

Conflicts of Interest Policy



Version	Reason for change	Approved
1	This was the first version of the conflicts of interest policy for EAPF following establishment of a Pension Board in line with public Service Pensions Act 2013, reviewed and approved by Environment Agency Director of Legal Services.	16 June 2015 PC 23 June 2015 ARAC
2	This version has been updated to simplify and consolidate the document and to include the managing of conflicts of interests in relation to advisors and asset pooling.	PC 25 March 2020
3	This version introduces a distinction between processes and disclosures of declarations made by PC members and PC officers, in line with Environment Agency policy. It also provides more information on managing potential conflicts due to employer responsibilities and references The Pension Regulator Code of Practice.	PC June 2023

Introduction

Conflicts of interest are inherent in the operation of Local Government Pension Scheme (LGPS) funds. They can exist at all levels: officers; Pensions Committee ('PC') Members; advisors and other roles. This is partly because many of those involved in the operation of LGPS funds also have a variety of other roles and responsibilities. For example, someone may be a member of the scheme and a Pensions Committee Member, or an adviser may also advise another LGPS administering authority.

In addition, individuals may have a personal, business or other interest which might conflict, or be perceived to conflict with their role.

This 'Conflicts of Interest Policy' is key to ensuring that the Environment Agency Pension Fund (EAPF) upholds a high standard of conduct, is well managed and the Pensions Committee functions properly.

Purpose and objectives of this policy

LGPS administering authorities (acting through the Pensions Committee) have duties to act in the best interests of both the scheme beneficiaries and also to the extent that is not incompatible with the first aim the participating employers, and in the case of EAPF as an administering authority, potentially also the interests of Defra. This policy sets out the action the Environment Agency Pension Fund (EAPF) will take to manage potential conflicts of interest and deal with any actual conflicts of interest that arise.

It aims to ensure that those involved in the operation of the EAPF do not act improperly or create a perception that they may have acted improperly due to a conflict of interest.

The policy supports good governance, encourages transparency and minimises the risk of any matter prejudicing decision making or the management of the EAPF. It seeks to promote a culture of openness, integrity and awareness.

For the purposes of this policy, the term 'a conflict of interest' relates to both a conflict or a potential conflict of interest.

In implementing this policy, Pensions Committee members should comply with the Declaration of Interest section within The Environment Agency Board Handbook. This includes Pensions Committee members who are EA Board members, EA employees, other employer representatives and retired scheme member representatives.

EAPF officers should comply with the employee Code of Conduct.

Who does this Policy applies to?

This Conflicts of Interest Policy applies to:

- all members of the Pensions Committee
- all officers of the EAPF Team
- all employees of the scheme employers in their dealings with the management of the EAPF
- all advisers and suppliers to the EAPF.

It does not apply to scheme members in relation to just being a member of the EAPF.

In this Policy, all references to the Pensions Committee also include the Investment Sub-Committee, Pension Board and any Working Groups established by the Pensions Committee. It also applies to EAPF representatives in meetings with third parties (for example, Brunel Pension Partnership on asset pooling).

In this Policy, reference to advisers includes all advisers, suppliers and other parties providing advice and services to the EAPF in relation to pension fund matters. This includes but is not limited to actuaries, investment consultants, independent advisers, governance and benefits consultants, third party administrators, fund managers, central and local government representatives, asset pool operators, lawyers, custodians and providers of additional voluntary contributions (AVCs). These advisers may be acting in a paid or unpaid capacity.

Where an advisory appointment is with a firm rather than an individual, reference to "advisers" is to the individual adviser(s) responsible for the delivery of advice and services to the Administering Authority rather than to the firm as a whole.

What is a Conflict of Interest?

A conflict of interest may arise when an individual has a responsibility or duty in relation to the operation of the EAPF (including advising the EAPF) and at the same time has a separate personal interest or another responsibility in relation to that matter. An interest could also arise due to a family member or close colleague having a specific responsibility or interest in the matter.

There is a lot of legislation and guidance on this issue, which informs this policy. 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.

