

# Rhondda Cynon Taf Pension Fund Conflicts of Interest Policy

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## Foreword

The RCT Pension Fund 'Conflicts of Interest' Policy defines how any actual / potential conflicts of interest are identified and managed by those involved in the management and governance arrangements of RCT Pension Fund whether directly or in an advisory capacity. The Policy provides an obligatory control framework for the Pension Committee members, Pension Board members, Officers and Advisers. As an aid to the Fund's system of governance, it aims to ensure that those individuals involved in Pension Fund activity, do not act improperly or create a perception that they may have acted improperly in respect of their role.

This 'conflict of interest' policy identifies areas of potential conflict that are specific to the Local Government Pension Scheme (LGPS).

### 1. Introduction

Within the Local Government Pension Scheme environment, there is the potential for conflicts of interest to arise. This reflects the fact that many of those managing or advising LGPS funds will have a variety of other roles and responsibilities, for example as a member of the scheme, as an elected member of an employer participating in the LGPS or as an adviser to more than one LGPS administering authority. Further to this, any of those persons may have an individual personal, business or other interest which might conflict, or be perceived to conflict, with their role managing or advising LGPS funds.

***The Public Services Pensions Act 2013 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).”***

It is generally accepted that LGPS administering authorities have both fiduciary and public law duties to act in the best interests of both the scheme beneficiaries and participating Employers. This, however, does not preclude those involved in the management of the Fund from having other roles or responsibilities which may result in an actual or potential conflict of interest. The Scheme Advisory Board (SAB) 'Good Governance Review' recommends that each fund should have a fund-wide published conflicts of interest policy. Accordingly, it is recognised good practice to document how any such conflicts or potential conflicts are to be managed.

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, included in **Appendix 1**.

### 2. Aims and Objectives

The Administering Authority's high level objectives in relation to Fund governance are to:

- Support the provision of a high-quality Pension Service to Fund Members and their beneficiaries;
- Act in the best interest of the Fund's Scheme Members and Employers;
- Maintain robust governance arrangements, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance;
- Ensure that the relevant stakeholders responsible for managing, governing and administering the Fund understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a challenging environment;
- Act with integrity and be accountable to stakeholders for all decisions, ensuring they are robust and well based;
- Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the Scheme Members and Employers;
- Monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where

- appropriate; and,
- Ensure the confidentiality, integrity and accessibility of the Fund's data, systems and services is protected and preserved.

The identification and management of potential and actual conflicts of interest is integral to achieving these governance objectives.

The purpose of this Policy is:

- to ensure that all actual and potential conflicts of interest are managed appropriately, through a robust process
- to ensure all individuals to whom this Policy applies has appropriate information for making an informed decision on whether there is a potential or actual conflict of interest.

### 3. To whom this Policy applies

This 'Conflicts of Interest' Policy applies to:

- all members of the Pensions Committee, the Pensions Board and the Fund's Investment & Administration Advisory Panel;
- all officers of Rhondda Cynon Taf CBC involved in the management, administration and governance of the Fund; and
- all Advisers and Suppliers to the Fund, whether advising the Pensions Committee, Pension Board or Fund officers, in relation to their role in advising or supplying the Fund.

The Service Director Pensions, Procurement and Transactional Services will monitor potential conflicts across the Fund's management and governance arrangements and liaise with the Director of Legal Services as appropriate.

The implementation of this Policy and the management of conflicts of interest in general will have regard to each individual's role, whether this is a management, advisory or assisting role and includes responsibilities representing the Fund on other boards, committees, groups and bodies.

The Policy also applies to all advisers and suppliers to the Fund whether advising the Pension Committee, Pension Board or Officers. In this Policy, reference to advisers includes all advisers, suppliers and other parties providing advice and services to the Administering Authority in relation to pension fund matters. This includes but is not limited to actuaries, investment consultants, independent advisers, benefits consultants, third party administrators, shared service partners, fund managers, lawyers, custodians 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 Council rather than the firm as a whole.

The procedures outlined later in this Policy provide a framework for each individual to meet these requirements. In addition to the requirements of this Policy, elected members and officers are required to adhere to the relevant Council Code of Conduct.

In this Policy, reference to advisers includes all advisers, suppliers and other parties providing advice and services to the Pension Fund, including but not limited to: the WPP pool operator, dispute adjudicators, actuaries, investment consultants, independent advisers, benefits consultants, third party administrators, fund managers, lawyers, custodians, 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 Pension Fund rather than the firm as a whole.

An adviser appointed to advise the Pension Committee, Pension Board or Fund officers can be the same person, as long as there is no conflict of interest between the multiple responsibilities.

The key advisers are all expected to have their own policies or protocols on how conflicts of interest will be managed in their relationships with their clients, and these should be shared with Rhondda Cynon Taf CBC on request.

