



HAMPSHIRE
PENSION FUND

Hampshire Pension Fund (HPF)

Conflicts of
Interest Policy



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Conflicts of Interest Policy

Introduction

1. The potential for conflicts of interest has always existed for those with Local Government Pension Scheme (LGPS) administering authority responsibilities as well as for advisers to LGPS funds. This simply reflects the fact that many of those managing or advising LGPS funds will have a variety of other roles and responsibilities, for example, as a member of the scheme, as an elected member of an employer participating in the LGPS or as an adviser to more than one LGPS administering authority. Further, any of those persons may have an individual personal, business or other interest which might conflict, or be perceived to conflict, with their role managing or advising LGPS funds.
2. It is generally accepted that LGPS administering authorities have both fiduciary and public law duties to act in the best interest of both the scheme beneficiaries and participating employers. This, however, does not preclude those involved in the management of the Fund from having other roles or responsibilities which may result in an actual or potential conflict of interest. Accordingly, it is good practice to document within a policy, such as this, how any such conflicts or potential conflicts are to be managed.

3. This is the Conflict-of-Interest Policy of the Hampshire Pension Fund, which is managed and administered by Hampshire County Council (the Administering Authority). The Policy details how actual and potential conflicts of interest are identified and managed by those involved in the management and governance of the Hampshire Pension Fund, whether directly or in an advisory capacity.
4. This Conflict-of-Interest Policy is established to guide Hampshire Pension Fund Panel and Board (PFPB) Members, Fund Officers and Advisers. Along with other constitutional documents, including the PFPB's Terms of Reference, the Officer's Code of Conduct, the Code of Conduct for Members and relevant HR policies, it aims to ensure that those individuals do not act improperly or create a perception that they may have acted improperly. It is an aid to good governance, encouraging transparency and minimises the risk of any matter prejudicing decision-making or management of the Fund otherwise.
5. This Conflict-of-Interest Policy is a key tool for all the stakeholders in the Hampshire Pension Fund to assist in complying with the law and meeting the Fund's objective to act with integrity.

To whom this Policy Applies

6. This Conflict-of-Interest Policy applies to:
 - all elected and co-opted Members of the PFPB, including scheme members and employer representatives, whether voting members or not;
 - all managers in the Hampshire County Council Pension Fund Management Team and the Director of Corporate Operations (Section 151 Officer) are, from hereon in, collectively referred to as the 'senior officers of the Fund';
 - all "advisers" to the Fund. This includes all advisers, suppliers and other parties providing advice and services to the Administering Authority, the PFPB, the Responsible Investment Sub Committee or officers in relation to pension fund matters. This includes but is not limited to actuaries, investment consultants, independent advisers, benefits consultants, third-party administrators, fund managers, lawyers, custodians and Additional Voluntary Contribution (AVC) providers. Where an advisory appointment is with a firm rather than an individual, reference to "advisers" will normally mean the lead adviser(s) responsible for the delivery of advice and services to the Administering Authority rather than the firm as a whole.



Responsibilities

7. **Hampshire County Council**, as the Administering Authority for the Hampshire Pension Fund, must be satisfied that conflicts of interest are appropriately managed. For this purpose, the Director of Corporate Operations for Hampshire County Council (CFO for the Pension Fund) is the designated individual for ensuring the procedures below are carried out.
8. However, it is also the responsibility of each individual covered by this Policy to identify any potential instances where their personal, financial, business or other interests might come into conflict with their pension fund duties, to declare and register interests and to seek advice and where necessary withdraw from meetings if there is a conflict.
9. **The Director of Corporate Operations** will monitor potential conflicts for less senior officers involved in the daily management of the Fund and highlight this Policy to them as appropriate.
10. This Policy and the issue of conflicts of interest, in general, must be considered in light of each individual's role, whether this is a management, advisory or assistance role and including responsibilities representing the Fund on other boards, committees, groups and bodies.