The Environment Act 1995 has a stricter definition on conflict of interest. This applies to Board Members of the Environment Agency and Members of its Committees including the Pensions Committee.

The Environment Act requires that a Board Member with a direct or indirect interest in any matter brought up for discussion "shall not take part in any deliberation or decision of the Agency, or of any of its committees or sub-committees with respect to that matter" (Environment Act 1995, Sch1 1 para 7(1) (b)).

Where the Environment Act provisions on conflict of interest are stricter than those in pensions legislation, the Environment Act requirements shall take precedence. This requirement therefore applies in relation to all Pensions Committee Members.

More detailed information on the legislation and guidance relating to conflict of interest can be found in Annex 1. Examples of conflicts of interest can be found in Annex 2.

How potential conflicts of interest will be managed by the EAPF

Step 1: Declaration of Interests

a) Pensions Committee Members

Pensions Committee Members are appointed by the EA Board.

The EA Board Governance team will send Pensions Committee Members a Declaration of Interest form. Pensions Committee members will need to declare on the form the following information:

- employments, directorships (executive and non-executive) and partnerships
- consultancies, sponsorships and commissions
- pensions (including the EAPF)
- memberships of clubs and organisations
- interests in land or property
- financial interests
- any other responsibility or personal interests (financial or otherwise) for you or a close family member, or a close associate which by their nature could give rise to a possible conflict with their role

If appropriate and where relevant, interests relating to close members of families or associates also need to be declared.

Once a year the EA Board Governance Team will provide to all PC members a copy of the individual's current Declaration of Interest form. All individuals will review, resubmit any amendments and sign that the information held in relation to them is correct. The EA Board Governance Team will ensure that no declarations are over 12 months old.

b) EAPF Officers

EAPF officers will need to declare any interests on SOP as required for all EA employees.

These declarations will be approved by their line manager and reviewed regularly in line with employer's requirements. Line managers should inform the Chief Pensions Officer of any declarations which may constitute a perceived or actual conflict of interest with the employee's role supporting the Pensions Committee.

c) EAPF Advisers

On appointment to the EAPF, advisers will declare to the Chief Pension Officer any potential or actual conflicts of interest that exist at the time of appointment in relation to their role for the EAPF. Advisers will also declare any relevant professional standard or company policy in this area and any regulatory limits or restrictions on their advice. Advisers will do this by filling in a form shown in Annex 4. The form will be added to the EAPF Register of Advisers' Declarations of Interest. EAPF officers will invite advisers to review their form every year.

d) Others

Other people may attend Pensions Committee, for example representatives from Defra or NRW. These people, alongside all other attendees, will be invited to declare any relevant interests at the Pensions Committee by the Pensions Committee Chair.

Step 2: Review of interests

All PC Members' and Advisers' Declarations of Interest will be shared with the Chief Pensions Officer and Chair of the EAPF Pensions Committee.

The Chief Pensions Officer will also raise with the Chair of the Pensions Committee any EAPF officer declarations which need managing.

The Chief Pensions Officer, in consultation with the Chair of the Pensions Committee, and taking legal and governance advice where appropriate, will assess the extent to which any declarations are relevant to the individual's role in relation to the EAPF.

The Chief Pensions Officer, in consultation with the Chair of the Pensions Committee, and taking into account the agreed EAPF Business Plan, will also consider whether any conflicts are likely to arise in relation to decisions to be made over the coming year and will plan how they will prevent or manage such conflicts.

Where the declaration is in relation to the chair of an EAPF Committee, the Chair or Deputy Chair of the Environment Agency will assess the extent to which any declarations are relevant to the individual's role in relation to the EAPF taking legal and governance advice where appropriate.

Where the declaration is in relation to the Chief Pensions Officer or the Director of Legal Services then the EA's Director of Strategy, Planning and People or the Chief Operating Officer respectively will liaise with the Pensions Committee Chair and assess the extent to which any declarations are relevant to the individual's role in relation to the EAPF, taking legal and governance advice where appropriate.

