

## **Appendix A**

### **Terms of Reference of the Lancashire Local Pensions Board**

#### **1. Role and remit of the Board.**

- a) To assist Lancashire County Council as Administering Authority in its role as Scheme Manager:
  - i. to secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS;
  - ii. to secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator; and
  - iii. in such other matters as the LGPS regulations may specify
- b) To ensure the effective and efficient governance and administration of the LGPS for the Lancashire County Pension Fund;
- c) To provide the Scheme Manager with such information as it requires to ensure that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest.
- d) To review and scrutinise governance processes and procedures to ensure that the Lancashire County Pension Fund is managed and administered effectively and efficiently and complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.
- e) To meet sufficiently regularly to discharge its duties and responsibilities effectively, but not less than four times in any year.
- f) To review the key policy documents to ensure they are fit for purpose.
- g) The Pension Board must assist the Scheme Manager with such other matters as the scheme regulations may specify. It is for scheme regulations and the Scheme Manager to determine precisely what the Pension Board's role entails. This role involves but is not limited to oversight and comment on:
  - i Assist with the development of improved customer services
  - ii monitor performance of administration, governance and investments against key performance targets and indicators.
  - iii Review the effectiveness of processes for the appointment of advisors and suppliers to the Administering Authority
  - iv Monitor investment costs including custodian and transaction costs.

- v Monitor internal and external audit reports.
  - vi Review the Risk Register as it relates to the scheme manager function of the Authority.
  - vii Assist with the development of improved management, administration and governance structures and policies.
  - viii Review the outcome of actuarial reporting and valuations.
  - ix Assist in the development and monitoring of process improvements on request of Committee.
  - x Assist in the development of asset voting and engagement processes and compliance with the UK Stewardship Code.
  - xi Any other area within the core function (ie. Ensuring effective and efficient governance of the Scheme) the Board deems appropriate.
- h) To review the outcome of internal and external audit reports in relation to the Fund.
  - i) To make such recommendations to the Pension Fund Committee and/or Full Council as it considers appropriate in relation to any matter that the Board considers may improve the performance of the Fund
  - j) To submit in March each year a proposed annual work plan to the Pension Fund Committee for the forthcoming financial year
  - k) To carry out any activities relating to the efficient governance and administration of the Fund which the Pension Fund Committee or Full Council may request the Board to undertake

## **2. Membership and Appointment Process**

The Pension Board shall consist of 9 members and be constituted as follows:

- a) 4 employer representatives, of whom:
  - i. 2 shall be nominated by Lancashire County Council, where these are councillors or officers they shall meet the requirements of the relevant regulations in relation to avoidance of conflict with the County Council's role as Administering Authority;
  - ii. 1 shall be nominated by the Unitary, City, and Borough Councils and the Police and Fire bodies which are employers within the Lancashire County Pension Fund; and

- iii. 1 shall be nominated by all other employers within the Fund.
- b) 4 scheme member representatives of whom:
  - i. 2 shall represent and be drawn from active members of the Lancashire County Pension Fund;
  - ii. 1 shall represent and be drawn from pensioner members of the Lancashire County Pension Fund; and
  - iii. 1 shall represent and be drawn from deferred members of the Lancashire County Pension Fund.
- c) 1 independent member selected by the Scheme Manager, who shall not be a member of the Lancashire County Pension Fund and who shall be appointed as Chair of the Board. Such appointment will only be made following an openly advertised competition for the role.

Members in all categories will only be appointed to the Board by the Scheme Manager if they meet the skill and knowledge requirements set out in the relevant regulations and guidance, and as set out in Section 7 below.

Members of the Board in categories a) iii., and b) i., ii., and iii., shall only be appointed after all employers or members of the Fund in those categories have been invited to put forward nominations. Where there is more than one nomination in any category then any nominee who meets the relevant knowledge and skills requirement will be included on a ballot of all members or employers in the relevant category. The winner in such a ballot will be the candidate with the greatest number of votes under the "first past the post" method.

Members of the Board will serve for a maximum of 8 years. Other than as a result of retirement at the expiry of this period the term of office will come to an end:

- a) For employer representatives who are councillors if they cease to hold office as a councillor;
- b) For employer representatives who are not councillors when they cease to be employed by the employing body where they were employed on appointment;
- c) For scheme member representatives if they cease to be a member of the relevant member group.

