Code of Conduct.

Wirral Council as the administering authority for the Merseyside Pension Fund must be satisfied that conflicts of interest are appropriately managed. For this purpose, the Director for Pensions is the designated individual for ensuring the procedure outlined below is carried out.

Where information relating to any potential or actual conflict has been received, the Director of Pensions may seek such advice as they require (such as legal advice from the Monitoring Officer) on how to address any identified issues.

What is required	How this will be done
<p>Step 1: Initial identification of interests which do or could give rise to a conflict.</p>	<p>It is the responsibility of individuals to identify if a conflict exists and to seek advice from the Director of Pensions or the Council’s Monitoring Officer (or their representative) if required.</p> <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 (including nil declarations).</p> <p>In addition: The Local Pension Board appointment process and procedures will require candidates to disclose interests on application.</p> <p>All declarations will be collated into the Pension Fund Conflicts of Interest Register and maintained by the Pension Fund.</p> <p>The Pension Fund register is a document that can be consulted when (or before) an issue arises, and so allows others to know what interests’ individuals have.</p> <p>The register protects individuals by demonstrating openness and a willingness to be held accountable.</p> <p>Clear records will be maintained by the Pension Fund to effectively manage and mitigate potential conflicts.</p>
<p>Step 2: Ongoing notification and management of potential or actual conflicts of interest.</p>	<p>It is the responsibility of individuals to keep their declarations of interest up to date.</p> <p>Declarations of interest will be a standing agenda item at the commencement of all Pensions Committee, Working Parties and Local Pension Board meetings and will be recorded in the minutes of those meetings.</p>

	<p>Any member who considers that they have a potential or actual conflict of interest, as defined by this Policy, which relates to an item of business at a meeting, must advise the Chair prior to the meeting, where possible, or state this clearly at the meeting at the earliest possible opportunity.</p> <p>An up-to-date register will be readily available to the Chair and the Director of Pensions before every meeting.</p> <p>Any elected member of the Committee or Board who declares an interest at the commencement of a Committee or Board meeting will act thereafter in accordance with the authority's Members' Code of Conduct.</p> <p>Any individual who outside meetings, considers that they have a potential or actual conflict of interest, as defined by this Policy, must notify the Director of Pensions.</p> <p>Any new interests declared will be recorded in the Pension Fund Register of Conflicts of Interests.</p> <p><u>Managing Conflicts</u> Where a potential conflict of interest on an agenda item is identified, advice may be sought from the Monitoring Officer (or their representative) who will provide guidance regarding the individual's participation in the relevant discussion and vote based on the available information.</p> <p>The ways in which such conflicts of interest may be managed include:</p> <ul style="list-style-type: none"> • 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 or • A working group or subcommittee being established, excluding the individual concerned, to consider the matter outside of the formal meeting (terms of reference permitting) <p>If an actual or potential conflict of interest is identified outside a meeting, the Director of</p>
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	<p>Pensions will consult with the Monitoring Officer (or their representative) to consider any necessary action.</p> <p>Provided that the Monitoring Officer is satisfied that the method of management is satisfactory, Merseyside Pension Fund will endeavour to avoid the need for an individual to have to resign due to a conflict of interest.</p>
<p>Step 3: Monitoring of potential and actual conflicts.</p>	<p>Annual reviews will be undertaken, requiring all individuals covered by this policy to complete a new declaration of interest form confirming that their information held in the Pension Fund Conflicts of Interests Register is correct or highlighting any necessary changes.</p> <p>An annual report of conflicts of interest, including an assessment of the effectiveness of this policy will be presented to the Governance & Risk Working Party.</p> <p>The Fund's Conflicts of Interest Register may be viewed by any interested party at any point in time. It will be made available on requests made to the Director of Pensions.</p>

A 'sensitive interest' is an interest which, if disclosed, could lead to the Member, or a person connected with the Member, being subject to violence or intimidation.

Where you have a 'sensitive interest' you must notify the Director of Pensions with the reasons why you believe it is a sensitive interest. If the Director of Pensions (in consultation with the Monitoring Officer) agrees they will withhold the interest from the public register.

Supplier and Advisor Conflict of Interests

All of the key advisers to Merseyside Pension Fund are 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 the Administering Authority, Wirral Council.