11. **Members** – Elected and co-opted members of the PFPB are responsible for understanding their obligations under the County Council's Constitution, including the Code of Conduct for Members, and this Policy, including ensuring their declarations of interest are accurate and up-to-date and adhering to the operational processes set out in this Policy.
12. **Officers** – Officers are responsible for understanding their obligations under the Code of Conduct for Officers and this Policy and for adhering to the operational processes set out in this Policy.
13. **Advisers** - In accepting any role covered by this Policy, advisers agree that they must:
 - acknowledge any potential conflict of interest they may have;
 - be open with the Administering Authority and any other body on which they represent the Administering Authority on any actual or potential conflicts of interest they may have;
 - adopt practical solutions to managing those conflicts;
 - plan ahead and agree with the Administering Authority on how they will manage any conflicts of interest which arise in future.
14. The procedures outlined later in this Policy provide a framework for each individual to meet these requirements.

What is a Conflict or Potential Conflict?

15. 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.
16. Therefore, 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, the Hampshire Pension Fund;
 - at the same time has a separate personal interest (financial or otherwise);
 - has another responsibility in relation to that matter, giving rise to a possible conflict with their first responsibility;
 - has an interest due to a family member or close colleague having a specific responsibility or interest in a matter.

Areas of potential conflict that are specific to the LGPS

17. There are areas of potential conflict that the Scheme Advisory Board identifies as specific to the LGPS. They apply to PFPB Members, as well as officers, advisers and suppliers and are to be managed in the same way as other conflicts of interest under this and other relevant policies:

- 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 relationships and companies related to or wholly owned by the County Council, which do not relate to Pension Fund operations.
- Contributions 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 owner and client of a pool.
- Local investment decisions.
- Any other roles within the County 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 cabinet should be disclosed.

Minor Gifts and Hospitality

18. The acceptance of gifts and hospitality can lead to potential conflicts of interest or the perception of conflicts of interest. Hampshire County Council Members and Officers are required to comply with the Code of Conduct for Members and the Officers Code of Conduct which contain the applicable rules regarding the acceptance and registration of gifts and hospitality.

Summary

19. 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, the Hampshire Pension Fund and at the same time has:

- a separate personal interest (financial or otherwise);
- another responsibility in relation to that matter, giving rise to a possible conflict with their first responsibility. An interest could also arise due to a family member or close colleague having a specific responsibility or interest in a matter.

20. Some examples of potential conflicts of interest relating to the areas of conflict specific to the LGPS are included in Appendix 1.

Managing Conflicts of Interest

21. Hampshire County Council, as Administering Authority, will encourage a culture of openness and transparency and will encourage individuals to be vigilant, have a clear understanding of their role and the circumstances in which they may have a conflict of interest, and of how potential conflicts should be managed.

22. The Administering Authority will evaluate the nature of any interests or responsibilities that are highlighted and assess the impact on pension fund operations and good governance were an actual conflict of interest to materialise.

23. Elected and co-opted members of the PFPB need to ensure their register of disclosable pecuniary interests is up to date and actively consider at each meeting of the PFPB whether they have any prejudicial interests (whether personal or pecuniary) in any matter of PFPB business.

24. Officers will need to consider whether they have any conflicts of interest as defined in this Policy and, if so, declare these in accordance with the procedures set out in this Policy so that appropriate management action and mitigation can be considered.

25. Advisers and suppliers to the Fund also need to consider whether any of the above conflicts of interest apply to their contract with the Administering Authority and, if so, declare them in accordance with the procedures set out in this Policy so that appropriate mitigation can be considered.

26. The Administering Authority will evaluate the nature of any dual interests or responsibilities that are highlighted and assess the impact on pension fund operations and good governance were an actual conflict of interest to materialise.

27. Ways in which conflicts of interest may be managed include:

- 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 (for example, a report for a PFPB meeting);
- a working group or sub-committee being established, excluding the individual concerned, to consider the matter outside of the formal meeting (where the terms of reference permit this to happen).



NB, in respect of elected and co-opted members of the PFPB, there are requirements in the Localism Act 2011 and the County Council's Constitution that require the disclosure of pecuniary interests and regulate member participation in matters relating to such interests. These requirements must be adhered to by all elected and co-opted members of the PFPB.

