

HIGHLAND COUNCIL

Committee: Pensions Committee

Date: 18 June 2026

Report Title: Conflict of Interest Policy

Report By: Chief Officer, Corporate Finance

1. Purpose/Executive Summary

- 1.1 The Highland Pension Fund's (HPF) Conflict of Interest Policy is being presented to Pensions Committee for approval.
- 1.2 The policy complies with legislative and regulatory requirements.
- 1.3 Pension Committee members have both fiduciary and public law duties to act in the best interests of scheme beneficiaries and participating employers. As those involved in the management of the Fund may have other roles or responsibilities resulting in actual or potential conflicts of interest, it is good practice to document how any such circumstances are to be managed in a Conflict of Interest policy.
- 1.4 In February 2025, officers completed a review of HPF compliance with the Pension Regulator General Code. It was identified as an action that a Conflict of Interest policy would be implemented (appendix 2, action 1 of the following report) as some Pension Board and Pensions Committee members are not covered by existing Highland Council policies
<https://www.highland.gov.uk/download/meetings/id/84569/Item%25204%2520-%2520The%2520Pension%2520Regulator%2520Code%2520of%2520Practice>)

2. Recommendations

- 2.1 The Committee is invited to approve the Conflict of Interest Policy (Appendix 2)

3. Implications

- 3.1 There may be resource implications to put processes in place to ensure that there are adequate resources in place to support a robust governance and internal control framework which includes processes for the Conflict of Interest Policy.

- 3.2 In terms of legal implications, the governance of the Fund must comply with all Local Government Pension Scheme (LGPS) legislation and regulations and TPR requirements, or the Fund could be non-compliant and in breach of Regulator requirements. These legal and regulatory requirements include:
- The Public Pensions Act 2013 (Sect.5) <https://www.legislation.gov.uk/ukpga/2013/25/section/5>
 - The Local Government Pension Scheme (Governance)(Scotland) Regulations 2015 (Reg.7) <https://www.legislation.gov.uk/ssi/2015/60/made>
 - Pensions Regulator Code of Practice: The governing body; Risk management (Conflict of interest) <https://www.thepensionsregulator.gov.uk/en/document-library/code-of-practice/the-governing-body/risk-management/conflicts-of-interest>
- 3.3 The Conflict of Interest processes are an integral part of governance, with Pensions Board and Committee members will receive regular training so they are fully aware of the Conflict of Interest Policy.
- 3.4 There are no Health and Safety (risks arising from changes to plant, equipment, or people) or Gaelic implications arising as a direct result of this report.

4. Impacts

- 4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children’s Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.
- 4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.
- 4.3 This is a policy document, so an impact assessment screening was completed, and no further impact assessment was required. An Integrated Impact Assessment screening was completed on the Risk Management Policy. The conclusions have been subject to the relevant Manager Review and Approval
- 4.4 The Screening process has concluded that as there are no identified negative impacts a full impact assessment is not required. Members are asked to consider the summary in **Appendix 1** to support the decision-making process.

Impact Assessment Area	Conclusion of Screening
Equality	no impact
Socio-economic	no impact
Human Rights	no impact

Children's Rights and Well-being	no impact
Island and Mainland Rural	no impact
Climate Change	no impact
Data Rights	no impact

5. Conflict of Interest Policy for approval

5.1 The Conflict of Interest Policy is at **Appendix 2** and is based on existing Conflicts of Interest declaration frameworks in place for the Highland Council with these processes to be applied to employer representatives on the Pensions Committee and both employer and employee representatives on the Pension Board.

5.2 The Chief Officer (Legal and Corporate Governance) and Democratic Services Manager provided advice and input to the drafting of the proposed policy.

5.3 The Policy covers the following

- Policy application
- The Key Principles of Public Life
- What is a Conflict of Interest?
- Registrable Interests
- Declarable Interests
- Managing Conflict of Interest
- Operational Procedure for Managing Conflicts
- Operational Requirements for Advisers
- Monitoring and Reporting
- Risk
- Costs of Operating the Policy
- Approval, Review and Consultation

Designation: Chief Officer, Corporate Finance

Date: 2 June 2026

Author: Catriona Stachan, Pensions Manager

Integrated Impact Assessment Screening

About proposal

What does this proposal relate to? Policy

Proposal name: Conflict of Interest policy

High level summary of the proposal: The Highland Pension Fund's (HPF) Conflict of Interest Policy is being presented to Pensions Committee (18 June 2026) for approval. The Policy has been established to ensure compliance with statutory and regulatory requirements; to guide those responsible for Fund governance in their respective Fund responsibilities; and to demonstrate transparency and accountability in the management of the Fund.