In line with the Committee's Terms of Reference, to manage a potential or eliminate an actual conflict, the Chair of the Pensions Committee may require the individual to leave the meeting during the discussion on the relevant matter and/or, if a Committee member, to withdraw from voting on the matter. Alternatively, it may be appropriate for a working group or sub-committee to be established, excluding the individual concerned, to consider the matter further.

The EAPF shall try to avoid the need for an individual to resign due to an actual or potential conflict of interest. However, where the conflict is considered to be so fundamental it cannot be effectively managed, the Chair of the Pensions Committee will ask the individual to resign.

Any potential or actual conflicts of interest among Pensions Committee members which need managing will be logged by the Chief Pensions Officer in the EAPF Pensions Committee Members' Interests Action log. This is shown in Annex 3.

The Pensions Committee Members' Interests Action Log and the Register of Advisers' Declarations of Interest will be held on the Committee's on-line governance portal and be accessible for each Pensions Committee member.

Step 3: All new conflicts of interest will be declared as soon as reasonably practical

Any individual who considers that they or another individual has a new potential or actual conflict of interest must declare this at the earliest possible opportunity, in line with the process in Step 1.

The Chief Pensions Officer, in consultation with the Chair where relevant, and taking legal or other professional advice where appropriate will consider any necessary action to manage the potential conflict or remove an actual conflict.

The first item on the agenda of each Pensions Committee meeting will be a standing item requiring the declaration of any conflicts of interest. The Chair will update the Pensions Committee of any new declarations by members made since the previous Pensions Committee meeting and, if relevant, how the conflicts are being managed or removed (as appropriate).

The Chair will also update the Pensions Committee at the next available meeting if there is an EAPF officer declaration that the Chair of Pension Committee and Chief Pensions Officer have decided needs managing. The Chief Pensions Officer will be the point of contact for any enquiries about these.

In exceptional circumstances, and where it has not been practicable to make the declaration any earlier, individuals may declare a new conflict of interest at the beginning of the meeting, or at such point in a meeting as the individual becomes aware of a new potential or actual conflict. These will be recorded as part of the meeting minutes. The Chair, in consultation with the Chief Pension Officer and other professional advice as appropriate, will decide on the correct process for managing the potential conflict of interest at the meeting, or for excluding the member if it is deemed to be an (unmanageable) actual conflict of interest.

Where an employer or member representative wishes to provide a specific point of view on behalf solely of an employer or member(s), they must state this clearly at the meeting and it will be recorded in the minutes.

Step 4: Release of Declarations of Interest

Members of the public may request to see Declarations of Interest through a Freedom of Information (Fol) request. The Board Governance Team will inform the Chief Pensions Officer & Head of Responsible Investment & Governance on receipt of any such request.

PC Members' Declarations may be released, in line with the requirements in the Fol legislation, subject to any applicable exemptions. If a Fol request is received that relates to PC Members who are not Executive Director level or above, information may be disclosed subject to any applicable exemptions and the carrying out of a legitimate interests assessment.

The EA Board Governance Team will seek to advise the PC Members of the request in advance of any release and provide the relevant PC members with a copy of the information about them that has been released.

For EAPF officers at Executive Director level and above, the information in their Declaration of Interest will be released following an Fol request, in line with the requirements in the legislation. The EA Board Governance Team will advise officers at Executive Directors and above of requests in advance of the information being released and provide the relevant officer(s) with a copy of the information about them that has been released. Information relating to EAPF officers below Executive Director level will not be disclosed, in line with EA policy.

Advisers' declarations of interest will be disclosed, in line with exemptions in the FoI legislation. The EA Board Governance Team will liaise with the Chief Pensions Officer & Head of Responsible Investment & Governance to advise advisers of requests in advance of the information being released and provide the relevant adviser(s) with a copy of the information about them that has been released.