Each Board member should endeavour to attend all Board meetings during the year and is expected to attend all meetings. Given the nature of the Board as a supervisory body and the need for appropriate knowledge and skills and the clear avoidance of conflicts of interest substitute members are not permitted.

In the event of consistent non-attendance by any Board member, then the tenure of that membership should be reviewed by the other Board members in liaison with the Scheme Manager.

Other than by ceasing to be eligible as set out above, a Board member may only be removed from office during a term of appointment by the unanimous agreement of all of the other members. The removal of the independent member requires the consent of the Scheme Manager.

### **3. Quorum**

The Board shall not be quorate unless the Chair and at least 2 employer representatives and 2 scheme member representatives are present.

### **4. Code of Conduct and Conflict of Interests Policy for Board Members, Officers and Advisors**

The role of Pension Board members requires the highest standards of conduct and therefore the “seven principles of public life” will be applied to all Pension Board members and embodied in their code of conduct.

The Code of Conduct and the Boards policy in relation to conflict of interests is attached as Annex 'A'.

### **5. Board Review Process**

The Board will undertake each year a formal review process to assess how well it and its members are performing with a view to seeking continuous improvement in the Board's performance.

### **6. Advisers to the Board**

The Board may be supported in its role and responsibilities through the appointment of advisers, in addition to the Scheme Manager's officers and the Fund's various advisers and shall, subject to any applicable regulation and legislation from time to time in force, consult with such advisers to the Board and on such terms as it shall see fit to help better perform its duties.

The Board shall ensure that the performance of the advisers so appointed is reviewed on a regular basis.

### **7. Knowledge and Skills**

A member of the Pension Board must be conversant with:

- a) The legislation and associated guidance of the Local Government Pension Scheme (LGPS).
- b) Any document recording policy about the administration of the LGPS which is for the time being adopted by the Lancashire County Pension Fund.

A member of the Pension Board must have knowledge and understanding of:

- a) The law relating to pensions, and
- b) Any other matters which are prescribed in regulations.

It is for individual Pension Board members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Pension Board.

In line with this requirement Pension Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Pension Board members are therefore required to maintain a written record of relevant training and development.

Pension Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses.

Pension Board members will comply with the Scheme Manager's training policy.

## **8. Board Meetings – Notice Minutes and Reporting**

The Scheme Manager shall give notice to all Pension Board members of every meeting of the Pension Board, and shall ensure that all papers are published on the Lancashire County Pension Fund Website at least 5 working days prior to each meeting. These may at the discretion of the Scheme Manager be edited to exclude items on the grounds that they would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by the Data Protection Act 1998.

The Scheme Manager shall ensure that a formal record of Pension Board proceedings is maintained. Subsequent to each meeting the Chair will be asked to approve the minutes for publication as a draft and circulation to all members of the Board.

The Pension Board shall produce an Annual Report on both the nature and effect of its activities for consideration by the Administering Authority. The

contents of this annual report will be subject to consideration and agreement at a meeting of the Board, but should include, inter alia:

- a) Details of the attendance of members of the Board at meetings;
- b) Details of the training and development activities provided for members of the Board and attendance at such activities;
- c) Details of any recommendations made by the Board to the Scheme Manager and the Scheme Manager's response to those recommendations;
- d) Details of the costs incurred in the operation of the Board

The Board in considering items of business at its ordinary meetings shall in relation to each item consider whether it wishes to make a recommendation to the Scheme Manager, to which the Scheme Manager shall respond at the subsequent meeting.

## **9. Decision making**

Each member of the Pension Board will have an individual voting right but it is expected the Pension Board will as far as possible reach a consensus. The Chair of the Pension Board will not have a final deciding vote.

## **10. Publication of Pension Board information**

Scheme members and other interested parties will want to know that the Lancashire County Pension Fund is being efficiently and effectively managed. They will also want to be confident that the Pension Board is properly constituted, trained and competent in order to comply with scheme regulations, the governance and administration of the scheme and requirements of the Pension Regulator.

Up to date information will be posted on the Lancashire County Pension Fund website showing

- The names, contact details and other relevant information about the Pension Board members;
- How the scheme members are represented on the Pension Board
- The responsibilities of the Pension Board as a whole;
- The full terms of reference and policies of the Pension Board and how they operate;
- Details of the Pension Board appointment process;
- Any specific roles and responsibilities of individual Pension Board members.

