

Firefighters Scheme Advisory Board (England)

Conflict of Interest Policy

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Policy statement

The Public Service Pension Act 2013¹ introduced the framework for the regulatory oversight of the governance and administration of public service pension schemes.

The Scheme Advisory Board (“the Board”) is responsible for providing advice:

- In response to a request from the Secretary of State on the desirability of making changes to the Scheme and any connected scheme
- To scheme managers and Local Pension Boards in relation to the effective and efficient administration and management of the Scheme and any connected schemes.

A conflict of interest is a financial or other interest which is likely to prejudice a person’s exercise of functions as a member of the Board.

This policy is to help the Secretary of State meet the legal requirement under regulation 4G² of The Firefighters’ Pension Scheme (Amendment) (Governance) Regulations 2015 to be satisfied that Scheme Advisory Board members do not have any conflict of interest.

This policy:

- outlines the steps to be followed by Scheme Advisory Board members and the Secretary of State to address the situation where Board members have a potential or actual conflict of interest
- includes a three-stage process to identify, monitor, and manage potential conflicts of interest

Scope

This policy applies to those individuals appointed as members of the Scheme Advisory Board by the Secretary of State.

Principles

As a member of the Scheme Advisory Board, regard will be given to the following seven principles of public life³;

1. Selflessness

Holders of public office should act solely in terms of the public interest.

¹ <https://www.legislation.gov.uk/ukpga/2013/25/crossheading/governance>

² <http://www.legislation.gov.uk/uksi/2015/465/regulation/4/made>

³ <https://www.gov.uk/government/publications/the-7-principles-of-public-life/the-7-principles-of-public-life--2>

2. Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

3. Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

4. Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

5. Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

6. Honesty

Holders of public office should be truthful.

7. Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Responsibility of the Secretary of State

The Secretary of State must be satisfied:

- that a person to be appointed as a member of the Scheme Advisory Board does not have a conflict of interest and
- from time to time, that none of the members of the Scheme Advisory Board has a conflict of interest

Each member or proposed member of a Pension Board should provide to the Scheme Manager information as is reasonably required for meeting the requirements as above.

Actual and potential conflicts of interest

Actual conflicts of interest are prohibited by the 2013 Act and cannot, therefore, be managed. Only potential conflicts of interest can be managed.

A potential conflict of interest is one that:

- May exist already
- May arise in the future
- Are perceived by others whether or not they are conflicts of interest

A potential conflict of interest is where a person has a dual interests and responsibilities which may conflict with their role as a Scheme Advisory Board member but either:

- It has yet to materialise into an actual conflict
- The person declares it and it is managed so that it does not materialise into an actual conflict

When may a conflict of interest arise?

A conflict of interest may arise when Scheme Advisory Board members:

- must fulfil their statutory role of

advising on the desirability of making changes to the scheme, and

providing advice to scheme managers and Local Pension Boards Boards in relation to the effective and efficient administration and management of the Scheme and any connected schemes

while,

- having a separate personal interest (financial or otherwise) the nature of which gives rise to a possible conflict with their statutory role.

Examples of a conflict of interest

Below are some examples of potential or actual conflicts of interest which could arise, or be perceived to arise, in relation to public service pension schemes. These will depend on the precise role, responsibilities and duties of a Board member. The examples provided are for illustrative purposes only and are not exhaustive.

Example 1. A member representative, who is also a trade union representative, appointed to the Board to represent the entire scheme membership could be conflicted if they only act in the interests of their union and union membership, rather than all scheme members.

Example 2. Assisting scheme managers versus furthering personal interests

i. A Scheme Advisory Board member, may recommend the services or products of a related party, for which they might derive some form of benefit, resulting in them not providing, or not being seen to provide, independent advice or services

ii. A Scheme Advisory Board member who is involved in procuring or tendering for services on behalf of the Board (e.g. legal or actuarial services), and who can influence the award of a contract, may be conflicted where they have an interest in a particular supplier, for example, a family member works there.