Although this Policy applies to all suppliers and advisers, the operational procedures outlined in section 7 above relating to completing ongoing declarations are not expected to apply to suppliers/advisers. Instead, all advisers must:

- Supply a copy of their Conflict of Interest Policy during the procurement process – the Fund's procurement processes and procedures will require

bidders to submit for appraisal, their Conflict of Interest Policy and how they will manage potential, perceived and actual conflict of interests.

- 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 Director for Pensions in relation to how they will manage and monitor actual or potential conflicts of interests relating to the provision of advice or services to Wirral Council as Administering Authority.
- Notify the Director for Pensions immediately should a potential or actual conflict of interest arise.
- 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 suppliers and advisers will be recorded in the Fund's Conflicts of Interest Register.

8. Gifts and Hospitality

All Members of Pension Committee, Working Parties and Local Pension Board are required to comply with the [Members' Code of Conduct](#) for gifts and hospitality.

All Officers are required to comply with the [Officers' Code of Conduct](#), [the Gifts and Hospitality Policy](#) and [Procedures](#). As detailed within the gifts and hospitality procedures, Pension Fund Officers are subject to Pension Fund guidance as set out in its Compliance Manual (for the latest version please refer to the Compliance Function at the Pension Fund).

9. Effective Date & Review

This policy is effective from date of approval.

The policy will be reviewed annually and any significant changes reported to Pensions Committee for approval.

Regulatory Background, Codes of Conduct and Guidance

The Public Service Act 2013 Section 5 (4)

The Regulations place a duty on the Administering Authority to satisfy itself that those appointed to its Local Pension Board do not have an actual conflict of interest prior to appointment and “from time to time” thereafter. It also requires Pension Board members to provide reasonable information to the Administering Authority for this purpose.

To comply with its duty in relation to conflicts, the Administering Authority needs to put procedures in place in respect of the appointment of members and establish policies to be included in the Board’s constitution to ensure that interests are declared, potential conflicts are identified and members of the Board are trained and receive advice on conflicts. In doing so, the Administering Authority may wish to delegate its duty in relation to conflicts to a particular officer or officers, for example, the monitoring officer.

This Act requires that the Council as administering authority must have regard to any such guidance that the national LGPS SAB may issue.

LGPS SAB

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.

The LGPS 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 each 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 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 (LPB).

Further, regulation 110 provides that the national Scheme Advisory Board has a function of providing advice to Administering Authorities and Local Pension Boards. The LGPS National Scheme Advisory Board issued guidance relating to the establishment of Local Pension Boards including a section on conflicts of interest. This Conflict of Interest Policy has been developed having regard to that guidance.

The Pensions Act 2004

Section 90A of the Pension Act 2004 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 Conflict 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 Pension Board Members are not being adhered to.

The Pension Regulators Code of Practice

The Pensions Regulator provides comprehensive guidance on conflicts of interest. This includes legal requirements, practical guidance, managing potential conflicts of interest and identifying, monitoring and managing potential conflicts.

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 advisers 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.

Localism Act 2011

All members and co-opted members of the Pensions Committee and the Working Parties are required by the Localism Act 2011 to register and declare 'disclosable pecuniary interests' and abide by the [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; and
- 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.

The principles are as follows:

- **Selflessness** - holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends
- **Integrity** - holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.
- **Objectivity** - in carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
- **Accountability** – holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
- **Openness** - holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands it.
- **Honesty** - holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
- **Leadership** - holders of public office should promote and support these principles by leadership and example.

Administering Authority Structure and Requirements

Pension Committee Members:

It is a requirement of the [Members Code of Conduct](#) to register and disclose interests, Appendix B of the Members Code of Conduct sets out the detailed provisions on registering and disclosing interests. If in doubt, Members should always seek advice from the Monitoring Officer.

Local Pension Board Members:

It is a requirement of the [Local Pension Board's Terms of Reference](#), to follow the principles included in the Council's [Code of Conduct for Members](#) set out in the Constitution of the Council. Conflicts of interest shall be managed taking account of the requirements set out in the Council's constitution, best practice defined in the Scheme Advisory Board's statutory guidance and the Pension Regulator's Code of Practice.

Declaration of interests are also a standing agenda item for Pensions Committee, Working Parties, and the Local Pensions Board.

