



Leicestershire Pension Fund Conflict of Interest Policy

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Introduction

1. This is the Conflict of Interest Policy (“the Policy”) of the Leicestershire Pension Fund (‘the Fund’), which is managed by Leicestershire County Council (the ‘Administering Authority’). The Policy details how actual and potential conflicts of interest will be identified and managed by those involved in the management and governance of the Fund, whether directly, or in an advisory capacity.
2. Conflicts of interest have always existed for those with LGPS administering authority responsibilities. 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 members of the Fund (existing employees and/or retired employees), as an Elected Member of an Employer participating in the LGPS, or as an adviser to more than one LGPS administering authority. Furthermore, any of those persons may have an individual personal, business or other interest which might conflict, or be perceived to conflict, with their role in managing or advising on LGPS funds.
3. It is generally accepted that LGPS administering authorities have both fiduciary and public law duties to act in the best interest of both the Fund 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. In accordance with good practice, however, it is essential that such conflicts are recorded and managed appropriately.
4. This Policy is aimed at helping Fund beneficiaries, members of the Pension Committee, Investment Subcommittee and the Local Pension Board, as well as officers and advisers to the Fund, to identify when such conflicts of interest might arise and provide a process to enable these to be documented and managed. This is to ensure that those individuals do not act improperly or create a perception that they may have acted improperly. The Policy is intended to aid good governance, in conjunction with the [Fund’s other governing policies](#), encouraging transparency and minimising the risk of any matter prejudicing decision making or management of the Fund.
5. This Policy should be read in conjunction with other Leicestershire County Council Constitutional documents, including the Members’ and Officers’ Codes of Conduct (*see paragraph 11 below*). It is recognised that these Codes already impose on elected members, co-opted members and officers’ requirements regarding the registration of interests and the declaration of potential conflicts. This Policy is intended to strengthen these existing

processes, recognising the specific conflicts that can arise in respect of Pension Fund matters.

[Note: This policy has been developed in regard to the [Public Service Pension Act 2013 Section 5](#), [The Local Government Pension Scheme Regulations 2013 regulation 108 and 109](#), the [Pensions Act 2004 Section 90A and Section 13](#), [CIPFA Investment Pooling Governance Principals for LGPS Administering Authorities Guidance](#) and the [Localism Act 2011](#) along with [Leicestershire County Council's Members' Code of Conduct](#) and [Employee Code of Conduct](#). Further information on the legislative background and related guidance is attached as [Appendix 4.](#)]

To whom this Policy Applies

6. 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 assisting role.
7. This Conflicts of Interest Policy applies to:

7.1 **Pension Committee and Local Pension Board Members:** All members of the Pension Committee, Investment Subcommittee and the Local Pensions Board, including scheme members and employer representatives, whether voting members or not.

[Note: For the avoidance of doubt, all references in this Policy to the Pension Committee are to be interpreted as also including the Investment Subcommittee].

7.2 **Officers:** Senior officers of Leicestershire County Council involved in the management and governance of the Fund, namely the Director of Corporate Resources, Assistant Director of Finance, Strategic Property and Commissioning, the Pensions Manager, the Director of Law and Governance, the Head of Law and Finance officers giving direct advice to the Fund.

[Note: The Director of Law and Corporate Governance as Leicestershire County Council's Monitoring Officer ('the Monitoring Officer') will consider potential conflicts for other officers who are either involved in the daily management of the Pension Fund, or whose role within Leicestershire County Council may have implications no the Pension Fund and highlight this Policy to them as he/she considers appropriate.]

- 7.3 **External advisers:** All those contracted to support the Fund, whether advising the Pension Committee, Local Pension Board, or Fund officers, in relation to their role in advising or supplying the Fund.

[Note:

- *In this Policy, reference to advisers includes all advisers, suppliers and other parties contracted to provide advice and services to Leicestershire Pension Fund 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, asset pool operators and AVC providers.*
- *Where an advisory appointment is with a firm rather than an individual, reference to "advisers" is to the lead adviser(s) responsible for the delivery of advice and services to the Fund rather than the firm as a whole.]*

Leicestershire Pension Fund's General Requirements

8. In accepting any role covered by this Policy, the individuals concerned agree that they must:
- acknowledge any potential conflict of interest they may have;
 - be open with the Fund on any conflicts of interest they may have;
 - adopt practical solutions to managing those conflicts; and
 - plan ahead and agree with the Fund how they will manage any conflicts of interest which arise in future.