The Scheme Manager will also consider requests for additional information to be published or made available to individual scheme members to encourage scheme member engagement and promote a culture of openness and transparency.

## **11. Accountability**

The Pension Board will be collectively and individually accountable to the Scheme Manager.

## **12. Expense Reimbursement and Remuneration**

All members of the Board shall, on the production of relevant receipts be reimbursed for travel and subsistence expenses they have actually and necessarily incurred in the conduct of their duties as a member of the Board, including attendance at relevant training and development activities.

Members of the Board shall be reimbursed a mileage allowance for use of their own car at the rate proscribed by HM Revenues and Customs from time to time as adopted by Lancashire County Council.

Where members of the Board are in employment their employer will be able to reclaim from the Lancashire County Pension Fund a sum equivalent to salary, employers' national insurance contributions and employers' pension contributions, in respect of time spent by the individual in fulfilling their duties as a member of the Board, including attendance at relevant training and development activities.

The Chair of the Board shall receive a fixed annual allowance set initially (2015) at £10,000 pa (in addition to travel and subsistence expenses) to be inflated in April each year by the Retail Price Index for the previous September.

## **13. Reporting Breaches**

Any breach brought to the attention of the Pension Board, whether potential or actual, shall be dealt with in accordance with the procedure set out in a separate policy [document](#).

## **14. Definitions**

The undernoted terms shall have the following meaning when used in this document:

“Pension Board” or “Board”	Means the local Pension Board for the Lancashire County Council as administering authority for the Lancashire County Pension Fund as required under the Public Service Pensions Act 2013
”Scheme Manager”	Means the Pension Fund Committee as administering authority of the Lancashire County Pension Fund.
“Chair”	The individual responsible for chairing meetings of the Board and guiding its debates.
“LGPS”	The Local Government Pension Scheme as constituted by the Local Government Pension Scheme Regulations 2013,the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 and The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009
“Scheme”	Means the Local Government Pension Scheme as defined under “LGPS”

## **ANNEX A**

### **Lancashire Local Pension Board Code of Conduct and Conflict of Interests Policy for Members, Officers and Advisors**

You are a member of the Lancashire Local Pension Board and hence you shall have regard to the following principles - selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

Officers are subject to the County Council's Code of Conduct for Employees and are only required to submit a completed Notification of Interests (Annex 2) where that conflict of interest is not covered in the County Council's Code of Conduct for Employees. Officers should make any declarations, such as receipt of any gift or hospitality in excess of £25, under the County Council's Code of Conduct for Employees.

Accordingly, when acting in your capacity as a member, officer or advisor:

- 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.

When carrying out your public duties you must make all choices on merit.

- You are accountable for your decisions to the public and you must co-operate fully with whatever scrutiny is appropriate to your office.
- You must be as open as possible about your decisions and actions and the decisions and actions of the Board and should be prepared to give reasons for those decisions and actions.
- You must declare any disclosable financial or non-financial interests that relate to your public duties and must take steps to resolve any conflicts arising in a way that protects the public interest, including registering and declaring interests in a manner conforming with procedures set out below.
- You must always treat people with respect, including the organisations and public you engage with and those you work alongside.
- You must behave in accordance with all legal obligations, alongside any requirements contained within this Board's policies, protocols and procedures, including the Conflicts of Interests Policy at Appendix A.

- 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 must take account of relevant advice from professional officers and advisors, taking all relevant information into consideration, remaining objective and making decisions on merit.

You should:

- Notify the Monitoring Officer of any disclosable pecuniary interest within 28 days of appointment;
- Disclose a disclosable pecuniary interest at a meeting if it is not on the register;
- Notify the Monitoring Officer within 28 days of a disclosable pecuniary interest that is not on the register that you have disclosed to a meeting;
- Not participate in any discussion or vote on a matter in which you have a disclosable pecuniary interest;
- Not, knowingly or recklessly, provide information that is false or misleading in notifying the Monitoring Officer of a disclosable pecuniary interest or in disclosing such interest to a meeting.

Failure to comply with the above would constitute a breach of the Code of Conduct. Members should be aware that in certain circumstances a serious breach of the Code of Conduct could be deemed to be a criminal offence.