Example 3. Sharing information with the Board versus a duty of confidentiality to a scheme manager or employer (or vice-versa).

A Board member may have access to information by virtue of their employment, which could influence or inform the considerations or decisions of the Board. They have to consider whether to share this information with the Board 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 Board.

Procedure

Managing conflicts of interest

Conflicts of interest can inhibit open discussions and result in decisions, actions or inactions which could lead to ineffective governance and administration of the scheme.

The three stage process allows management of potential conflicts. However, if at any stage of the process it becomes likely that a potential conflict has become an actual conflict, it cannot be managed and must be reported to the Secretary of State.

Stage 1. Identifying conflicts of interest

Scheme Advisory Board members should have a clear understanding of their role and the circumstances in which a potential conflict of interest may arise.

For Board members to demonstrate they have fulfilled their obligations independently and without prejudice, they must identify and declare all conflicts of interest. The secretariat to the Board will keep records of conflicts of interest that have been declared and will maintain a register of conflicts of interest.

Stage 2. Monitoring conflicts of interest

The Secretary of State may review the register of conflicts of interest at any time.

At the start of each meeting of the Board, all members will be asked to declare whether they have any new conflicts of interest, either due to a change in circumstances, or because of a particular item that is to be considered at the meeting ([Annex 1](#)).

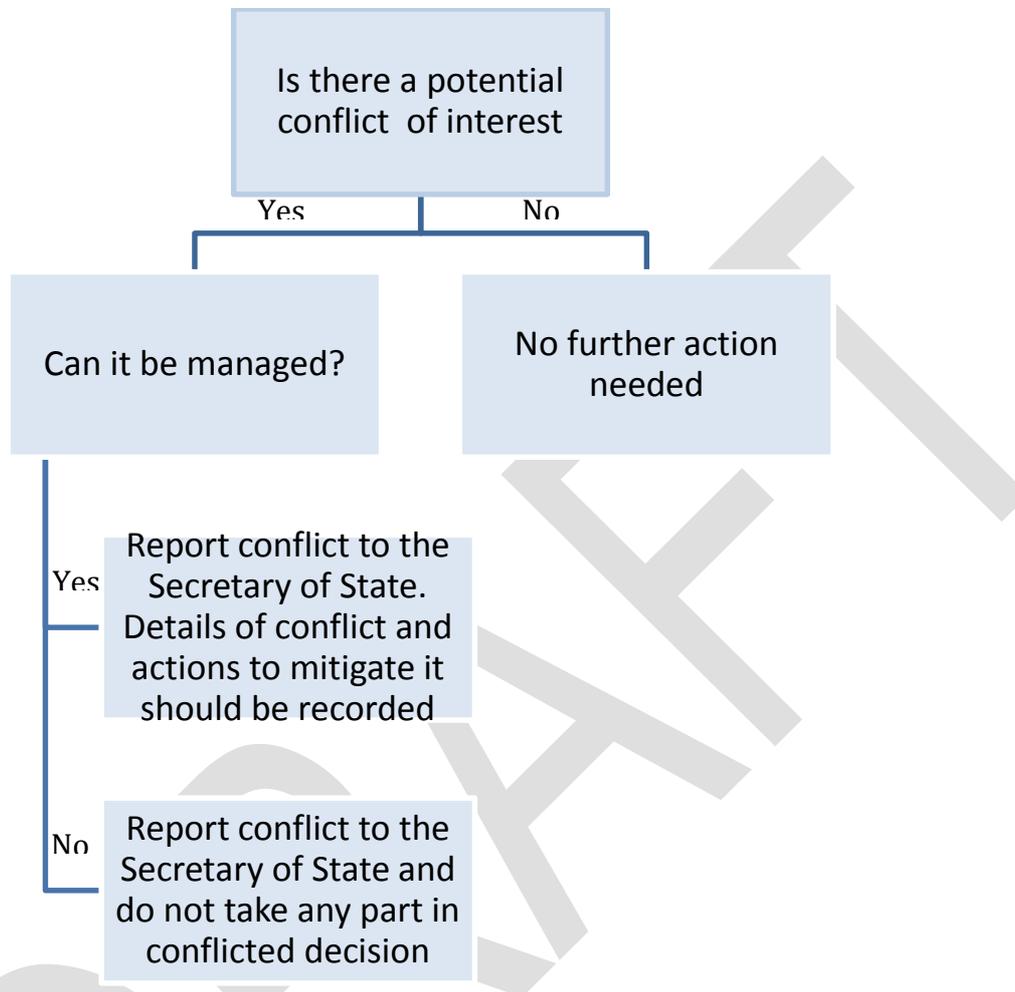
If a conflict of interest arises unexpectedly during a meeting it must be declared then.