The Nolan Principles

9. Such individuals must at all times have regard to the following seven Principles of Public Life (i.e. the 'Nolan Principals') which are integral to the successful implementation of this Policy. These principals are:-
- Selflessness
 - Integrity
 - Objectivity
 - Accountability
 - Openness
 - Honesty
 - Leadership

[Note: Further details of these principles are set out in [Leicestershire County Council's Members' Code of Conduct.](#)]

10. The procedures outlined in this Policy provide a framework for each individual to meet the above requirements which are derived from these Nolan Principles.

Other Specific Requirements

11. In addition to the requirements of this Policy:

11.1 Pension Committee and Local Pension Board Members (see 7.1 above)

Elected and co-opted Members of the Pension Committee and Local Pensions Board are required to adhere to [the Leicestershire County Council's Members' Code of Conduct](#) which includes additional requirements in relation to disclosable pecuniary interests, personal interests and interests which might lead to bias.

11.2 Officers (see 7.2 above)

Officers of Leicestershire County Council are required to adhere to [the Leicestershire County Council Officers' Code of Conduct](#) which includes requirements in relation to personal, business, financial and other interests.

11.3 External advisers (see 7.3 above)

The Fund appoints its own external advisers. How conflicts of interest will be identified and managed should be addressed within its contractual agreements with those advisers. This will be managed in the usual way through compliance with the County Council's Contract Procedure Rules as set out in [Part 4G of the Constitution](#).

11.4 External advisers' Professional Standards

External advisers are required to meet professional standards relating to the management of conflicts of interest. For example, the Fund Actuary will be bound by the requirements of the Institute and Faculty of Actuaries, whereas the LGPS Central Pool ("LGPS Central") are bound by the Financial Conduct Authority and their own Conflict of Interest Policy as agreed by partner funds within the Inter-Authority Agreement. Any protocol or other document entered into between an adviser and the Administering Authority in relation to conflicts of interest, whether as a requirement of a professional body or otherwise, should be read in conjunction with this Policy.

What is a Conflict or Potential Conflict?

12. 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.

Therefore, a conflict of interest may arise when **an individual has a responsibility or duty in relation to the management of or advice for the Fund, and at the same time has:**

12.1 **a separate personal interest (financial or otherwise)** which relates to or is likely to affect: -

- their wellbeing or financial position, or the wellbeing or financial position of a relevant person, to a greater extent than the majority of Fund Members.
- any body of which they are a member or in a position of general control or management which may impact decisions made in the best interests of the Fund.
- the interests of any person or body from whom they have received a gift or hospitality with an estimated value of at least £50 within the last 12 months.

[Note:

- *A 'relevant person' has for the purposes of this Policy, the same meaning as that given in [Leicestershire County Council's Member's Code of Conduct](#).*
- *For the purposes of this Policy, minor gifts such as t-shirts, pens, trade show bags and other promotional items obtained at events such as conferences, training events, seminars, and trade shows, that are offered equally to all members of the public attending the event do not need to be declared.*
- *Members must declare personal gifts of more than £50 received in the last 12 months in accordance with [Leicestershire County Council's Members' Code of Conduct](#). Leicestershire County Council officers are also required to declare gifts and hospitality received in accordance with the [Leicestershire County Council Gifts and Hospitality Policy for Employees](#).]*

12.2 **another responsibility in relation to that matter** such as: -

- Any commercial relationship between the Administering 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 where the County Council has a contractual arrangement with an advisor in respect of its own financial arrangements or shared

service arrangements which impact the Fund operations directly. This will also include outsourcing relationships and companies related to or wholly owned by the Council, which do not relate to pension fund operations.

-
- The County Councils own financial investments.
- Contribution setting for the administering and other employers.
- Cross charging for services or shared resourcing between the Administering Authority and the Fund and ensuring the service quality is appropriate for the Fund.
- The dual role of Leicestershire County Council as owner and client of LGPS Central.
- Investment decisions about local infrastructure
- How the Fund appropriately responds to Council decisions or policies on global issues such as climate change.
- Other roles within the Council being carried out by elected and/or co-opted 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 the Cabinet should be disclosed or role as

13. It should be noted that the [Public Service Pensions Act 2013](#) is clear that a person **will not** have a financial or other interest merely by virtue of their membership of the Fund or any connected scheme.
14. Examples of potential conflicts for all those involved in managing the Fund, are included [in Appendix 1](#).
15. The Fund encourages 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 find themselves in a position of conflict of interest, and of how potential conflicts should be managed. This will be assisted by providing regular training to members of the Pension Committee, Local Pension Board and officers on managing conflicts of interest.