28. The above is not an exhaustive list of the measures that may be taken in respect of a particular conflict, and the Administering Authority will, having taken any appropriate professional advice, endeavour to manage conflicts that arise reasonably and proportionately.

Operational procedure for elected and co-opted PFPB Members and Senior Officers

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

30. However, it should be noted all Members of the PFPB have an overriding legal obligation to follow and abide by the requirements of the Localism Act 2011 and Hampshire County Council's Code of Conduct for Members relating to the treatment and disclosure of certain disclosable pecuniary interests and personal interests. Accordingly, for those Members, disclosures under this Policy may be in addition to disclosures required under the Council's Code of Conduct/the Localism Act 2011.

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>On appointment to their role or on the commencement of this Policy, if later, all Members and Senior Officers will be provided with a copy of this Policy and will be required to complete a Registration of Interest Form similar to that included in Appendix 2.</p> <p>The information contained in these forms will be collated into the Pension Fund Register of Interests.</p> <p>Elected and co-opted Members of the PFPB are also required to complete a register of interests in respect of “disclosable pecuniary interests” and personal interests and submit it to Hampshire County Council’s Monitoring Officer. This will be published in accordance with the County Council’s obligations and Constitution.</p>
<p>Step 2 - Ongoing notification and management of potential or actual conflicts of interest.</p>	<p>At the commencement of any meeting of the PFPB or other formal meeting where pension fund matters are to be discussed, the Chairman will ask all those present who are covered by this Policy to declare any interests relevant to any item of business at the meeting as well – whether or not they are already on the register – as well as any new potential conflicts which may not have been recorded and also any other interests which are not required to be recorded.</p> <p>At PFPB meetings, there will also, at the start of the meeting, be an agenda item for Members to declare any interests under the Members' Code in relation to any items on that agenda. These will be recorded in the record of the meeting and also in the Fund's Register of Interests and Declaration Log.</p> <p>Any individual who considers that they or another individual has a potential or actual conflict of interest, as defined by this Policy, which relates to an item of business at a meeting, is asked to advise the Chairman and the Director of Corporate Operations as soon as they become aware of it and preferably prior to the meeting.</p> <p>The Chairman, in consultation with the Director of Corporate Operations and legal adviser to the Pension Fund, should then decide whether the conflicted or potentially conflicted individual is</p>

What is required

How this will be done

advised to leave the meeting during the discussion on the relevant matter or to withdraw from voting on the matter.

With respect to the Code of Conduct for Members and the Localism Act 2011, the Monitoring Officer will provide advice. Whilst ultimately, it is for the Member to decide whether or not to be present. If they do not follow the advice, they are at risk of a formal complaint being made.

If such a conflict is identified outside of a meeting, the notification must be made to the Director of Corporate Operations and, where it relates to the business of any meeting, also to the Chairman of that meeting. The Director of Corporate Operations, in consultation with the Chairman where relevant, will consider any necessary action to manage the potential or actual conflict.

The Director of Corporate Operations is responsible for monitoring the PFPB Register of Interests and Declarations Log on an ongoing basis to determine if any actual or potential conflict could impact the ongoing business of the Hampshire Pension Fund. Where information relating to any potential or actual conflict has been provided, the Director of Corporate Operations may seek such professional advice as he or she thinks fit (such as legal advice from the Monitoring Officer of Hampshire County Council) on how to address any identified conflicts. Any such potential or actual conflicts of interest and the action taken must be recorded on the Fund's Register of Interests, the Declarations Log and in the record of the meeting if raised during a meeting.