The minutes of the meeting shall record details of any conflicts reported and actions taken regarding the conflict.

Decisions on the management of any potential conflicts of interest will be added to the Board's risk register.

Stage 3. Managing conflicts of interest

The following process will be followed to manage Conflicts of Interest:



The action taken to manage the potential conflict will depend on the nature and severity of the conflict.

Possible courses of action could include:

- The conflicted Scheme Advisory Board member taking no part in the discussion of the matter giving rise to the conflict.
- The conflicted Scheme Advisory Board member leaving the meeting for some or part of the time.
- The Secretary of State seeking independent advice from other professionals, for example an accountant or actuary, on the matter in question.

In some cases, it will become apparent that even the potential for a conflict is so significant that a Scheme Advisory Board member may be obliged to resign.

Further matters

The Scheme Advisory Board will have an equal number of employer and member representatives to ensure that there is a fair and transparent balance of skills, experience and representation.

Having a variety of people and representation on the Board will help the scheme to minimise potential conflicts of interest by ensuring that Scheme Advisory Board matters, discussions or votes on decisions are made fairly and all parties involved in the scheme are taken into consideration.

The Secretary of State will consider the mix of skills and experience needed on the Pension Board so that the Board can operate effectively and can exercise their responsibilities without prejudice and with independent judgement.

Links to other documents

The Pension Regulator Code of Practice number 14 – Governance and Administration of Public Service Pension Schemes sets out standards of conduct and practice expected of those who exercise functions in relation to legal requirements for public service schemes. <https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-14-public-service-pension-code-of-practice/#e6e12897999d45e5bc8ead7983fd15b4>

The regulator also offers a 'Conflicts of interest' course on the Public Service toolkit, to learn more about what conflicts of interest are, their potential impact and how to manage them in them.

<https://education.thepensionsregulator.gov.uk/login/index.php>

Monitoring and review

This policy will be reviewed on an annual basis by the Board secretariat.

Annex 1

DECLARATION OF BUSINESS AND PERSONAL INTERESTS

The purpose of maintaining the Register of Business and Personal Interests is to demonstrate openness in accountability by providing evidence that private or personal interests do not influence decisions taken by the Scheme Advisory Board. This form is to be completed by all Board members and advisors.

If there are no such interests, then please complete the relevant section below.

I declare that I **do not have any interest(s)** which may conflict with my duties as a Scheme Advisory Board member, or influence any decisions I may have to make.

I declare that I **do have an interest(s)** which may conflict with my duties as A Scheme Advisory Board member, or influence any decisions I may have to make. The details of which are provided in the table below.

(Please tick the appropriate box and complete the details below if applicable)

Name of Company, Supplier or staff member with whom I have an interest / related	Type of Business	Nature of the Interest or the Relationship	Date interest arose	Date interest was first declared

I agree that any interests arising after making this declaration will be declared to the Scheme Advisory Board, and I will complete a further form. I understand that I should also disclose orally any interest at any specific meeting and should the leave the meeting whilst that agenda item is being considered.

Signed _____ **Date** _____

If a scheme advisory board member is in any doubt about registering specific interests, the prudent approach would be to include the item on the register as a precaution.



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