Who may be affected by the proposal? No members of the public

Start date of proposal: 18/06/2026

End date of proposal: 18/06/2026

Does this proposal result in a change or impact to one or more Council service? No

Does this relate to an existing proposal? No

Author details

Name: Catriona Stachan

Job title: Pensions Manager

Email address: Catriona.Stachan@highland.gov.uk

Service: Corporate

Responsible officer details

Name: Brian Porter

Job title: Chief Officer - Corporate Finance

Email address: Brian.Porter@highland.gov.uk

Sign off date: 2026-06-08

Equalities, poverty, and human rights

Protected characteristics

Select what impact the proposal will have on the following protected characteristics:

Sex: No impact

Age: No impact

Disability: No impact

Religion or belief: No impact

Race: No impact

Sexual orientation: No impact

Gender reassignment: No impact

Pregnancy and maternity: No impact

Marriage and civil partnership: No impact

Protected characteristics impact details:

Poverty and socio-economic

What impact is the proposal likely to have on the following?

Prospects and opportunities: No impact

Places: No impact

Financial: No impact

Poverty and socio-economic impact details:

Human rights

Which of the below human rights will be affected by this proposal?No human rights will be affected

What impact do you consider this proposal to have on the human rights of people?No impact

Human rights impact details:

Equalities, poverty and human rights screening assessment

What impact do you think there will be to equalities, poverty and human rights?No impact

Is a Full Impact Assessment required? No

Children's rights and wellbeing

What likely impact will the proposal have on children and young people?

Which of the below children's rights will be affected by the proposal?No children's rights will be affected

Explain how the children's rights selected above will be affected:

Children's rights and wellbeing screening assessment

What impact do you think there will be to children's rights and wellbeing?No impact

Is a Full Impact Assessment required? No

Data protection

Will your proposal involve processing personal data? Yes

Is any of this data already processed by the Highland Council?Yes

What is the purpose of the personal data being processed?Existing processes used by the Highland Council and CNES for the registration of interests will be used to record information in order to identify and manage any potential conflicts of interest and comply with the Conflict of Interest policy. These processes will be extended to cover employee representatives, senior officers and employer representatives.

Is there an up-to-date privacy notice available on the Highland Council website? Yes

Data protection screening assessment

What change will there be to the way personal data is processed?No significant change to current processing

Is a Full Impact Assessment required? No

Island and mainland rural communities

Does your proposal impact island and mainland rural communities?No

Island and mainland rural communities screening assessment

What impact do you think there will be to island and mainland rural communities?No difference

Is a Full Impact Assessment required? No

Climate change

Does the proposal involve activities that could impact on greenhouse gas emissions (CO₂e)? No

Does the proposal have the potential to affect the environment, wildlife or biodiversity? No

Does the proposal have the potential to influence resilience to extreme weather or changing climate? No

Provide information regarding your selection above:

Climate change screening assessment

Have you identified potential impact for any of the areas above or marked any as not known? No

Is a Full Impact Assessment required? No

APPENDIX 2

Highland Pension Fund

Conflict of Interest Policy

lgps | Local Government
Pension Scheme

Contents

- 1. Introduction.....2
- 3. Policy Application.....3
- 4. The Key Principles of Public Life3
- 5. What is a Conflict of Interest?5
- 6. Registrable Interests.....5
- 7. Declarable Interests6
- 8. Managing Conflicts of Interest.....7
- 9. Operational Procedure for Managing Conflicts.....8
- 10. Operational Requirements for Advisers.....9
- 11. Monitoring and Reporting9
- 12. Risks..... 10
- 13. Costs of Operating the Policy..... 10
- 14. Approval, Review and Consultation 10
- 15. Further Information 10
- Appendix 1 11

1. Introduction

- 1.1 It may be that those with responsibility for managing a local authority pension fund will face conflicts of interest from time to time. For example, individuals may have personal conflicts resulting from the posts they hold as or through having personal, business or other interests in an issue relating to the Pension Fund.
- 1.2 This policy applies to:
- all members of the Pensions Committee and the Pension Board of the Highland Pension Fund; and
 - senior officers of Highland Council involved in the management, administration and governance of the Fund i.e. the Chief Officer (Corporate Finance) and Pensions Manager
- 1.3 LGPS administering authorities have both fiduciary and public law duties to act in the best interests of scheme beneficiaries and participating employers. As those involved in the management of the Fund may have other roles or responsibilities resulting in actual or potential conflicts of interest, it is good practice to document how any such circumstances are to be managed.