Managing potential conflicts due to employer responsibilities

The EAPF recognises that some of the EAPF Pensions Committee and officers may have separate responsibilities in the management of the Environment Agency and other employers participating in the EAPF. This could result in actual or perceived conflicts of interest. These could relate to a wide range of responsibilities such as:

- Involvement in determining the rate of Environment Agency employer contributions to be paid
- Involvement in procurement of services to the Environment Agency that could impact the ways of working in the EAPF, for example outsourcing activities
- Knowledge of companies which EAPF may be invested in; or
- Awareness of government initiatives which may impact on the financial sector

This Policy provides the overall framework for any such conflicts to be managed appropriately and this section expands on further processes in place particularly relating to investments, to ensure any such conflicts of interest are mitigated as far as reasonably practicable.

How investments will be managed to avoid conflicts of interest

The Environment Agency Pension Fund invests its assets in a wide range of investments across the world. Inevitably, some of the businesses the EAPF invest in may be regulated by one or more of the EAPF employers.

The process set out below ensures that any conflict of interest between the Environment Agency Pension Fund and the EAPF employers is mitigated as far as reasonably practicable.

- **The Environment Agency officers responsible for the operation of the EAPF ("EAPF Officers") will be a separate team in the Environment Agency from those teams which regulate companies.**

Officers will be in a different part of the Environment Agency organisational structure from that which regulates companies. The EAPF team will only be party to company information which is in the public domain, or derived from non-employer body sources (e.g. from a fund manager).

In their work, EAPF Officers will act for, and represent the views of, the pension fund and not the employer.

- **There is a clear separation between EAPF and the selection of companies in which the Fund invests**

The majority of our investments are managed through the Brunel Pension Partnership.

Brunel Pension Partnership Ltd must provide us with investment portfolios which meet the ambitions set out in our Responsible Investment Strategy Statement.

Brunel will research and procure fund managers who can deliver our investment approach and that of 9 other LGPS Funds which make up the Brunel partnership. The same investment portfolios are offered to all Brunel clients. The fund managers who are selected by Brunel will then select the underlying companies in that portfolio.

The EAPF continues to manage a minority of investments in-house. All decisions regarding the choice of new fund managers in these portfolios go to Pensions Committee for approval, with supporting evidence of how these managers meet our Responsible Investment Strategy Statement. The chosen fund manager will then select the underlying investments in these portfolios.

EAPF Committee Members and EAPF officers will not get involved in fund managers' decisions regarding selection of individual firms for a particular portfolio, ensuring that there can be no possibility of any sharing of employer information which they may be party to.

The EAPF has an agreed policy to selectively divest from companies which, following engagement, are deemed as not making sufficient progress towards a low-carbon economy and which present a material financial risk to the Fund. Decisions on if and when to selectively divest from a company will be taken jointly by the Brunel Partnership in line with Brunel's Climate Change Policy.

If EAPF Committee Members or officers have an employer responsibility or other known connections with a company which the EAPF invests in, or plans to invest in, they will be excluded from any EAPF discussions regarding investment in that particular company. Similarly if any EAPF Committee Member or officer is party to non-public information (which is not EAPF-derived) about a company, they will be excluded from EAPF discussions regarding investment in that company.

- **The EAPF will not discuss with its appointed fund managers how individual companies are regulated by EAPF employers.**

In no instance will EAPF members or officers discuss the environmental regulation of a particular company with a fund manager. In all instances, the fund manager will be directed to approach the employer bodies directly and separately.

- **In undertaking its stewardship activities, the EAPF will act in line with its Responsible Investment Strategy Statement and underlying policies. The responsibilities of EAPF scheme employers will not influence which companies the EAPF will prioritise for engagement.**

The EAPF has agreed priority issues which it wants to engage with investee companies on. These include on environmental issues.

Our engagement priorities are fed into Brunel's wider engagement priorities to inform Brunel's Stewardship Policy, which is agreed by the Brunel Pension Partnership Ltd.

Brunel employs an engagement provider to engage directly with companies in the Brunel portfolios in line with the Stewardship Policy. In some of these engagement activities, officers from EAPF, Brunel and the other 9 LGPS partners in Brunel may get involved in engagements with individual companies. Where EAPF acts on behalf of the wider Brunel partnership (rather than acting solely for the EAPF), this will be made clear to the company engaged with.