16. Further to this Conflict of Interest Policy the Fund has agreed a number of governing strategies and policies that look to mitigate the potential for conflicts in relation to the responsibilities listed in 12.2 and the dual role of Leicestershire County Council as Administering Authority and Employer and the role it holds in relation to LGPS Central. Examples are included within [Appendix 5](#).

Procedure for registering and declaring interests and participating in meetings

Officers and Pension Committee and Local Pension Board members

Step 1 - Initial identification and registration of interests.

16. On appointment to their role or on the adoption of this Policy if later, all individuals (as defined under paragraphs 7.1 and 7.2) will be provided with a copy of this Policy and required to complete a Declaration of Interest ([Appendix 2](#)). This information will be provided to the Monitoring Officer who will assess the extent to which any declarations are relevant to the individual's role in relation to the Fund and collate them into the Pension Fund Register of Interests ([Appendix 3](#)). Individuals are responsible for maintaining their register of interest on a continuous basis.

Step 2 – Declaration at and participation in Meetings

17. At the beginning of any Pension Committee, Local Pension Board 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 and potential conflicts relating to matters which are to be considered at that meeting. All interests declared will be detailed in the minutes of the meeting.
18. Any individual who considers that they have a potential or actual conflict of interest which relates to an item of business at a meeting, must advise the Chairman and the Monitoring Officer prior to the meeting, where possible, or state this clearly at the meeting at the earliest possible opportunity. Options for managing a potential conflict of interest from becoming an actual conflict of interest include:
- The individual concerned abstaining from discussion, decision making or providing advice relating to the relevant issue and abstention from any vote taken on the matter at the meeting.
 - The individual being excluded from the meeting(s) and any related correspondence or material in connection to the relevant issue.

Ways in which conflicts of interest will be managed at a meeting are detailed in [Leicestershire County Council's Code of Conduct for Members](#).

19. The Chairman, in consultation with the Monitoring Officer (or her representative at the meeting), will advise the individual whether they need to leave the meeting during the discussion on the relevant matter or to withdraw from voting or providing advice on the matter.
20. There may be circumstances where a representative of more than one employer or a scheme member representative wishes to provide a specific point of view on behalf of an employer (or group of employers) or member (or group of members, or union), that they are not recognised as representing by virtue of their Membership. In such cases the Fund requires that any individual wishing to so speak must state this clearly, e.g. at a Board or Committee meeting, and that this is recorded in the minutes

Step 3 - Ongoing notification and management of potential or actual conflicts of interest

21. If a new conflict is identified outside of a meeting the individual must notify the Monitoring Officer and update their Register of Interest as soon as possible. The Monitoring Officer, will consider any necessary action to manage the potential or actual conflict.

Step 4 - Periodic review of potential and actual conflicts

22. At least once every 12 months Democratic Services will provide to all those to whom the above procedures apply a copy of their Register of Conflicts of Interests to review and update. All individuals will confirm in writing that the information held in relation to them is correct or, if that is not the case, they will complete a new Declaration of Interest as per Step 1 and the Register will be updated.

External Advisers

23. Although this Policy applies to all external advisers, the operational procedures outlined in steps 1 and 4 above relating to completing ongoing declarations are not expected to apply to such advisers. Instead all external 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 Administering Authority in relation to how they will manage actual or potential conflicts of interest relating to the provision of advice to Leicestershire County Council and the Fund;
- notify the Director of Corporate Resources immediately should a potential or actual conflict of interest arise. All potential or actual conflicts notified by advisers will be reported to the Monitoring Officer and recorded in the Fund's Register of Conflicts of Interest.
- highlight at a meeting should a potential or actual conflict of interest arise in respect of an item to be considered at that meeting.

How will conflicts be managed and who is responsible?

