

BEDFORDSHIRE PENSION BOARD

CODE OF CONDUCT & CONFLICT OF INTEREST POLICY

I. Code of Conduct

- i. As members of a publicly funded body with a responsibility to discharge public business, members of the Bedfordshire Pension Board should have the highest standards of conduct.
- ii. Pension Board members should have regard to the Seven Principles of Public life:
 - **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 material 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.
 - **Honesty** - Holders of public office have a duty to declare any private interest 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, and should act in a way that secures or preserves public confidence.

- iii. All Bedfordshire Pension Board members must undertake to act in accordance with the following:
- You must act solely in the public interest and should never improperly confer an advantage or disadvantage on any person or act to gain financial or other material benefits for yourself, your family, a friend or close associate.
 - You must not place yourself under a financial or other obligation to outside individuals or organisations that might seek to influence you in the performance of your official duties.
 - You must make all choices on merit and must be impartial and seen to be impartial, when carrying out your public duties.
 - You must co-operate fully with whatever scrutiny is appropriate to your role.
 - You will on occasions be privy to confidential and sensitive information, such as personal information about someone, or commercially sensitive information which, if disclosed, might harm the commercial interests of the Council or another person or organisation. This information must not be revealed without proper authority.
 - You must, when using or authorising the use by others of the resources of your authority, ensure that such resources are not used improperly for political purposes (including party political purposes) and you must have regard to any applicable Local Authority Code of Publicity made under the Local Government Act 1986.
 - You must promote and support high standards of conduct when serving in your public post, in particular as characterised by the above requirements, by leadership and example.
 - You will sign adherence to the Conflict of Interest Declaration and declare any further potential conflicts of interest that may arise once appointed as a member.
 - You should comply with the Bedfordshire Pension Board Code in addition to existing compliance with the Member or Officer Code of Conduct.

II. Conflict of interest

- i. The Public Service Pensions Act 2013, Section 5(4) requires that any member of a Pension Board must not have a “conflict of interest”, which is defined in Section 5(5) 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.” The Local Government Pension Scheme Regulations 2013 (the 2013 Regulations) have been amended accordingly. This policy sets out the principles which members of the Bedfordshire Pension Board are expected to follow in order to fulfil their legal obligations under the 2013 Act in identifying, monitoring and managing potential, actual or perceived conflicts of interest.
- ii. A conflict of interest exists where there is a divergence between the individual interests of a person and their responsibility towards the Bedfordshire Pension Board, such that it might be reasonably questioned whether the actions or decisions of that person are influenced by their own interests. A conflict of interest would prejudice an individual’s ability to perform their duties and responsibilities towards the Pension Board in an objective way. Examples of potential conflicts of interest, not only for the Board members but also for all those officers involved in managing the Pension Fund, are listed at **Annex A**.
- iii. The key issue for a Board member is to consider whether they are subject to a conflict of interest which prevents them from acting entirely independently in their capacity as a Board member. It is recognised from time to time, a person may have interests or responsibilities which are not aligned with their responsibilities as a Board member, but these do not prevent the person from fulfilling their responsibilities as a Board member. This situation may occur when the separate interest is sufficiently immaterial and so does not conflict with the Board member’s first obligation to the Board.
- iv. All prospective Pension Board members are required to complete the Bedfordshire Pension Board Conflict of interest declaration before they are appointed to the Pension Board, attached at **Annex B**.
- v. All appointments to the Pension Board should be kept under review by the Assistant Chief Executive & Chief Finance Officer
- vi. It is the duty of any appointed Pension Board member to declare any potential conflict of interest. This declaration should be made to the Chair of the Bedfordshire Pension Board in the first instance or to the Scheme Manager, and recorded in a register of interests.
- vii. The Pension Board shall identify and monitor any potential conflict of interests in a register of interests (attached at **Annex C**). The register of interests should be circulated to the Bedfordshire Pension Board and Scheme Manager for review and publication.

- viii. If the Pension Board suspects any conflict of interest it should report its concerns to the Scheme Manager.
- ix. When seeking to prevent a potential conflict of interest becoming detrimental to the conduct and decisions of the Pension Board, the Bedfordshire Pension Board should consider obtaining legal advice when assessing its course of action and response. The Bedfordshire Pension Board may wish to consult the Assistant Chief Executive (Governance and HR) in the first instance.
- x. Education on identifying and dealing with conflicts of interest will be included as part of the training requirement in the Knowledge and Understanding policy.

