

LOCAL PENSION BOARD OF GREATER MANCHESTER COMBINED AUTHORITY FIREFIGHTER'S PENSION SCHEMES

CONFLICT OF INTEREST POLICY

Introduction

There is a requirement for Local Pension Board (LPB) members not to have a conflict of interest. However, it is important to note that the issue of conflicts of interest must be considered in the light of the LPB's role in assisting the Scheme Manager (Greater Manchester Combined Authority) in securing compliance with the Firefighter's Pension Scheme regulations.

The LPB does not make decisions in relation to the Firefighter's Pension Schemes and, therefore, it is not anticipated that significant conflicts will arise. Nevertheless, this Policy has been drafted to assist in the effective identification, monitoring and management of conflicts of interest. This policy sets out to meet the requirements that specifically apply by virtue of the Public Service Pensions Act 2013 and the standards of conduct and practice as set out in its Code of Practice.

There are various legal requirements, which need to be considered to make sure that sound governance principles are followed, and in particular that conflicts of interest are properly managed.

These include:

1. Section 5(5)13 of the 2013 Act¹⁴, which defines "conflict of interest" for the purpose of a Local Pension Board;
2. Regulation 4C15 of the Regulations, which places duties on the Scheme Manager to satisfy itself that Local Pension Board members do not have conflicts of interest on appointment or whilst they are members of the Board;
3. The 2011 Act, which requires councillors to comply with the code of conduct of their local authority and any code of Conduct of the Authority to disclose interests;
4. The 'Nolan Principles'¹⁶, with which any holder of public office is also expected to comply; and
5. The expectations contained in the Regulator's Code of Practice.

Identifying conflicts of interest

The Public Service Pensions Act 2013 ("the 2013 Act") requires that any member of a pension board must not have a conflict of interest, which is defined 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)." (Section 5(5) of the 2013 Act).

A conflict of interest may arise when a member of a Local Pension Board:

- must fulfil their legal duty to assist the Scheme Manager and,
- at the same time they have:
 - o a separate personal interest (financial or otherwise) or
 - o another responsibility in relation to that matter,

giving rise to a possible conflict with their first responsibility as a Local Pension Board member.

Monitoring and managing potential conflicts of interest

In order for the Scheme Manager to fulfil its obligation to ensure the LPB members do not have a conflict of interest, the LPB must include an item on conflicts of interest at each meeting and in its Annual Report.

The LPB is required to maintain a written register of dual interests and responsibilities, which have the potential to become conflicts of interest, which may adversely affect members or advisers' suitability for the role. Each member (as well as any attendees participating in the meeting) will be expected to declare, on appointment and at each meeting, any matter which may lead to conflicts of interest. Such a conflict could be in relation to a general subject area or to a specific agenda item of a LPB meeting.

The Chair of the LPB must be satisfied that the LPB is acting within:

- the conflicts of interest requirements of the Public Service Pensions Act 2013 and the pension scheme regulations; and
- in the spirit of any national guidance or code of practice in relation to conflicts of interest for LPB members

Each LPB member, or a person proposed to be appointed to the LPB (as well as any attendees participating in the meeting) must provide the Chair of the LPB with such information, as he or she reasonably requires for the purposes of demonstrating that there is no conflict of interest.

LPB members are required to have a clear understanding of their role and the circumstances in which they may find themselves in a position of conflict of interest, and should know how potential conflicts should be managed.

The LPB is required to evaluate the nature of any dual interests and responsibilities, assess the impact on operations and governance were a conflict of interest to materialise and seek to prevent a potential conflict of interest becoming detrimental to the conduct or decisions of the LPB.

Individual members of the LPB must know how to identify when they have a conflict of interest which needs to be declared and which may also restrict their ability to participate in meetings or decision-making. They also need to appreciate that they have a legal duty under the Regulations to provide information to the Scheme Manager in respect of conflicts of interest.

Where an actual conflict of interest arises, one of the following options will be pursued:

- a) the member withdraws from the discussion and any decision-making process on the relevant item(s); or
- b) the member resigns from the LPB if the conflict is so fundamental that it cannot be managed in any other way.

Example of a Conflict of Interest

A finance officer appointed as a member of a Local Pension Board may, from time to time, be required to scrutinise a decision which may be, or appear to be, in opposition to another interest or responsibility. For example, they may be required as a member of the LPB to take or scrutinise 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.

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DECLARATION OF INTERESTS

Section 5(4) of the Public Service Pensions Act 2013 (PSPA 2013) required that any member of the pensions board must not have a conflict of interest i.e. a 'financial or other interest which is likely to prejudice the person's exercise of functions as a member of the board' (this does not include a financial or other interest arising merely by virtue of being a member of any of the Firefighter's Pension Schemes).

A conflict of interest exists where there is a divergence between the individual interests of a person and their responsibility toward the Pensions Board, such that it may be reasonably questioned whether the actions or decisions of that person are influenced by their own interests. Such a conflict would prejudice an individual's ability to perform their duties and responsibilities towards the Pension Board in an objective way.

The Conflict of Interest Policy for Pension Board members provides further guidance, which pension board members are advised to refer to before completing this Declaration.

All Pension Board members must complete and return this Declaration of Interests form to the Governance and Scrutiny Officer who will keep a register of declarations, which will be reviewed and monitored by the Scheme Manager.