What is required	How this will be done
Step 3 - Periodic review of potential and actual conflicts.	<p>At least once every 12 months, the Director of Corporate Operations will provide to all individuals to whom this Policy applies a copy of the Fund's Register of Interests. All individuals will be asked to complete a new Declaration of Interest confirming that their information contained in the Register is correct or highlighting any changes that need to be made to the declaration.</p> <p>If a member fails to do so, the matter will be escalated to the Chairman of the PFPB in conjunction with the Director of Corporate Operations. The updated Register will then be circulated by the Director of Corporate Operations to all individuals to whom it relates.</p>

Operational procedure for advisers

31. All the key advisers to the Hampshire 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 as part of the contract award or contract management process.
32. All advisers must:
 - 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 of Corporate Operations in relation to how they will manage and monitor actual or potential conflicts of interests relating to the provision of advice or services to Hampshire County Council as Administering Authority;
 - notify the Director for Corporate Operations immediately should a potential or actual conflict of interest arise;
 - highlight at all meetings they attend any potential or actual conflict of interest in any item of business, preferably at or before the start of the meeting.
33. All potential or actual conflicts notified by advisers will be recorded in the Fund's Register of Interests and Declaration Log.

Monitoring and Reporting

34. The Fund's Register of Interests will be subject to the requirements of the Freedom of Information Act 2000, and any requests for information will be considered via the County Council's corporate process on a case-by-case basis. Exemptions from disclosure under the Freedom of Information Act may be applied as relevant.
35. In order to identify whether the objectives of this Policy are being met, the Administering Authority will review the Register of conflicts of interest on an annual basis and consider whether there have been any potential or actual conflicts of interest that were not declared at the earliest opportunity.

Key Risks and Mitigation

36. The key risks to the delivery of this Policy are outlined below. All of these could result in an actual conflict of interest arising and not being properly managed. The Director of Corporate Operations will monitor these and other key risks and consider how to respond to them.

Risk	Mitigating action
Insufficient training or poor understanding in relation to individuals' roles on pension fund matters.	Briefing is provided by officers at the introduction of the new Policy and annually when the Policy is reviewed. Officers are available to answer Members' questions at any time.
Absence of the individual nominated to manage the operational aspects of this Policy and no one deputising, or failure of that individual to carry out the operational aspects in accordance with this Policy.	Responsibilities for supporting will be shared within the Investments and Borrowing team to ensure no single point of failure.
Failure by a chairman to take appropriate action when a conflict is highlighted at a meeting.	Support available at each meeting from Pension Fund and Legal Services officers to advise the Chairman as appropriate.
A decision by an individual to disregard advice and be subject to formal action under the Localism Act 2011.	Failure to abide by the Policy will result in a referral under the Members Code of Conduct or Officers Code as appropriate.

Costs

37. All costs related to the operation and implementation of this Policy will be met directly by the Hampshire Pension Fund. However, no payments will be made to any individuals in relation to any time spent or expenses incurred in the disclosure or management of any potential or actual conflicts of interest under this Policy.

Approval and Review

38. This Conflict-of-Interest Policy was approved on 16 December 2022 by the PFPB. It will be formally reviewed and updated at least every three years or sooner if the conflict management arrangements or other matters included within it merit reconsideration, including if there are any changes to the LGPS rules or other relevant Regulations or Guidance which need to be considered.



Appendix 1

Examples of situations where a conflict of interest may arise

The table below sets out examples of potential conflicts that might arise and the action that may be taken in response. It is intended to be illustrative only and is not intended to be an exhaustive list of all conflicts that might arise or the action that will be taken in practice in any individual case. Each conflict that arises in practice would need to be treated on its merits and action that is appropriate in all the circumstances taken.

Scenario	Action
An Employer Representative on the PFPB may be required to consider a policy or covenant change which could result in an increase in employer costs by the employer he or she represents.	If the representative has a conflict on a particular issue with their host employer/group, they should declare this and absent themselves from any decision if they are unable to act in the best interest of the Pension Fund and all employers and scheme members.