III. Managing Conflicts of Interest

- i. In the event that the 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 Board must determine the appropriate mechanism for managing that conflict. The approach taken will depend on the nature and extent of the potential conflict. Some possible methods for the management of potential conflicts are given below:
 - Requiring that the Board member for whom the conflict exists takes no part in discussions or votes in respect of the matter for which they are conflicted, or leave the meeting;
 - If practical, the Board member may relinquish or divest themselves of a personal interest which is the source of a conflict of interest with their Board responsibilities;
 - If the conflict is likely to be persistent and continue in such a way that it is likely to limit a Board member's meaningful participation in the Board, that member should consider resigning from their position.
- ii. The Administering Authority may remove any Board member where it considers there is an actual or potential conflict of interest which is impractical to manage.

IV. Perceived Conflicts of Interest

- i. Board members should be aware that even if no actual conflict of interest exists, it is important to guard against the perception among, for example, Scheme members, the Pensions Regulator, elected members or the general public that a real conflict of interest exists.
- ii. If there is the possibility that a perceived conflict of interest may exist, it should be managed by the Board in the same way as a real conflict of interest.

V. Confidential Information

- i. A Board member may, by virtue of their employment by an employing authority within the Bedfordshire Pension Fund, have access to confidential information about their employer.. A Board member is not obliged to reveal this meeting as part of their role on the Board. However if an affected member considers that the information to which they are part may:
 1. Adversely affect the Bedfordshire Pension Fund or an employer within the Fund
 2. Reasonably cause the Board to interpret a decision by the Pension Committee differently or act in a different way were it to be known at the time and
 3. The information will not be made available to the Board through some other means within such time as the Board is able to fully act on itThat Board member shall withdraw from all discussion in relation to that issue and notify the Board that a conflict of interests exists. The detail of the conflict need not be disclosed
- ii. An example of this may occur where a Board member is aware of legally confidential negotiations around, for example, the takeover of a Bedfordshire Pension Fund employer which may radically alter that business and have a corresponding effect on its participation in the Fund or the size of its liabilities.

VI. Adviser and Officer Conflicts

- i. The Board will be supported and advised by officers of the Fund in its day to day business. Similarly the Board may, if appropriate, seek independent or professional advice, for example legal advice or governance advice.
- ii. The Board must be confident that the advice it receives from officers and advisers is independent and truly in the best interests of the Fund. For this reason officers and advisers giving advice to the Board must also declare any situation where a potential, perceived or actual conflict exists, in order that it can be appropriately managed.

VII. Alleged breaches of the Code of Conduct and conflict of interest policy

- i. A process for dealing with the consideration of any alleged breaches, to include any sanctions to be applied, will be agreed by the Scheme Manager and the Bedfordshire Pension Board.

Examples of Potential Conflicts of Interest

- a) An elected member on the Pension Committee is asked to provide views on a funding strategy which could result in an increase in the employer contributions required from the employer he or she represents.
- b) A member of the Pension Committee is on the board of a Fund Manager that the Committee is considering appointing
- c) An officer of the Fund or member of the Pension Committee accepts a dinner invitation from a Fund Manager who has submitted a bid as part of a tender process.
- d) An employer representative on the Pension Board is employed by a company to which the administering authority has outsourced its pension administration services and the Local Pension Board is reviewing the standards of service provided by that company.
- e) The person appointed to consider internal disputes is asked to review a case relating to a close friend or relative
- f) An officer of the Fund is asked to provide guidance to the Local Pension Board on the background to an item considered at the Pension Committee. This could be a potential conflict as the officer could consciously or subconsciously avoid providing full details, resulting in the Board not having full information and not being able to provide a complete view on the appropriateness or otherwise of that Pension Committee item.
- g) The administering authority is considering buying its own payroll system for paying pensioners, rather than using the payroll system used for all employees of the Council. The Assistant Chief Executive & 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.
- h) Officers of the Fund 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.
- i) An employer representative employed by the administering authority and appointed to the Pension Board to represent employers generally could be conflicted if he or she only acts in the interests of the administering authority, 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.
- j) A Fund adviser is party to the development of a strategy which could result in additional work for their firm, for example, delegated consulting of fund monies or providing assistance with monitoring the covenant of employers.
- k) An employer representative has access to information by virtue of his or her employment, which could influence or inform the considerations or decisions of the Pension Committee or Local 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.