2. Purpose and Objectives

- 2.1 This is the Conflict of Interest Policy, for the Highland Pension Fund. It is based on the requirements of the Councillors' Code of Conduct (December 2021) as drawn up by the Standards Commission for Scotland under the Ethical Standards in Public Life etc. (Scotland) Act 2000.
- 2.2 The Policy has been established to ensure compliance with statutory and regulatory requirements¹; to guide those responsible for Fund governance in their respective Fund responsibilities; and to demonstrate transparency and accountability in the management of the Fund.
- 2.3 Elected Members who are members of the Pensions Committee or Pension Board are subject to the Councillors' Code of Conduct which includes provision for the declaration of interests and the recording of those interests.

¹ The Public Pensions Act 2013 (Sect.5) The Local Government Pension Scheme (Governance)(Scotland) Regulations 2015 (Reg.7) Pensions Regulator Code of Practice: The governing body; Risk management (Conflict of interest)

- 2.4 Members of the Committee or Board who are not Elected Members will also be required to adhere to the provisions of the Councillors' Code of Conduct (insofar as the Code relates to declarations of interest and the recording of such interests) to ensure a common Fund framework for identifying, monitoring and managing conflicts.

3. Policy Application

- 3.1 The Policy applies to:
- all members of the Pensions Committee and the Pension Board of the Highland Pension Fund; and
 - senior officers of Highland Council involved in the management, administration and governance of the Fund i.e. the Chief Officer (Corporate Finance) and Pensions Manager
- 3.2 The Chief Officer (Legal and Corporate Governance) is the designated officer responsible for ensuring the procedures outlined in the policy are adhered to. Where an actual or potential conflict of interest has been identified by an individual, the individual can seek the advice of the Chief Officer (Legal and Corporate Governance) who will consider how the conflict should be managed.
- 3.3 The exception to 3.2 is where a conflict is identified or declared at a meeting. In those circumstances, the expectation would be for the individual to leave the meeting or exempt themselves from the item.
- 3.4 It is important that all Committee Members, Board Members and Senior Fund Officers are familiar with the contents of this policy and Sections 3, 4 and 5 of the Councillors' Code of Conduct.

4. The Key Principles of Public Life

- 4.1 The Councillor's Code of Conduct sets out a number of general principles which are applicable to those delivering public services, including:
- Duty** - Holders of public office have a duty to uphold the law and act in accordance with the law and the public trust placed in them. They have a duty to act in the interests of the council as a whole and all the communities served by it and a duty to be accessible to all the people of the area for which they have been elected to serve, and to represent their interests conscientiously.

Selflessness - Holders of public office should act solely in terms of the public interest. They must not do so in order to gain financial or other material benefits for themselves, their family or their friends.

Integrity - Holders of public office must not place themselves under any financial or other obligation to any individual or organisation that might reasonably be thought to influence them in the performance of their duties.

Objectivity - In carrying out public business, including making appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make their decisions based on merit.

Accountability and Stewardship - Holders of public office are accountable for their decisions and actions to the public and have a duty to consider issues on their merits, taking account of the views of others, and must ensure that the council uses its resources prudently and in accordance with the law.

Openness - Holders of public office should be as open as possible about the decisions and actions they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands it.

Honesty - Holders of public office have a duty to act honestly and must declare any private interests relating to their public duties and take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership - Holders of public office have a duty to promote and support these principles by leadership and example, and to maintain and strengthen the public's trust and confidence in the integrity of the council and its councillors in conducting public business.

Respect - Holders of public office must respect all other public office holders and all public service employees and the role they play, treating them with courtesy at all times. They must also respect members of the public when performing their duties.

- 4.2 These key principles are there for the guidance of Committee and Board members and to help them in interpreting the Code. Ultimately, it is the responsibility of Committee and Board members to make sure they are complying with the relevant provisions of the Code. In doing so, they may need to exercise their judgement and consider how a member of the public, with knowledge of the relevant facts, would regard actions or decisions taken.

5. What is a Conflict of Interest?

5.1 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)."

5.2 For example, a conflict of interest could arise when an individual has a responsibility or duty relating to the management of a Fund, and at the same time has:

- a separate personal interest (financial or otherwise) or
- another responsibility giving rise to a possible conflict

Such a conflict could, for example, arise from membership of a club, society or organisation that promotes divestment from certain sectors or geographies or a family member or close colleague having a specific responsibility or interest in a matter that is relevant to the pension fund.