Officers:

It is a requirement of the [Officers Code of Conduct](#) to register and disclose interests, the Officer Code of Conduct links to the detailed provisions on registering and disclosing interests as set out in the [conflict of interest policy](#) and [procedures](#). If in doubt, Officers should always seek advice from their Line Manager and/or from the Monitoring Officer.

The Management of Merseyside Pension Fund

To support strong governance and manage and mitigate conflicts of Interest the Fund has:

- A designated senior officer responsible for managing the Pension Fund, this officer is the Director of Pensions.
- Designated Pension Fund team.
- Clear governance documents, including a Funding Strategy Statement, Pension Administration Strategy, Investment Strategy Statement, Governance Policy Statement and Training Policy & Programme prepared by designated pension fund employees.
- A separate Pension Fund's budget to Wirral Council.
- Ensuring actual and potential conflicts of interest are considered during procurement processes.

Advisors and Suppliers

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 organisation which is involved in a transaction involving the Merseyside Pension Fund and on which advice is required or to a supplier or organisation providing services to the Merseyside 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.

Advisors and Suppliers Regulatory Requirements (not exhaustive)

FCA requirements (SYSC 4 & 10) – establishing effective frameworks to identify and control conflicts of interest.

Markets in Financial Instruments Directive (MiFID) sets out actions for the purposes of managing conflicts of interests.

Advisors 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 Administering Authority in relation to conflicts of interest, whether as a requirement of a professional body or otherwise, should be read in conjunction with this Policy.

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Examples of Pension Related Potential Conflicts of Interest

The Scheme Advisory Board highlights the following areas of potential conflict that are specific to the LGPS:

- 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 wholly owned by the Council, which do not relate to Pension Fund operations.
- Contribution 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 an owner and client of a pool
- Local investment decisions.
- 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.

Below are some further examples of potential or actual conflicts of interest which could arise, or be perceived to arise, in relation to public service pension schemes. These will depend on the precise role, responsibilities and duties of the individuals. The examples provided are for illustrative purposes only and are not exhaustive. They should not be relied upon as a substitute for the exercise of judgement based on the principles set out in this policy.

- 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.
- A member of the Pensions Committee is on the board of a participating employer in the Pension Fund and Pensions Committee is considering a report on covenants that include this employer.
- An Employer representative on the Local Pension Board is employed by a company which also supplies services to the Administering Authority and the Local Pension Board is reviewing the standards of service provided by that company.

- A member of the Pensions Committee is on the board of, or has a local Ward interest in, an Investment the Fund is considering.
- A member of the Pensions Committee is on the board of, or has a local Ward interest in, an Investment Manager the Fund is considering appointing in an investment fund.
- The person appointed to consider internal disputes is asked to review a case relating to a close friend or relative.
- A member representative, who is also a trade union representative, appointed to the Local Pension Board to represent the entire scheme membership could be conflicted if they only act in the interests of their union and union membership, rather than in the interests of all scheme members.
- 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.
- A member representative, who is also an employee of a participating employer, is asked to review a proposal that would help to improve standards of record-keeping in the scheme, but it would mean outsourcing an activity that is currently being undertaken in-house by their employer.
- An employer representative, who is also a Finance Officer, may be required as a member of the Local Pension Board to review a decision which involves the use of additional departmental resources to improve scheme administration, whilst at the same time being tasked, by virtue of their employment, with reducing departmental spending.
- A Pension Board Member, who is also a scheme adviser, may recommend the services or products of a related party for which they might derive some form of benefit, resulting in them not providing, or not being seen to provide, independent advice or services.
- The Administering Authority is considering buying its own payroll system for paying pensions, rather than using the payroll system used for all employees of the Council. The Director of Finance, who is responsible for the budget of the Council, is expected to approve the report to go to the Pensions Committee which, if agreed, would result in a material reduction in the recharges to the Council from the Fund.
- A Fund adviser is party to the development of a strategy which could result in additional work for his/her firm, for example delegating due diligence on fund investments.

- Officers of the Fund are asked to provide a report to the Pension Board or Pension Fund 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.

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Merseyside Pension Fund
Castle Chambers
43 Castle Street
Liverpool
L2 9SH

Telephone:

0151 242 1390

Email:

mpfadmin@wirral.gov.uk

Members' Website

mpfmembers.org.uk

Employers' Website

mpfemployers.org.uk

Opening Times:

Mon. to Fri. 9am - 5pm



Administering Authority
Wirral Borough Council