- l) An officer of the Fund is asked to provide guidance to the Local Pension Board on the background to an item considered at the Pensions Committee. This could be a potential conflict as the officer could consciously or subconsciously avoid providing full details, resulting in the Local Pension Board not having full information and not being able to provide a complete view on the appropriateness or otherwise of that Pensions Committee item.
- m) An officer may be required as a member of the Local Pension Board to review a decision which involves the use of departmental resources to improve scheme administration, whilst at the same time being tasked, by virtue of their employment, with reducing departmental spending.
- n) A member representative who works in the Administering Authority's internal audit department may be required as part of his work to audit the Fund. For example, the employee may become aware of confidential breaches of law by the Fund which have not yet been brought to the attention of the Local Pension Board.
- o) An employer representative from the private sector may also have a conflict of interest as a decision maker in their own workplace. For example, if an employer representative is drawn from a company to which the Administering Authority has outsourced its pension administration services and the Local Pension Board are reviewing the standards of service provided by it.
- p) A Local Pension Board member may make or scrutinise a decision which requires the use of greater employer resource in order to improve the administration and efficiency of the Bedfordshire Pension Fund. However, at the same time they may be facing departmental pressure to cut budgets and spend less on pension administration matters.
- q) A representative on the Local Pension Board holds shares in a company that provides outsourced pension administration services as part of a varied portfolio. The shares are valued at a few hundred pounds and the company's value is many tens of millions. The Local Pension Board is reviewing the decision to outsource the Fund's administration staff to that company. In this case the Local Pension Board may consider that on grounds of materiality, no conflict of interest exists. The Local Pension Board is not responsible for the decision and the impact of the outsourcing will have no effect on the company's share price. The Local Pension Board member in question should, however, still declare their interest.

Declaration of Interests relating to the management of Bedfordshire Pension Fund administered by Bedford Borough Council

I,[insert full name], am:

Tick as appropriate

- an officer involved in the management
- Pension Board Member

of Bedfordshire Pension Fund and I set out below under the appropriate headings my interests, which I am required to declare under Bedfordshire Pension Fund Conflict of Interest Policy. I have put “none” where I have no such interests under any heading.

1. Employment, office, trade, profession or vocation

You should disclose any employment, office (eg Director or trustee), trade, profession or vocation carried on whether or not for profit or gain, including the name or address of the employer/appointor.

Relating to me

Spouse/Civil Partner/Cohabitee

2. Contracts

You should detail any current contract under which goods or services are to be provided or works are to be executed and where any other party to the contract may be affected by the work of the Board.

Relating to me

Spouse/Civil Partner/Cohabitee

3. Securities

You should detail any beneficial interest in securities which may be a Relevant Interest where either the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital, or one hundredth of the total issued share capital of any class of shares issued.

Relating to me

Spouse/Civil Partner/Cohabitee

4. Disclosure of Gifts and Hospitality

You should reveal the name of any person from whom you have received a gift or hospitality with an estimated value of at least £50 which you have received in your capacity as a member of the Board.

Date of receipt of Gift/Hospitality	Name of Donor	<i>Reason and Nature of Gift/Hospitality</i>

5. Other Interests which may be Relevant Interests under the Committee’s Conflict of Interest Policy

Relating to me

Spouse/Civil Partner/Cohabitee

6. Changes to Registered Interests

I understand that I must notify the Board Secretary at the earliest opportunity of any changes or additions to my Relevant Interests.

Undertaking: I declare that I understand my responsibilities under the Bedfordshire Pension Fund Conflicts of Interest Policy. I undertake to notify the Head of Pensions of any changes in the information set out above.

Signed _____ Date _____
Name (CAPITAL LETTERS) _____

Bedfordshire Pension Board - Register of Potential and Actual Conflicts of Interest

All reported conflicts of interest will be recorded in the minutes and a register of conflicts will be maintained and reviewed annually by Bedford Borough Council, the Administering Authority.

Date Identified	Name of Person	Role of Person	Details of Conflict	Actual or Potential	How notified (i)	Action Taken (ii)	Follow Up Required	Date Resolved

(i) E.g. Verbal declaration at meeting, written conflicts declaration, etc.

(ii) E.g. Withdrawing from a decision making process, left meeting, etc.