The County Council's Monitoring Officer is:

The Director of Governance, Finance and Public Services  
Christ Church Precinct, County Hall  
Preston  
Lancashire  
PR1 8XJ

Tel: 01772 533386

### Lancashire Local Pension Board

### Conflict of Interests Policy

#### Introduction

This document outlines the approach for ensuring the Lancashire Local Pension Board is fully compliant with legislative requirements for identifying, monitoring and managing potential conflicts of interest so as to ensure that no actual conflicts of interest arise.

This policy applies to members of the Pension Board and to all officers and advisors supporting the operation of the Pension Board. References to Board Members also apply to advisors and, where appropriate, to officers, where an interest is not covered by the County Council's Code of Conduct for Employees.

The policy sets out the procedures to be followed and the checks and measures in operation to ensure the business of the Board and any decisions or actions taken by it are open, transparent and compliant.

#### Managing Potential Conflicts of Interest - Legislative Requirements on Pension Boards

Under section 5 (para 4) of the Public Service Pension Act 2013 it is a requirement for the regulations governing public sector pension schemes to include provisions ensuring Board Members do not have conflicts of interest. The Local Government Pension Scheme Regulations 2013 fulfil this requirement within Part 3 - Governance as follows

#### **LGPS Regulations 2013**

##### Regulation 108: Local Pension Boards: Conflicts of Interest

- (1) Each administering authority must be satisfied that any person to be appointed as a member of a local pension board does not have a conflict of interest.
- (2) An administering authority must be satisfied from time to time that none of the members of a local pension board has a conflict of interest.
- (3) A person who is to be appointed as a member of a local pension board by an administering authority must provide that authority with such information as the authority reasonably requires for the purposes of paragraph (1).
- (4) A person who is a member of a local pension board must provide the administering authority which made the appointment with such information as that authority reasonably requires for the purposes.

## **Pension Regulator Code of Practice on Conflicts of Interest**

The Public Service Pensions Act 2013 extended the regulatory oversight of the Pensions Regulator (tPR) to include public sector schemes and added new provisions into the Pensions Act 2004 requiring tPR to issue a code of practice on the governance of public service pension schemes including conflicts of interest for Pension Boards.

Complying with these new requirements (Section 90A to the Pensions Act 2004) tPR issued Code of Practice no.14 (Governance and Administration of Public Service Pension Schemes) in January 2015. This Conflicts of Interest Policy has been developed having regard to the details of the code which interprets legal requirements and offers practical guidance to Administering Authorities on meeting the terms of LGPS Regulation 108 (above).

This Conflicts of Interest Policy for the Pension Board of the Lancashire County Pension Fund sets out procedures to be followed by individuals in their capacity as Board Members and as officers or advisors supporting the operation of the Lancashire Local Pension Board. In addition, individuals must also comply with all requirements placed on them by codes of conduct and other policies connected with their wider roles and responsibilities, whether as elected members, officers, salaried officials or advisors (e.g. by the County Council's Code of Conduct, and the Protocol for County Councillor/Officer Relations and their equivalents within other employer organisations).

This policy encourages the consideration of interests in their broadest sense, an approach which reinforces the expectation that Board Members, officers and advisors will maintain the highest standards of conduct in adherence with the seven principles of public life.

These principles are:

1. Selflessness
2. Integrity
3. Objectivity
4. Accountability
5. Openness
6. Honesty
7. Leadership

## **Conflict of Interests General**

The prevention of actual conflicts of interest is reliant on the effective management of potential conflicts of interest. This entails Pension Board Members (and the officers and advisors supporting them) having a clear understanding of what a potential conflict of interest is and what they must do to ensure that no actual conflict arises.

The potential for a conflict of interest exists whenever there are underlying personal interests capable of compromising an individual's ability to act with objectivity. An interest is a personal stake or a perceived obligation (to a person, group or organisation) which is likely to prejudice an individual in the course of fulfilling the responsibilities of their role. Interests can be both financial and non-financial. Financial interests include current or prospective assets or investments, plus influences from an employment, trade, profession or contract. Non-financial interests can be many and varied but will include specific memberships or affiliations which compromise the individual's ability to think or act without bias when acting in their official capacity.

It is inevitable that Pension Board Members will have interests. Where these will potentially prejudice the exercise of functions as a member of the Pension Board by directly impacting on Board business (or will have the appearance of doing so) it is essential they are known about and managed effectively in order to protect the impartiality and standing of the Board and ensure the transparency of its operation and outcomes.