In accepting any role covered by this Policy, individuals agree that they must:

- acknowledge any actual or potential conflict of interest they may have;
- be open with the Administering Authority and any other body on which they represent the Administering Authority, on any actual or potential conflicts of interest they may have;
- adopt practical solutions to managing those conflicts; and
- plan ahead and agree with the Administering Authority how they will manage any conflicts of interest which arise in future.

#### 4. What is a Conflict or Potential Conflict and how will they be managed?

The Public Service Pensions Act 2013 section 5(5) defines a 'conflict of interest' as a financial or other interest likely to prejudice the way in which someone carries out their role<sup>1</sup>. It further specifies that a conflict does not include a financial or other interest arising merely by virtue of that person being a member of a relevant pension scheme.

Therefore, a conflict of interest may arise when an individual:

- has a responsibility or duty in relation to the management of, or provision of advice to, the LGPS fund administered by Rhondda Cynon Taf CBC, and at the same time, they:
- have a separate personal interest (financial or otherwise), or
- have another responsibility in relation to that matter

The following are areas of potential conflict that the Scheme Advisory Board (SAB) has identified as specific to the LGPS. They apply to Pension Committee and Pension Board Members, as well as officers, advisers and suppliers and are to be managed in the same way as other conflicts of interest under the relevant policy:

- Any commercial relationships between the administering authority or host authority and other employers in the Fund/or other parties which may impact decisions made in the best interests of the fund. These may include shared service arrangements which impact the fund operations directly but will also include outsourcing relationship and companies related to or wholly owned by the Council, which do not relate to Pension Fund operations.
- Contributions setting for the administering authority and other employers.
- Cross charging for services or shared resourcing between the administering authority and the fund.
- Dual role of the administering authority as owner and client of a pool.
- Local investment decisions.
- How the Fund appropriately responds to Council decisions or national policies on global issues such as climate change.
- How the Fund responds to public pressure or activism and lobbying.
- Any other roles within the Council being carried out by committee members or officers which may result in a conflict either in the time available to dedicate to the fund or in decision making or oversight. For example, some roles on other finance committees, audit or health committees or finance cabinet should be disclosed.

Some examples of potential conflicts, including relating to these dual roles are included in **Appendix 2**.

#### 5. Managing and mitigating potential conflicts of interest

It is inevitable that conflicts of interest will arise, and it is important to recognise that there are various ways

that conflict can be managed depending on the individual circumstances.

The three main ways to assist in resolving conflict include:

- the conflicted individual concerned abstaining from the discussion, decision-making or providing advice relating to the relevant issue,
- the conflicted individual being excluded from the relevant meeting(s) and any related correspondence or material in connection with the relevant issue (for example, a report for a Pension Committee meeting), or
- a working group or sub-committee being established which excludes the conflicted individual concerned, to consider the matter outside of the formal meeting (where the terms of reference permit this to happen).

Provided that the Administering Authority is satisfied that the method of management is satisfactory, the Administering Authority shall endeavor to avoid the need to advise an individual to resign due to a conflict of interest or to request the appointing body to reconsider their appointment to the Board or Committee. Where a Pension Board Member has an actual conflict of interest as defined in the Public Service Pensions Act 2013, the individual will be required to resign from the Board.

### ***Minor Gifts and Hospitality***

Individuals should adhere to this Policy, in conjunction with the relevant 'Code of Conduct', when considering whether they are able to accept gifts or hospitality.

### ***Advisers' / Service Providers***

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.

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.

### ***Wales Pensions Partnership (WPP) Conflict of Interest requirements***

One of the potential areas of conflict covered by this policy is investment pooling. A proportion of RCT Pension Fund's assets are invested through the WPP pool. Any Member representative of the Fund (ordinarily the Chair or Vice-Chair of the RCT Pension Fund Committee) and senior officers of the Fund who are members of any WPP officer groups must also comply with any WPP requirements relating to the management of actual or potential conflicts of interest for the governance of the WPP pool.

WPP personnel and providers are required to abide by the provisions of the WPP's own conflicts of interest policy, which can be downloaded from its website: [www.walespensionpartnership.org](http://www.walespensionpartnership.org).

## **6. Recording conflicts of interest**

In order for the Administering Authority to fulfil its obligations to manage and monitor potential conflicts of interests the Pension Committee, Pension Board and Investment & Administration Advisory Panel must include an item on conflicts of interest at the start of each meeting.

All declarations should be collated and recorded on the Fund's Register of 'Conflicts of Interests' to be retained by the Director of Legal Services.