24. It is the responsibility of each individual covered by this Policy to ensure all obligations in this Policy are met, to identify any potential instances where their personal, financial, business or other interests might come into conflict with their Pension Fund duties and to ensure these are registered and declared in accordance with the procedures above.
25. Any individual who considers that they or another individual has a potential, or actual, conflict of interest which relates to an item of business at a meeting must advise the Chairman and the Monitoring Officer prior to the meeting, where possible, or state this clearly at the meeting at the earliest possible opportunity. Further detail is set out within [Step 2 - Declaration at and Participation in Meetings](#).
26. Where any individual considers that they or another individual has a potential, or actual, conflict of interest outside any meeting situation they must notify the Monitoring Officer at the earliest opportunity.
27. Provided that the Administering Authority (having taken any professional advice deemed to be required) is satisfied that the method of management is satisfactory, it shall endeavour to avoid the need for an individual to have to resign due to a conflict of interest.
28. As outlined in paragraph 2 and 3, it is generally accepted that individuals subject to this Policy hold a variety of other roles such as members of the scheme, Elected Member of an Employer participating in the LGPS, or as an adviser to more than one LGPS administering authority. However, this does not necessarily preclude those involved in managing or advising the Fund from having other roles or responsibilities which may result in an actual or potential conflict of interest.

29. However, where the conflict is considered to be so fundamental that it cannot be effectively managed, or where a Committee or Board member has an actual conflict of interest as defined in the Public Service Pensions Act, the individual will be required to resign from the Committee, Board on appointment.

Monitoring and Reporting

30. The Fund's Register of Conflicts of Interest, an example attached as [Appendix 3](#), will be held and maintained by the Monitoring Officer.
31. To identify whether the objectives of this Policy are being met, the Fund will review the register on an annual basis and consider whether there have been any potential or actual conflicts that were not declared at the earliest opportunity.
32. The Fund must be satisfied that conflicts of interest are appropriately managed and for this purposes, the County Council's Monitoring Officer is the designated individual for overseeing the application of this Policy and that the procedures outlined within it are adhered to. Any person who thinks they may have a potential or actual conflict of interest should seek the advice of the Monitoring Officer at the earliest possible opportunity.
33. The Fund will further report on these matters through the Annual Governance Statement that is considered by the Local Pension Board and agreed by the Pension Committee.

Key Risks

34. The key risks to the delivery of this Policy are outlined below, all of which could result in an actual conflict of interest arising and not being properly managed.
- insufficient training or poor understanding in relation to individuals' roles on Pension Fund matters;
 - failure to communicate the requirements of this Policy;
 - absence of the individual allocated 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;
 - failure by a Chairman to take appropriate action when a conflict is highlighted at a meeting; and
 - failure by a Member to make a declaration of interest resulting in an actual conflict of interest.

35. The Pensions Committee, Local Pension Board, Officers and the Administering Authority's Monitoring Officer will monitor these and other key risks and consider how to respond to them.

Approval and Review

36. The Conflicts of Interest Policy was approved by the Pension Committee on _____. It will be formally reviewed and updated at least once every three years, or sooner if the conflict management arrangements or other matters included within it, in the opinion of the Monitoring Officer, merit reconsideration.
37. For further information about anything in or related to this Conflict of Interest Policy, please contact:

Democratic Services

Democracy@leics.gov.uk

0116 305 5483

Appendix 1 – Examples of Conflicts of Interest

The only conflict that is clearly authorised is that of a member of the scheme by virtue of his or her membership ([Section 39 of the Pensions Act 1995](#)). Each member has a fundamental responsibility to act on behalf of the scheme and this duty should not be compromised by acting on behalf of other groups. Some conflicts, however, are set out below.

- There may be situations where a member or supporting officer of the Pension Committee or Board, who is also an officer for Leicestershire County Council faces conflict priorities by virtue of their two roles. For example, they may be required 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.
- A scheme 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.
- An officer or member of the Committee accepting hospitality and/or gifts from a potential adviser or supplier could be perceived as a potential or actual conflict of interest; particularly where a procurement exercise relating to those services is imminent.
- An employer representative on the Local Pensions Board is employed by a company to which Leicestershire County Council has outsourced its pension administration services and the Local Pensions Board is reviewing the standards of service provided by that company.
- A scheme member representative, who is also a trade union representative, appointed to the Local Pensions Board or Pension Committee 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 in the interests of all scheme members.
- 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 Pensions Committee or Local Pensions 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 Pensions Committee or Local Pensions Board.