A potential conflict of interest will arise when an individual has a responsibility or duty connected to their membership of the Pension Board whilst at the same time having:

- a separate personal interest (financial or otherwise);
- a responsibility by virtue of another role or position they hold;
- a close colleague or family member with a specific responsibility or a direct interest in a particular aspect of Pension Board business.

A member of the Board does not have a financial or other interest arising merely by virtue of membership of the Local Government Pension Scheme or any connected scheme, or by membership of another local authority.

### **Sensitive interests**

Where you consider that disclosure of the details of an interest could lead to you, or a person connected with you, being subject to violence or intimidation, and the County Council's Monitoring Officer agrees, if the interest is entered on the register, copies of the register that are made available for inspection and any published version of the register will exclude details of the interest, but may state that you have an interest, the details of which are withheld.

Under this policy, the effective management of all potential conflicts of interest will be achieved through consistent compliance with 6 clear steps:

1. identifying interests
2. disclosing interests
3. maintaining an up to date register of interests
4. declaring potential conflicts
5. managing potential conflicts
6. recording and reviewing the management actions taken

## Identifying Interests

The existence of any interest fundamentally incompatible with fulfilling the role and statutory responsibilities of a Pension Board Member will be identified as part of the appointment process and will ultimately prevent an individual from being appointed to the Board.

Following their appointment to the Pension Board, all Board Members are required to identify any interests held directly by themselves or by close family or contacts which have the potential to lead to a conflict of interest.

This identification of interests involves detailed reflection on the role and specific responsibilities of the Pension Board and its members which are as set out in the Terms of Reference for the Pension Board.

Examples of the most common interests and the scenarios in which they may cause a conflict to arise are included at **Annex 1**.

## Disclosing Interests

Board Members are required to complete and submit an interim disclosure form in advance of attending their first Pension Board meeting.

Thereafter Board Members will be required to disclose all financial and non financial interests including the receipt of any gift or hospitality (received or declined) in excess of £25 via the completion and submission of the form at **Annex 2**. A definition of financial and non-financial interests is set out at **Annex 3**.

Where no relevant interests are identified by a Board Member, they must submit a nil return to evidence that they have complied with the requirement to identify and disclose all relevant interests. Officers, in line with the County Council's Code of Conduct for Employees, are not required to submit a nil return

It is the responsibility of each Board Member to regularly consider and review their relevant interests and to submit a further disclosure form within 28 days of becoming aware of any changes to an interest previously disclosed or of any new interest not previously disclosed.

All Board Members must review their interests and submit an updated disclosure annually. For Board Members with no relevant interests this will involve the submission of a new nil return. Making an updated return on each anniversary of their appointment to the Board will assist Lancashire County Council (as the administering authority) to fulfil the requirement to be satisfied from time to time that none of the members of a local pension board has a conflict of interest.

Completed disclosure forms must be submitted to the Head of Legal and Democratic Services at the address below who will review the completeness of the disclosure form and confirm it has been signed and dated by the appropriate Board Member before the details are input onto the register.

The Head of Legal and Democratic Services  
Christ Church Precinct, County Hall  
Preston  
Lancashire  
PR1 8XJ Tel: 01772 534676

### **Maintaining an up to date Register of Interests**

An up to date register of the interests disclosed by Pension Board Members, will be maintained by the Head of Legal and Democratic Services.

The register of interests will be held electronically with details from new declaration forms input in a timely manner.

The register will be maintained so as to provide an accurate and up to date record of all details disclosed by individual Pension Board Members, advisors and officers and the date on which their disclosures were made.

Information held in the register will form the basis of an annual review of member interests by the Pension Board.

Each review will:

- encourage a thorough reflection on relevant interests disclosed by Board Members;
- allow a comparison of the range of interests being identified by individual Board Members and support interests being universally and consistently understood;
- confirm that, during the prior period, an appropriate declaration was made on every occasion where a registered interest had (or appeared to have) the potential to impact an item of business;
- examine the effectiveness of the management approach to potential conflicts of interest;
- confirm the accuracy and completeness of record keeping in order to identify weaknesses or learning points requiring action.

A copy of the register will be available for public inspection and will be published on the County Council's website.

## **Declaring Potential Conflicts**

Pension Board Members are personally responsible for identifying potential conflicts of interest. They must routinely review the work plan, agenda and papers of the Board in advance in order to identify any matters in which they have an interest.