5.3 Some further examples of potential conflicts are set out in Appendix 1.

6. Registrable Interests

6.1 All Pensions Committee and Pension Board Highland Council elected members are required to complete a Register of Interests in accordance with the Councillors' Code of Conduct. Their respective Registers will be relied upon for the purposes of this Policy. Designated Fund Officers (i.e. the Chief Officer (Corporate Finance and Pensions Manager) are also required to complete a Declaration of Interests Form which will be held and made available for public inspection.

6.2 The respective Register of Interests completed by any elected member of Comhairle nan Eilean Siar who is a member of the Pension Board will be relied upon for the purposes of this policy and a suitable hyperlink employed.

6.3 Section 4 of the Councillors' Code of Conduct lists the categories of interest that are considered "registrable". Individuals should review their own personal circumstances against these categories at least once a year and update their Declaration of Interests Form if there are any changes to their registrable interests.

6.4 There are nine categories of registrable interests which include:

1. **Remuneration** - In relation to the non-Councillor members of the Committee and Board, remuneration from the post or office which has given rise to membership of the Committee or Board is not deemed registrable.
2. **Other roles** - (e.g. directorships)
3. **Contracts** - These are registrable if you have a registrable interest in the organisation that has been awarded the contract.
4. **Donations** - A donation is only registrable if it is towards election expenses.
5. **Houses, Land and Buildings** - In relation to the non-Councillor members of the Committee and Board, you do not need to register your main residence.
6. **Interests in shares and securities** this should be declared if
 - a. interest is more than 1% of the issued share capital of the company or body; or
 - b. where, at the relevant date, the market value of any shares and securities (in any one specific company or body) that the individual owns or has an interest in, is greater than £25,000.
7. **Gifts and hospitality** - Gifts or hospitality should not be accepted.
8. **Non-Financial Interests** - Membership or holding office in public bodies, companies, clubs, societies and organisations such as trades unions and voluntary organisations, are registerable. Non-financial interests are those which members of the public with knowledge of the relevant facts might reasonably think could influence your actions, speeches, votes or decision-making.
9. **Close Family Members** - Any close family member, including cohabiting partners, who have transactions with or are likely to have transactions or do business with the Fund or Highland Council should be registered.

6.5 Further details on registrable Interests can be found in the Code of Conduct for Councillors and in the accompanying Guidance on the Councillors' Code of Conduct.

7. Declarable Interests

7.1 Section 5 of the Councillors' Code of Conduct outlines various considerations around declarable interests. In particular, interests that may influence or be thought to influence the actions of those persons covered by the Policy should be declared. The relevant test being whether a member of the public with knowledge of the facts would reasonably regard the interest as so significant as to prejudice the discussion or decision-making process.

- 7.2 Interests that can be considered declarable may or may not be registrable interests and may be of a financial or non-financial nature. They may also relate to the interests of relatives and close friends.
- 7.3 There is no need to declare an interest unless it is clear and substantial. For example, being a member of the Highland Pension Fund does not need to be declared.
- 7.4 All meetings of the Fund should include a standing item titled Declarations of Interest at the start of the meeting in order that any declaration of interest in relation to items on the agenda can be made.
- 7.5 All Pensions Committee, Pension Board members and Senior Fund Officers are required to notify the Highland Council Chief Officer (Legal and Corporate Governance) of any declarable interest relating to their role in managing the Pension Fund in writing at the earliest opportunity.

8. Managing Conflicts of Interest

- 8.1 It is the responsibility of each individual covered by this Policy to identify any potential instances where their personal, financial, business or other interests might come into conflict with their pension fund duties. Highland Pension Fund wishes to encourage a culture of openness and transparency and, therefore, encourages individuals to be vigilant in recognising actual or potential conflicts.
- 8.2 The Highland Council Chief Officer (Legal and Corporate Governance), in consultation with the Highland Council Chief Officer (Corporate Finance), will evaluate the nature of any dual interests and assess their impact on Pension Fund operations and good governance.
- 8.3 Provided that the Highland Council Chief Officer (Legal and Corporate Governance) (in consultation with the Highland Council Chief Officer (Corporate Finance)), is satisfied that the method of management is satisfactory, it shall endeavour to avoid an individual having to resign due to a conflict of interest. However, where the conflict is considered to be so fundamental that it cannot be effectively managed, or where a Pension Board member has an actual conflict of interest as defined in the Public Service Pensions Act, there will be an expectation that the individual will resign from the Committee/Board.

9. Operational Procedure for Managing Conflicts

9.1 The process for managing conflict is set out below and is consistent with the recommendations of the Pensions Regulator for potential and actual conflicts to be identified, monitored and managed.