In some instances, EAPF may engage directly with a company through holdings it has outside of Brunel Pension Partnership or in wider initiatives involving other partners in the financial sector.

Should the EAPF engage with a company which the EAPF employers regulate or has another known connection with, the EAPF will be open and transparent with the company and make clear that the EAPF is acting solely as a shareholder. It will clarify that it has no role or influence in any other interaction the company may have with the Environment Agency or other EAPF employer, relating to environmental regulation or otherwise.

In some instances, the EAPF and its engagement partners may be informed by information EAPF scheme employers puts in the public domain. If any EAPF Pensions Committee Member or officer is party to non-public information in relation to a particular company, they will not get involved in an engagement with that company.

Similarly, if an EAPF Pensions Committee Member or officer is party to non-public information (which is not EAPF-derived) about a government initiative which may impact on the financial sector, they will be excluded from all relevant stewardship (including investment) discussions on this.

Gifts and Hospitality

All Pension Committee members and officers must follow the guidance in the EA Board Handbook and EA Code of Conduct respectively in relation to the receipt of gifts and hospitality.

Who is responsible for implementing this policy?

- The Environment Agency (acting through the Environment Agency Board) as administering authority for the Environment Agency Pension Fund must be satisfied that conflicts of interest are appropriately managed or removed
- The Chair of the Pensions Committee is the designated individual for ensuring the procedure outlined in this policy is adhered to. They are supported by the Chief Pension Officer, the Board Governance Team and where appropriate, legal and governance advisers,
- Each individual covered by this Policy has a responsibility to identify any potential instances where their personal, financial, business or other interests might come into conflict with their EAPF duties.

Monitoring and Reporting

All new Pensions Committee members and officers will be given a copy of this Policy on appointment to the EAPF and will receive training on this policy and on identifying situations that may result in a conflict and ways in which conflicts can be managed in practice. New Pensions Committee members and officers will be made familiar with the principles contained in The Pensions Regulator's Code on Conflicts of interest.

The Pensions Board will review the approach to conflicts of interest on an annual basis. It will consider its overall effectiveness and whether there have been any conflicts of interest that were not declared as early as reasonably practicable.

The Independent Governance and Risk Adviser will comment on the management of conflicts of interest in their regular report on the effectiveness of the governance of the Fund.

Internal Audit will also consider how conflicts are managed as part of their review of Pensions.

The Environment Agency's Audit and Risk Assurance Committee (ARAC) will review periodically how the EAPF manages conflicts of interest. This will be done, as appropriate, in line with the Environment Agency Board Handbook, Board Members' Terms of Reference and the Standing Orders of ARAC. For this, the EA Board Governance team will share the full set of PC Members', Advisers' and Executive Director Declarations with ARAC.

Key risks to the delivery of this policy

There are a number of reasons why this policy may not be implemented effectively.

These include:

- insufficient training or poor understanding in relation to individuals' roles on pension fund matters
- failure to effectively communicate the requirements of this Policy to members, officers and advisers of the Pensions Committee and relevant teams within employer bodies
- failure to enforce the requirements in this policy
- failure by the Chair of the Pensions Committee to take appropriate action when a conflict is highlighted at a meeting
- failure by a member, officer or adviser to make a declaration of interest

These risks will be managed on an ongoing basis and also considered as part of the annual review of the declaration of interests.

Costs

All costs related to the operation and implementation of this Policy will be met directly by the Fund. However, no payments will be made to any individuals in relation to any time spent or expenses incurred in the disclosure or management of any conflict of interest under this Policy.

Approval, Review and Consultation

This Conflicts of Interest Policy was approved at the Environment Agency Pensions Committee meeting on 27 June 2023.

It will be formally reviewed and updated at least every twelve months or sooner if required, for example if there is a relevant change in circumstances. This includes if there are any changes to the LGPS or other relevant regulations or guidance which need to be taken into account.

More Information

If you require further information about anything in or related to this Conflicts of Interest Policy, please contact:

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Annex 1

Legislation and Guidance on conflicts of interest

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. These are set out in this section and this policy has been developed to ensure these requirements are met.