Where a Board Member is aware of an interest with the potential (or appearance of having the potential) to cause a conflict they should declare this in advance of the meeting taking place by providing details to the Head of Legal and Democratic Services who will inform the Chair of the Board.

The Local Pension 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 Local Pension Board must declare any situation where a potential, perceived or actual conflict exists, in order that it can be appropriately managed. Declarations should be made in advance to the Head of Legal and Democratic Services who will inform the Chair of the Board.

Declaring an interest in advance provides the opportunity for adequate reflection on the most appropriate approach to managing a potential conflict, it also encourages open discussion and ensures a fully transparent approach.

All meetings of the Local Pension Board will commence with a standing agenda item which facilitates the declaration (and where necessary the disclosure and declaration) of all relevant interests.

Where it becomes apparent during the course of a meeting that an undisclosed interest held by a Board Member, officer or advisor is relevant and creates the potential (or appears to create the potential) for a conflict, this interest must be immediately drawn to the attention of the Board Chair who will determine the appropriate course of action to manage this situation.

## **Managing Potential Conflicts**

Potential conflicts of interest will arise as a result of a variety of interests and scenarios and they fall to be managed on a case by case basis in the manner most suited to ensuring that:

- no actual conflict will arise;
- where there is the appearance of a potential conflict this is acknowledged and addressed openly;
- adequate attention is given to recording the basis for judging a declared interest to be immaterial.

The Board must determine the appropriate mechanism for managing each potential conflict. Approaches to managing potential conflicts of interest will include:

- the member for whom the potential conflict exists taking no part in discussions or voting on the matter creating the conflict;
- the member relinquishing or divesting themselves of a personal interest which is the source of a conflict of interest with their Pension Board responsibilities (where practical);
- a member considering resignation from their position if the conflict is likely to be so persistent as to limit meaningful participation in the Pension Board;
- The Scheme Manager removing the individual from the Pension Board where they consider the potential conflict is impractical to manage.

### **Recording the Management Approach**

Details of the specific approach taken to manage potential conflicts of interest will be documented and reported upon as part of the routine business of the Board.

As an integral part of the minute taking which formally records the conduct and outcomes of Pension Board meetings, responsibility for recording and reporting on the existence of potential conflicts of interest and the management approach to preventing an actual conflict from arising rests with the Head of Legal and Democratic Services.

Wherever a relevant interest is declared, the minutes of Board meetings will record this and give details of how the potential conflict of interest was managed to prevent an actual conflict from arising.

Compliance with the approach and procedures set out within this Conflict of Interests Policy is a requirement under the Terms of Reference for the Pension Board and the Code of Conduct for Members of the Pension Board of the Lancashire County Pension Fund.

### Examples of Interests Creating Potential Conflicts

The following examples of potential conflicts of interest are provided for illustrative purposes. References to Board Members also apply to advisors and, where appropriate, to officers, where an interest is not covered by the County Council's Code of Conduct for Employees.

Circumstances where the Pension Fund invests in opportunities relating to functions undertaken by the County Council, e.g. care home provision, and where there would be a direct benefit on the County Council, would not in itself give rise to a conflict of interest.

*Members of the Pension Board may be officers of the administering authority or another employer organisation within the Fund and will potentially face conflicting priorities by virtue of these two roles.*

#### Example 1

Pension Board Members may be required to make or scrutinise a decision which will commit the Fund to injecting additional resources into improving administration and efficiency which will involve greater costs falling on employer organisations. Simultaneously, they may face pressure from their employing organisation to challenge existing budgets and to reduce expenditure on pension administration matters.

#### Example 2

The Local Pension Board might review a decision by the Pension Fund Committee to levy an additional charge (under the Regulations) on a group of employers whose poor performance in carrying out their statutory functions in respect of the Local Government Pension Scheme has caused the Administering Authority additional costs. Any Board Member employed by one of the affected employer organisations would need to declare their interest in order for a potential conflict to be identified and managed so as to prevent any actual conflict of interests from arising.

*A Board Member might be employed by (or have some other relevant connection with) a firm providing administrative or other services to the Fund.*

#### Example 3

Where the Board is due to discuss or monitor the performance of a supplier of administrative or other services in which a Board Member has an interest they will face a potential conflict of interests. The Board Member will need to declare their interest in order for a potential conflict to be identified and managed so as to prevent any actual conflict of interests from arising.

