

Bath & North East Somerset Council

MEETING:	Local Pension Board – Avon Pension Fund	
MEETING DATE:	30 th July 2015	AGENDA ITEM NUMBER
TITLE:	Code of Conduct & Conflicts of Interest	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 – Code of Conduct & Rules on Conflicts of Interest		
Appendix 2 – Guidance on Registration and Disclosure of Interests		

1 THE ISSUE

1.1 The purpose of the report is to request the Local Pensions Board (LPB) to adopt the Council's Code of Conduct and Conflicts of Interest Policy in relation to its operation.

2 RECOMMENDATION

2.1 The Local Pension Board is asked to –

- a) Adopt the attached Code of Conduct (Appendix 1) and
- b) Request a further report back on conflicts of interest at its next meeting highlighting any specific changes or separate policy it should adopt in line with the requirements of the Pensions Regulator.

3 FINANCIAL IMPLICATIONS

3.1 There are no direct financial implications from this report.

4 THE REPORT

4.1 The Terms of Reference for the LPB set out the following –

- a) *..Board Members are required to adhere to the Council's Code of Conduct.. and*
- b) *..Board Members are required to adhere to the Council's policy for declarations... The Board should ensure that in addition to the Council Policy it*

has its own policy for managing conflicts of interest in line with any further stipulations from the Pensions Regulator...

Code of Conduct

4.2 Appendix 1 sets out in detail the Code of Conduct that LPB members are expected to follow. Key to this are that as a holder of public office there is an expectation that LPB members will comply with the 'seven principles of public life', also known as the 'Nolan Principles' which are –

a) **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.

b) **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.

c) **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.

d) **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.

e) **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.

f) **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.

g) **Leadership** – Holders of public office should promote and support these principles by leadership and example.

Conflicts of Interest

4.3 All LPB members will be required to notify Democratic Service of any potential conflict of interest arising as a result of their position on the Board.

4.4 All meetings of the LPB will include a standing item titled 'Declaration of Interests' at the start of the meeting where any declaration in relation to the items on the agenda should be made. If in doubt, further advice can be sought from Democratic Services.

4.5 Appendices 1 and 2 set out the current position with regard to what is a potential 'conflict' and guidance on how to formally declare such an interest.

4.6 In addition the Pensions Regulator also outlines its expectations on conflict of interest management in its *Code of Practice: Governance and administration of public service pension schemes*.

- 4.7 The Code states conflicts of interest are prohibited within the Public Service Pension Act 2013, but potential conflicts can be managed. The Code outlines when a conflict may arise, providing practical examples. The Code expects the LPB to have an agreed and documented a conflicts policy and procedure which outlines how they will be identified and managed using a three stage process of identifying potential conflicts, monitoring them and managing them.
- 4.8 For the purposes of a member of a LPB, a 'conflict of interest' is defined in section 5(5) of the Pension Act as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of a LPB.
- 4.9 The Act also specifies that a conflict does not include a financial or other interest arising merely by virtue of that person being a member of the LGPS and/or Fund (or any connected scheme). Therefore a conflict of interest may arise when a member of a LPB is fulfilling their legal duty to assist the Avon Pension Fund and at the same time they have 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 as a LPB member.
- 4.10 It is recommended therefore that the LPB adopts the existing practices and Code of Conduct of the Council and considers at its next meeting the potential adoption of a separate conflicts of interest policy. Further training and briefing may also be required in order to support the LPB members in their roles.

5 RISK MANAGEMENT

- 5.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.
- 5.2 Adopting a Code of Conduct and process for declaration of interests, mitigates against the potential for the LPB to act improperly or unlawfully, which may lead to a challenge to the work carried out by the LPB and a reputational risk to the Avon Pension Fund and Administering Authority.

6. EQUALITIES

- 6.1 A proportionate equalities impact assessment has been undertaken and there are no significant issues to report.

7. CONSULTATION

- 7.1 The report was distributed to the S151 Officer for consultation.

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Background papers	<i>Council Report – Establishment of Avon Pension Fund Board – 15th January 2015</i>
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