## **7. Operational procedure for Pension Fund Committee, Pension Board and Officers**

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

What is required	How this will be done
<b>Identify</b> - interests which do or could give rise to a conflict	<p>On appointment to their role or on the commencement of this Policy if later, all individuals will be provided with a copy of this Policy and be required to complete a Declaration of Interest form.</p> <p>The information contained in these declarations will be collated into the RCT Pension Fund Register of 'Conflicts of Interest' and provided to the Director of Legal Services</p>
<b>Manage</b> - ongoing notification and management of potential or actual conflicts of interest	<p>At the commencement of any Pension Committee, Pension Board and the Investment &amp; Administration Advisory Panel, the respective Chairperson will ask all those present who are covered by this Policy to declare any new potential conflicts of interest. These will be recorded in the Fund's Register of 'Conflicts of Interest'. In addition, the latest version of the Register will be made available to the Chairperson prior to that meeting, if required.</p> <p>Any individual who considers that they or another individual has a potential or actual conflict of interest, as defined by this Policy, which relates to an item of business at a meeting, must advise the Chairperson prior to the meeting where possible, or state this clearly at the meeting at the earliest possible opportunity. The Chairperson, in consultation with the Council's Director of Legal Services (or their representative) where necessary, should then decide whether the conflicted or potentially conflicted individual needs to leave the meeting during the discussion on the relevant matter or to withdraw from voting on the matter.</p> <p>If such a conflict is identified outside of a meeting, the notification must be made to the Service Director Pensions, Procurement and Transactional Services and where it relates to the business of any meeting, also to the Chairman of that meeting in the first instance. The Service Director in consultation with the Chairperson and/or Director of Legal Services where relevant, will consider any necessary action to manage the potential or actual conflict.</p> <p>Any such potential or actual conflicts of interest and the action taken must be recorded on the Fund's Register of 'Conflicts of Interest' and in the minutes of the meeting if raised during a meeting.</p>
<b>Monitor</b> - review of potential and actual conflicts	The Service Director Pensions, Procurement and Transactional Services will provide to all individuals to whom this Policy applies a copy of their current declaration annually for review. Individuals will be required to complete a new Declaration of Interest where their circumstances have changed.

## 8. Operational procedure for advisers

Although this Policy applies to all advisers, the operational procedures outlined in the table above relating to completing ongoing declarations are not expected to apply to advisers.

Instead, all advisers must:

- be provided with a copy of this Policy on appointment and whenever it is updated;
- adhere to the principles of this Policy;
- provide, on request, information to the Service Director Pensions, Procurement and Transactional Services in relation to how they will manage and monitor actual or potential conflicts of interests relating to the provision of advice or services to Rhondda Cynon Taf CBC as Administering

Authority;

- notify the Service Director Pensions, Procurement and Transactional Services immediately should a potential or actual conflict of interest arise; and
- highlight at all meetings should a potential or actual conflict of interest arise, preferably at the start of the meeting.

All potential or actual conflicts notified by advisers will be recorded in the Fund's Register of 'Conflicts of Interest'.

## **9. Review**

This Policy will be reviewed annually together with the Fund's other key governance documents at the annual joint meeting of the RCT Pension Committee and Pension Board.

## **10. Responsibility**

Rhondda Cynon Taf CBC as the Administering Authority for the Fund must be satisfied that conflicts of interest are appropriately managed. For this purpose, the Director of Legal Services is responsible for ensuring the procedures outlined in this Policy are satisfied.

It is however, the responsibility of each individual covered by this Policy to proactively identify any potential instances where their personal, financial, business or other interests might come into conflict with the Pension Fund duties and to follow the requirements of the Policy appropriately.

## **Further Information**

If you require further information about anything in or related to this Policy, please contact the Service Director Pensions, Procurement and Transactional Services:

Appendix 1 - Legislative and related context

Appendix 2 – Examples of Potential Conflicts of Interest

Declaration of Interests Form  
Register of Conflicts of Interest



## Appendix 1

### Legislative and related context

#### ***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 Board 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 issues (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 Local Pension Board Members do not have conflicts of interest on appointment or whilst they are Members of the Board. It also requires those Local Pension Board Members to provide reasonable information to the Administering Authority in this regard. The Administering Authority will achieve this by regular monitoring and reviewing of the declarations of interest register.

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. This Conflicts of Interest Policy has been developed having regard to that guidance.

#### ***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 Local Pension Board Members. The Pensions Regulator has issued such a code, and this 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 Local Pension Board 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 advisors 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 Policy takes account of the possibility of conflicts arising in relation to asset pooling in accordance with the CIPFA governance principles guidance.

### **Localism Act 2011**

All members and co-opted members of the Pension Committee are required by the Localism Act 2011 to register and declare 'disclosable pecuniary interests' and abide by Rhondda Cynon Taf CBC Members' Code of Conduct. That Code contains provisions relating to disclosable pecuniary interests, other registerable interests, non-registerable interests and sensitive interests including their disclosure and any limitations on members' participation where they have any such interest.