Individuals, particularly advisers and service providers, may be subject to further requirements, such as those imposed by the Financial Conduct Authority or other professional bodies. Where this is the case, the requirements of this policy are in addition to any other professional requirements that may be in place for individuals or their organisations.

The Environment Act 1995

The Environment Act 1995 establishes the Environment Agency and provides rules for its management. There is considerable flexibility in these rules in general but not for conflicts of interest.

Section 1 and paragraph 7 of Schedule 1 to the Environment Act 1995 provides how board members must manage conflicts of interests. It provides that any member who is directly or indirectly interested in any matter that is brought up for consideration at a meeting of the Environment Agency must disclose the nature of their interest to the meeting and where a disclosure is made:

- (a) the disclosure is minuted
- (b) the member must not take part in any deliberation or decision of the Environment Agency, or of any of its committees or sub-committees with respect to that matter

Examples of direct and indirect interests are given in Section 5 of the Environment Agency Board Handbook which provides advice on what these are and how they must be managed. These requirements also apply to all Members of Environment Agency Committees. Additional rules apply to the management of pension funds and are described below.

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 from time to time thereafter. It also requires local pension board members (or nominated members) to provide reasonable information to the scheme manager for this purpose.

The Act defines a conflict of interest in a different and less restrictive way than the Environment Act 1995 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 local pension board members do not have conflicts of interest on appointment or whilst they are members of the board. It also requires those pension 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 has issued guidance relating to the creation of local pension boards including a section on conflicts of interest.

The Pensions Act 2004

The Public Service Pensions Act 2013 also added a number of provisions to the Pensions Act 2004 related to the governance of public service pension schemes and, in particular, conflicts of interest.

Section 90A required The Pensions Regulator to issue a code of practice relating to conflicts of interest for pension board members – see the section below on The Pensions Regulator's Code of Practice.

Furthermore, under section 249B of the Pensions Act 2004, scheme managers of public service pension schemes are required to establish and operate internal controls which are adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules and with the requirements of the law. The management of conflicts of interest is likely to be one of many internal controls which assist in ensuring legislation continues to be adhered to.

In addition, 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 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
- ensure declarations are updated appropriately.

The Seven Principles of Public Life

The seven principles of public life apply to anyone who works in a sector that delivers public services. These are also known as the "Nolan Principles". Among others, they apply to 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
- health, education, social and care services

Many of the principles are integral to the successful implementation of this Policy. The principles which bind Board Members through the Board Handbook and Environment Agency Staff members under the Code of Conduct are as follows:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

The Pensions Regulator's Code of Practice

The Pensions Regulator issues codes of practice to provide practical guidance to pension schemes in relation to the exercise of their functions under pensions legislation, as well as to set out expected standards of conduct and practice. At the point of writing this version of EAPF's Conflicts of Interest Policy, The Pension Regulator's "Code 14: Governance and administration of public service pension schemes" applies to public service pension schemes. It includes a section on managing conflicts of interest which relates purely to Pension Board members of public service pension schemes, highlighting the legal requirements as outlined in the paragraphs above, and providing guidance on identifying, monitoring and managing conflicts of interest.

A new Single Code of Practice will be issued by The Pensions Regulator in 2023 which will amalgamate ten of its existing codes, including Code 14. Accordingly public service pension schemes will be subject to the new code. As well as highlighting the requirements in relation to Pension Board members, the new code is expected to highlight the legal requirement to establish and operate internal controls which are adequate for the purpose of securing that the scheme is administered and managed in accordance with both scheme rules and requirements of the law, and that includes a requirement that conflicts of interest be considered when identifying and evaluating risks. As with the current code, the new code is expected to include guidance on managing conflicts of interest.

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 and legal advisers (solicitors) will be subject to the requirements of the Solicitors Regulatory Authority. The duties and requirements of some regulatory authorities in respect of conflicts of interest are higher than others (for example, solicitors have different obligations because of their duties to clients). 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.