*A Board Member may have financial or other interests which give the appearance of a conflict but which, by virtue of their nature or scale, are not ultimately material to the issue under consideration by the Board.*

**Example 4**

A Board Member holds shares in a company that provides services to the Fund. The shares are valued at a few hundred pounds and the company's value is many tens of millions. The Pension Board is reviewing the performance of the provider and a decision to extend the value and term of the contract.

In this case the Board may consider that on grounds of materiality, no conflict of interest exists. The Local Pension Board is not responsible for the decision to award the contract and the impact of the contract extension will have no effect on the company's share price. The Board Member in question should, however, still declare their interest and the minutes of the meeting should record the decision that the Board judged the interest insufficiently material to require the member to be excluded from discussing or voting on the item of business.

**Lancashire Local Pension Board**

**Code of Conduct for Members, Officers and Advisors**

**Notification of Disclosable Financial and Non-Interests**

I 

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(insert title e.g. Mr or Mrs, and first name/surname)

as a member of Lancashire Local Pension Board have set out below the financial interests and the non-financial interests which I am required to disclose under the Code of Conduct for Board members and I have put "none" where I have no such interests under any heading

"Financial interest" means an interest which is my interest, or the interests of a close colleague or family member and I am aware that the other person has the interest. (NB. These people are referred to below as "the relevant person")

**Financial Interests (see guidance notes at Annex 3)**

1. Any employment, office, trade, profession, or vocation carried on for profit or gain:

<i>Description of your employment</i>	<i>Details</i>

2. Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the Lancashire County Pension Fund: (a) under which goods or services are to be provided or works are to be executed and (b) which has not been fully discharged:

<i>Description of Contract</i>
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3. Any beneficial interest in land:

<i>Address/description of land</i>	<i>Nature of Interest in land</i>

4. Any licence (alone or jointly with others) to occupy land for a month or longer:

<i>Address/description of land</i>	<i>Nature of Interest in land</i>

5. Any tenancy where (to my knowledge): (a) the landlord is the Lancashire County Pension Fund; and (b) the tenant is a body in which the relevant person has a beneficial interest:

<i>Address/description of land</i>	<i>Nature of Interest in land</i>

6. Any beneficial interest in securities of a body where: (a) that body (to my knowledge) has a place of business or land associated with the Lancashire County Pension Fund; and (b) either (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class:

<i>Name of Body</i>

**Non-Financial Interests (see guidance notes at Annex 3)**

7. Any position of general control or management, or membership of any body:

<i>Name of Body</i>	<i>Details</i>

8. Any gift or hospitality received or declined which is in excess of £25 in value:

<i>Details of Gift or Hospitality received or declined including date</i>	<i>Name and Address of Donor</i>

Signed .....

Date .....

## Definitions

### Financial Interests

Financial interest means an interest of a description specified below that is your interest, or the interest of a close colleague or family member and you are aware that that other person has the interest.

Interest	Prescribed description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	<p>Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a member.</p> <p>This includes any payment or financial benefit from a trade union within the meaning of the <u>Trade Union and Labour Relations (Consolidation) Act 1992</u>.</p>
Contracts	<p>Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the Lancashire County Pension Fund:</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>
Land	Any beneficial interest in land which is within the area of the Lancashire County Pension Fund.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the Lancashire County Pension Fund for a month or longer.
Corporate Tenancies	<p>Any tenancy where (to the individual's knowledge):</p> <p>(a) the landlord is the Lancashire County Pension Fund; and</p> <p>(b) the tenant is a body in which the relevant person has</p>

	a beneficial interest.
Securities	<p>Any beneficial interest in securities of a body where:</p> <p>(a) that body (to the individual's knowledge) has a place of business or land in the area of the Lancashire County Pension Fund; and</p> <p>(b) either:</p> <p>(i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or</p> <p>(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class</p>

### Non-Financial Interests

Disclosable non-financial interest means an interest of a description specified below which is your interest, a close colleague or family member and you are aware that that other person has the interest.

Interest	Description
Outside Bodies	Any position of general control or management, or membership of any body, except where you have been nominated to that body by the Board or where you are an elected Member of a local authority.
Gifts and Hospitality	Any person or body from whom you have received a gift or hospitality with an estimated value above £25 (see below)