### **Principles of Public Life**

Also known as the 'Nolan Principles', the seven principles of public life apply to anyone who holds public office. [www.gov.uk/government/publications/the-7-principles-of-public-life](http://www.gov.uk/government/publications/the-7-principles-of-public-life)

This includes people who are elected or appointed to public office, nationally and locally, and all people appointed to work in:

- the civil service,
- local government,
- the police,
- the courts and probation services,
- non-departmental public bodies, and
- health, education, social and care services.

The principles also apply to all those in other sectors that deliver public services. Many of the principles are integral to the successful implementation of this Policy.

The principles are as follows:

- selflessness,
- integrity,
- objectivity,
- accountability,
- openness,
- honesty, and
- leadership.

Elected Members of Welsh Councils are required to follow a Code of Conduct issued by and enforced by the Public Service Ombudsman for Wales: [www.ombudsman.wales/wp-content/uploads/2018/03/Code-of-Conduct-CommunityCouncils-August-2016-ENGLISH.pdf](http://www.ombudsman.wales/wp-content/uploads/2018/03/Code-of-Conduct-CommunityCouncils-August-2016-ENGLISH.pdf)

### **Guidance from The Pensions Regulator**

The Pension Regulator has provided guidance over the years to help trustees manage conflicts of interest. Reference to 'Conflict of Interest' governing body responsibilities have also been included within the 'General Code' as published in March 2024.

## Appendix 2

### Examples of Potential Conflict of Interest

The examples provided below are for illustrative purposes only, please note that these are not designed to be an exhaustive list.

An elected member on the Pension Committee may be required to provide views on a funding strategy which could result in an increase in employer contributions payable by the employer they represent.
A member of the Pension Committee is a board member of an Investment Manager that the Committee is considering appointing.
An officer of the Fund or member of the Pension Committee is on an WPP committee/group and a matter is being considered that would benefit their originating Council or Pension Fund to a greater degree than other participating Councils or Funds.
An officer of the Fund or member of the Pension Committee accepts a dinner invitation from a Fund Manager who has submitted a bid as part of a tender process or might be in the process of preparing a bid for an open tender process.
The senior pension fund officer appointed to consider internal disputes is asked to review a case relating to a close friend or relative.
The senior pension fund officer is asked to provide technical advice to a scheme employer about an outsourcing contract. This includes questions about the impact on that employer and their employer requirements relating to the outsourcing contract. That senior pension fund officer is also (or will be) involved in similar matters from a Pension Fund perspective relating to that outsourcing.
An elected member on the Pension Committee also has a role in driving carbon reduction in their local authority area, which also happens to be the administering authority for the Fund.
An elected member on the Pension Committee, who also sits on the WPP Joint Governance Committee, also has a role on their local authority in relation to local infrastructure, and this is a potential investment being considered by WPP which the Fund might invest in.
An administrator in the Fund receives a case to calculate a benefit which relates to a family member, close friend or colleague.
An employer representative on the Local Pension Board is employed by a company to which the administering authority has outsourced its pension administration services and the Local Pension Board is reviewing the standards of service provided by that company.
A Fund adviser is party to the development of a strategy which could result in additional work for their firm, for example, providing delegated or fiduciary management of Fund investments, providing assistance with monitoring the covenant of employers or where they are also advisers to the WPP pool.
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
The Fund is seeking approval to purchase a commercial property in Staffordshire and an Elected Member of the County Council's Pensions Committee is also an Elected Member of the Planning Committee at the District Council with the responsibility for approving planning decisions, in the area within which the property is located. The Elected Member should declare their interest in attending both Committees and refrain from taking part in any decisions about that property
A member representative, who is also a trade union representative, appointed to the Local Pensions Board to represent the entire scheme membership could be conflicted if he or she only acts in the interests of their union and union membership, rather than in the interests of all scheme members

**Declaration of Interests relating to the management & governance of the  
RCT Pension Fund administered by Rhondda Cynon Taf CBC**

I, [insert full name],

am:

☐ an officer involved in the management

☐ Pension Fund Committee Member

☐ Pension Fund Board Member

of RCT Pension Fund and I set out below under the appropriate headings my interests, which I am required to declare under RCT Pension Fund Conflicts 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):

Relating to me

Relating to family members or close colleagues

Undertaking:

I declare that I understand my responsibilities under Rhondda Cynon Taf Pension Fund ‘Conflicts of Interest’ Policy. I undertake to notify the Service Director Pensions, Procurement and Transactional Services of any changes in the information set out above.

Signed \_\_\_\_\_ Date \_\_\_\_\_

Name (CAPITAL LETTERS) \_\_\_\_\_

### Rhondda Cynon Taf Pension Fund - Register of 'Conflicts of Interest'

Date identified	Name of Person	Role of Person	Details of conflict	Actual or potential conflict	How notified (1)	Action taken (2)	Follow up required	Date resolved

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

(2) E.g. withdrawing from a decision-making process, left meeting, no action, etc.