- A Fund Officer applying to the pool operator for employment may give misleading advice to the Committee to further the aims of a prospective employer.
- An officer appointed to consider internal disputes is asked to review a case relating to a close friend or relative.
- The Pension Committee Chairman serving on the LGPS Central Joint Committee or the LGPS Central Shareholders' Forum or an Officer serving on an LGPS Central Officer group may be required to consider a matter that would disproportionately benefit or disadvantage Leicestershire Pension Fund.
- There may be situations where a Member or an Officer:
 - Holds personal investments with a Manager which the Fund is also invested in, or has the option of investing in;
 - Uses a Fund Advisor or Manager to advise on their own personal investments;
 - Holds stocks/shares which overlap with Fund investments

[Note: While it is recognised that an individual's holding may be small (well below 1% of the total share capital of a company) it is possible the Members' or Officers' decision making or advice could be influenced if they were of the view that, for example, use of a particular Manager or investment in a particular could increase the value of their own personal holdings. Whilst it is unlikely such actions will make any financial material difference, it is the possible influence on an individual's behaviour which is key and so such interests, however small, should always be registered and declared in line with this Policy.]

This list is not exhaustive, nor will all of the examples necessarily give rise to significant conflict of interests. If you are in doubt about whether a conflict has arisen, please consult the Monitoring Officer.

Appendix 2 - Declaration of Interest Form

I, [insert full name], am:

(Tick as Appropriate)

- a senior officer involved in the management
- Pension Committee Member
- Investment Subcommittee Member
- Local Pension Board Member

of Leicestershire Pension Fund and I set out below under the appropriate headings my interests, which I am required to declare under Leicestershire 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 your spouse's or civil partner

C) 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 within the last 12 months.

Date of receipt of Gift/Hospitality	Name of Donor	Reason and Nature of Gift/Hospitality

Undertaking

I declare that I understand my responsibilities under the Leicestershire Pension Fund Conflict of Interest Policy. I undertake to notify the Monitoring Officer of any changes in the information set out above.

Signed _____ Date _____

Name (CAPITAL LETTERS) _____

Appendix 3 – 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 Leicestershire County Council, the Administering Authority.

<u>Date Identified</u>	<u>Name</u>	<u>Role</u>	<u>Details of Conflict</u>	<u>Actual/Potential/Perceived conflict</u>	<u>How Notified(1)</u>	<u>Action Taken (2)</u>	<u>Follow up required</u>	<u>Date Resolved</u>

(1) E.g. verbal declaration at meeting, written conflicts declaration etc

(2) E.g. withdrawing from a decision making process, left meeting

Appendix 4 – Legislative and related context

The overriding requirements in relation to the management of potential or actual conflicts of interest for those involved in LGPS funds are contained in various elements of legislation and guidance. While the majority of the legislation currently relates to managing conflicts of interest with respect to members of Local Pension Boards, in the interest of best practice are to be applied to all individuals involved in the management and governance of Leicestershire Pension Fund.

The Public Service Pensions Act 2013

Section 5 of this Act requires that the scheme manager (in the case of the LGPS, this is the Administering Authority) must be satisfied that a Local Pension Board Member does not have a conflict of interest at the point of appointment and thereafter. It also requires Members to provide reasonable information to the scheme manager for this purpose. The Act defines a conflict of interest 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).”

Further, the Act requires that scheme managers must have regard to any such guidance that the national Scheme Advisory Board issue (see below).

The Local Government Pension Scheme Regulations 2013

Regulation 108 of these Regulations applies the requirements of the Public Service Pensions Act (as outlined above) to the LGPS, placing a duty on each Administering Authority to satisfy itself that Board Members do not have conflicts of interest on appointment or whilst they are Members of the Board. It also requires those Board Members to provide reasonable information to the Administering Authority in this regard.

Regulation 109 states that each Administering Authority must have regard to guidance issued by the Secretary of State in relation to Local Pension Boards. Further, regulation 110 provides that the national Scheme Advisory Board has a function of providing advice to Administering Authorities and Local Pension Boards. The LGPS National Scheme Advisory Board issued guidance relating to the establishment of Local Pension Boards including a section on conflicts of interest.

The Pensions Act 2004

Section 90A of the Pension Act 2004 requires the Pensions Regulator to issue a code of practice relating to conflicts of interest for Members. The Pensions Regulator has

issued such a code and this Conflict of Interest Policy has been developed having regard to that code. Further, under section 13, the Pensions Regulator can issue an improvement notice (i.e. a notice requiring steps to be taken to rectify a situation) where it is considered that the requirements relating to conflicts of interest for Members are not being adhered to.