Scenario	Action
A Member of the PFPB is on the board of an Investment Manager that the Committee is considering appointing.	The Member should declare an interest and not take part in the discussion and decision on the appointment.
A PFPB Member is a beneficiary of the Hampshire Pension fund, and a discussion item as a result of legislative change could affect members' benefits.	The Member should declare the interest but may still take part in the discussion, given no decision is being made.
An officer of the Pension Fund also has responsibilities within the administering authority or relating to a shared service initiative which provides services to the Fund and which has objectives which are not fully aligned with that of the Fund.	If appropriate to the advice being provided by the officer to the PFPB, the conflict should be reported, along with clarity on why the advice in question is in the best interest of the Pension Fund.
An Employer Representative on the PFPB is employed by a company to which the County Council has commissioned services from, and the PFPB is reviewing the standards of service provided by that company.	The Member must declare their pecuniary interest (as a result of their employment) and not take part in the discussion of the review of the service.
The person appointed to consider internal disputes is asked to review a case relating to a close friend or relative.	The conflict should be reported, and an alternative person found to review the case.
The Pension Fund is considering alternative supply of services currently provided by the Administering Authority. The Director of Corporate Operations, who has responsibility for the County	The Director must act in their role as CFO to the Pension Fund, providing advice in the best interest of the Pension Fund, although, if appropriate, should reference the impact on the

Scenario	Action
<p>Council's budget, is expected to approve the report to go to the PFPB, which, if agreed, would result in a material reduction in the recharges to the County Council from the Fund.</p>	<p>County Council. If appropriate, the Deputy CFO of the Pension Fund can provide advice to the Pension Fund.</p>
<p>Officers are asked to provide a report to the PFPB 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.</p>	<p>Officers must provide advice in the best interest of the Pension Fund, if necessary, with the presentation of the report being escalated to the Director of Corporate Operations, and if appropriate, should reference the impact on the County Council. Officers that could be directly affected by the changes would not be asked to input into the report directly.</p>
<p>An Employer Representative appointed to the PFPB to represent employers generally could be conflicted if he or she only serves to act in the interests of their own authority/organisation rather than those of all participating employers. Equally, a Scheme 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.</p>	<p>As part of their appointment process, applicants to be representatives on the PFPB will be asked to demonstrate how they can represent all scheme members or employers as appropriate. Ongoing training and guidance are provided to PFPB Members of the nature of their role and the need to represent the interests of the whole Fund. If the representative has a conflict on a particular issue with their host employer/group, they should declare this and absent themselves from any decision if they are unable to act in the best interest of the Pension Fund and all employers and scheme members.</p>
<p>A Fund adviser is party to the development of a strategy which could result in additional work for his or her</p>	<p>The Pension Fund should be sensitive in only sharing information with advisers which is relevant to the work that they</p>

Scenario	Action
<p>firm, for example, selection of new investment managers, providing assistance with monitoring the covenant of employers or where they are also advisers to the ACCESS Pool.</p>	<p>have been asked to undertake. If the Pension Fund wants to ensure that its advice is not prejudiced by the potential for winning future work, the Fund could be clear in letting a contract if they want it to preclude participation in a potential future-related piece of work. The Pension Fund would have regard to the advisers' professional standards to provide a standard of care to the client regardless of the bearing it may have on being awarded future work.</p>
<p>An Employer or Scheme Member Representative has access to information by virtue of his or her employment, which could influence or inform the considerations of the PFPB. 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 PFPB.</p>	<p>No PFPB Member should be asked to breach their confidentiality responsibilities to their employer. If a member's access to information does result in a conflict, they should report this and take the appropriate action.</p>
<p>An officer of the Fund or Member of the Pension Committee accepts a dinner invitation or gift from an Investment Manager who has submitted a bid as part of a tender process.</p>	<p>PFPB Members should consider the appropriateness of any offers of hospitality and ensure that they comply with the Members Code of Conduct on Gifts and Hospitality Policy.</p>

Appendix 2

Sample of Declaration of Interest Form Form to Register Interests relating to the management of Hampshire Pension Fund administered by Hampshire County Council

I, [insert full name], am [delete as applicable]:

- an officer involved in the management
- Pension Fund Panel and Board Member

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

Responsibilities or other interests that could result in a conflict of interest (please list and continue overleaf if necessary):

A) Relating to me

B) Relating to family members or friends

Undertaking:

I declare that I understand my responsibilities under the Hampshire Pension Fund Conflict of Interest Policy. I undertake to notify the Director of Corporate Operations of any changes in the information set out above.

Signed _____ Date _____

Name (CAPITAL LETTERS) _____

Hampshire Pension Fund
The Castle,
Winchester,
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SO23 8UB.