Stage	Process
<p>Step 1 Initial identification of interests which do or could give rise to a conflict.</p>	<p>On appointment to their role (or on the commencement of this Policy if later), all individuals will be advised of this Policy and be asked to complete a Notice of Interests Form (n.b. this may already have been completed in the course of an elected member's other Council business).</p> <p>This information will be monitored by the Highland Council Chief Officer (Legal and Corporate Governance) in consultation with the Highland Council Chief Officer (Corporate Finance) who will assess the extent to which any declarations are relevant to the individual's role in relation to the Pension Fund. Each individual is responsible for advising of any new actual or potential conflict of interest.</p>
<p>Step 2 Ongoing notification and management of potential or actual conflicts of interest</p>	<p>At the commencement of any Pensions Committee, Pension Board or other formal meeting where Pension Fund matters are to be discussed, the Chair will ask all those present who are covered by this Policy to declare any interests and potential conflicts relating to the items of business on the meeting's agenda.</p> <p>All interests declared will be detailed in the record of the meeting.</p> <p>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 Chair and Committee Clerk prior to the meeting or state this clearly at the meeting at the earliest possible opportunity.</p> <p>Where a conflict is identified during the meeting, the expectation would be for the individual to leave the meeting or exempt themselves from the item.</p> <p>The conflict must be recorded in the minutes of the meeting. The Highland Council Chief Officer (Legal and Corporate Governance) in consultation with the Highland Council Chief Officer (Corporate Finance) will consider if any further action is required to manage the potential or actual conflict.</p>
<p>Step 3</p>	<p>Members of the Pensions Committee, Pension Board and Designated Officers will review their Registrable Interests at regular intervals.</p>

<p>Periodic review and monitoring of conflicts</p>	<p>Where the Highland Council Chief Officer (Legal and Corporate Governance) asks individuals to conduct a review, they should either confirm in writing that the information held is correct or provide an updated Notice of Interests Form.</p>
--	---

10. Operational Requirements for Advisers

10.1 Many advisers will be required to meet professional standards relating to the management of conflicts of interest. How conflicts of interest are identified and managed should be addressed within the Fund’s contractual agreements with those advisers and suppliers. In addition, the following requirements will apply:

- Where the Fund’s advisers are asked to give advice to Scheme employers (including Highland Council) or to scheme members or Trade Unions, in relation to pension matters, or where, an adviser is also appointed to another LGPS Fund, which is involved in a transaction involving the Fund, that adviser can only continue to advise the Fund and the other party where there is no conflict of interest in doing so.
- Where the Pension Board decides to appoint an adviser, this can be the same person as is appointed to advise the Pensions Committee or Fund officers as long as there is no conflict of interest between the two roles.

10.2 Advisers are expected to:

- provide, on request, information as to how they will manage actual or potential conflicts of interest relating to the provision of advice or services to the Fund; and
- notify the Highland Council Chief Officer (Corporate Finance) or Pensions Manager as soon as a potential or actual conflict of interest arises.

11. Monitoring and Reporting

11.1 The Registrable Interests of Committee, Board and Designated Officers will be published on the Highland Council website

11.2 Any matters of significance in relation to conflicts of interest will be reported in the Fund’s Annual Report.

12. Risks

- 12.1 The risks surrounding the Policy are outlined below:
- Individuals do not understand or are unaware of the requirements of the Policy
 - Incorrect action being taken on identification of a conflict
 - Failure by Committee or Board member or Designated Officer to make a declaration of interest leading to inappropriate decision making or wider governance issues.

13. Costs of Operating the Policy

- 13.1 All costs that are additional to those incurred by Elected Members will be met directly by Highland Council Pension Fund. No payments will be made to any individuals in relation to any time spent or expenses incurred in the disclosure or management of any potential or actual conflicts of interest they may have under this Policy.

14. Approval, Review and Consultation

- 14.1 The date on which this Conflict of Interest Policy was approved by the Highland Council Pensions Committee and Pension Board is displayed on the front cover of the policy and the Policy will be subject to regular review.

15. Further Information

- 15.1 If you require further information about anything in or related to this Conflicts of Interest Policy, please contact the Pensions Manager, Highland Pension Fund.

Appendix 1

Examples of Potential Conflicts of Interest

- a) A member of the Pensions Committee or Pension Board has ties with an investment manager that the Fund is considering appointing.
- c) An employer representative on the Pension Board is also employed by a company to which the Council has outsourced some of its services and a pensions liability question is being considered.
- d) A member representative, appointed to the Pension Board to represent the entire scheme membership could be conflicted if he or she only acts in the interests of their Trade Union and its membership, rather than in the interests of all scheme members.