Additional Requirements for the Environment Agency Pension Fund

In addition to the provisions set out in the legislation and guidance, there are extra requirements which are specific to the Environment Agency Pension Fund. These are set out below.

Pensions Committee, Pension Board and Investment Sub-Committee Members

Pension Committee members and EAPF officers are required to adhere to section 8 (Declarations of Interest) & section 9 (Code of Conduct) of the standing orders for the Pensions Committee, Pension Board and Investment Sub-Committee with regard to Declarations of Interest.

Employees of the Environment Agency

Officers of the EAPF are required to adhere to the Environment Agency Code of Conduct for employees which includes a guidance note on declaration of interests. This requires all employees to complete a declaration of interests form on joining the Environment Agency and whenever personal circumstances change that affect the information on that form. As a matter of routine all employees are required to review their existing declaration of interests annually.

Annex 2: Examples of conflicts of interest

It is impossible to set out every situation which may result in a conflict but common situations include:

- setting investment strategy and reviewing investment choices;
- setting assumptions for actuarial valuations;
- negotiating funding, including the choice of actuarial assumptions;
- setting contribution rates;
- approving discretionary benefits to a member;
- settling a death in service benefit claim; and
- choosing different scheme advisers.

The following are examples of potential or actual conflicts of interest which would need to be managed or removed:

- A Pension Committee member is on the Board of a company which the EAPF invests in.
- The partner of an EAPF Pension Committee member is on the board of a Fund Manager that the EAPF or Brunel Pension Partnership is considering appointing.
- The person appointed to consider internal disputes is asked to review a case relating to a close friend or relative.
- Officers involved in the management of the Fund are asked to provide a report to the Pension Committee on whether certain services should be outsourced which, if it were to happen, could result in a change of employer or job insecurity for them.
- An employer representative acts only in the interests of the administering authority, rather than those of all scheme employers. Equally, a member representative, who is also a trade union representative, acts only in the interests of their union rather than all scheme members.
- An adviser to the fund is also working directly on the development of a government policy which could result in additional work for their firm from the EAPF.
- An employer representative has access to information by virtue of their employment, which could influence or inform the considerations or decisions of the Pension Committee. They have 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 Pension Committee.
- EAPF advisers are asked to give advice to scheme employers, scheme members or member representatives such as the Trades Unions, in relation to EAPF pension matters
- A member, officer or adviser to the EAPF is also advising another administering authority or asset pool operator which is involved in a transaction involving the EAPF

Annex 3

EAPF – Pension Committee Members’ Interests Action Log

All new declared potential or actual conflicts of interest which need managing will be recorded here by the Chief Pensions Officer.

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
EXAMPLE: 02/02/2020	Gina Bloggs	Pension Committee Member	Partner is on the Board of a fund administrator provider	Potential	Declaration of Interest form 01/01/2020	Unable to participate in discussions relating to the Fund Administrator contract	To monitor at all meetings until procurement process has finished, with a further review at that point	ongoing

Information recorded in this log will be processed for the purposes set out in the Conflicts of Interest Policy, in accordance with data protection principles set out in the retained EU law version of the General Data Protection Regulation ((EU) 2016/679) and the Data Protection Act 2018.

Annex 4

EAPF – Register of Advisors' Declarations of Interests

Advisors are also asked, additionally to complete the following factual information about their role and the basis of the provision of their advice.

Date identified	Name of Person / Organisation	Role of Person	Details of basis of advice	Regulatory information / restrictions	Professional standards statement received and reviewed	Details of other professional Pensions engagement	Action taken
EXAMPLE:	Joe Bloggs	Actuary	Actuarial advice and valuation	Follow requirements of Institute of Faculty of Advisers	Received on 01/02/2020 And reviewed.	Individual is fund actuary to 3 other LGPS funds And advises govt on Y scheme	Asked to leave room when Y scheme being discussed.

Information provided in this declaration will be processed for the purposes set out in the Conflicts of Interest Policy, in accordance with data protection principles set out in the retained EU law version of the General Data Protection Regulation ((EU) 2016/679) and the Data Protection Act 2018.