CIPFA Investment Pooling Governance Principles for LGPS Administering Authorities Guidance

The CIPFA governance principles guidance states "the establishment of investment pooling arrangements creates a range of additional roles that committee members, representatives, officers and advisers might have." It includes some examples of how conflicts of interest could arise in these new roles. It highlights the need for Administering Authorities to:

- update their conflicts policies to have regard to asset pooling;
- remind all those involved with the management of the fund of the policy requirements and the potential for conflicts to arise in respect of asset pooling responsibilities; and
- ensure declarations are updated appropriately. This Conflict of Interest Policy has been updated to take account of the possibility of conflicts arising in relation to asset pooling in accordance with the CIPFA governance principles guidance

Advisers' Professional Standards

Many advisers will be required to meet professional standards relating to the management of conflicts of interest, for example, the Fund Actuary will be bound by the requirements of the Institute and Faculty of Actuaries. Information about these requirements can be viewed at:

www.actuaries.org.uk/regulation/pages/conflicts_of_interest

Any Protocol or other document entered into between an adviser and the Administering Authority in relation to conflicts of interest, whether as a requirement of a professional body or otherwise, should be read in conjunction with this Policy.

Appendix 5 – Leicestershire Pension Fund Governing Policies

Leicestershire County Council recognises its dual role as employer participating in the Fund and the Administering Authority legally tasked with the management of the Fund can create the potential for Conflicts of Interest. It is important that these potential conflicts are managed in order to ensure that no actual or perceived Conflict arises and that all of the Fund's employers are treated fairly and equitably. The Fund manages this risk through strategies and policies such as the following:-

- The **Funding Strategy Statement** sets out the Fund's approach to all funding related matters including the setting of contribution rates. This policy is set with regard to the advice of the Fund's Actuary and is opened to consultation with all Fund employers and the Pensions Board prior to formal approval by the Pension Committee. This approach ensures a consistency across all employers and removes the possibility of any employer receiving more, or less, favourable treatment.
- The **Administration and Communication Strategy** sets out the way in which the Fund works with its employers and the mutual service standards that are expected. The policy details how the Fund will assist employers to ensure that they are best placed to meet their statutory LGPS obligations. Where a scheme employer's failure to comply with required processes and standards has led to the Fund incurring additional cost, the policy provides for that cost to be recovered from the employer. Major changes are consulted with Fund Employers and the Local Pension Board before it is formally approved by the Pension Committee.
- The **Investment Strategy Statement** sets out the Fund's objectives with the aim to maximise returns whilst maintaining an acceptable level of risk and addresses areas of governance, management, asset allocation, pooling and responsible investment. The Investment Strategy Statement is written independently from any positions the County Council may hold to ensure the Fund meets its fiduciary duty to safeguard, above all else, the financial interests of the Fund's beneficiaries. Decisions affecting the Funds strategy are taken by the Pension Committee with appropriate advice from the Fund's advisors.
- Furthermore, the Fund is run for the benefit of its members and on behalf of all its employers. For that reason, the Fund's **Budget and Business Plan** are managed independently from Leicestershire County Council. The LGPS Senior Officer

reviews the budget independently taking into account the full need of the service. The Budget and Business Plan is then considered by the Board before seeking approval by the Committee. Any spending controls in place for the County Council do not apply to the Fund, though the Fund is mindful of the need to manage costs to minimise the financial burden on scheme employers.

LGPS Central Investment Pool

The Fund further recognises the potential conflict posed through the involvement of pooling with LGPS Central. Specific governance arrangements have been established with LGPS Central and other partner funds reflecting each partner authority's role as business owner and client of LGPS Central. These are managed through the following forums:-

- The **Shareholder Forum** – The purpose is to oversee operation and performance of LGPS Central and to represent the ownership rights and interests of the shareholding Councils. The Forum is independent of LGPS Central and its meetings are separate from Company Meetings and is enshrined within the Shareholders' Agreement.
- The **Joint Committee** – A public forum for councils to provide oversight of the delivery of the objectives of the Pool, the delivery of client services, the delivery against its Business Case and to deal with common investor issues.

The **Investment Strategy Statement** further sets out the Fund's approach to Pooling and the Pensions Committee and Board will receive regular updates on the work of LGPS Central to enable Members to oversee and scrutinise its operations as set out in the respective Terms of References.