



GOVERNANCE COMMITTEE

TUESDAY, 5 MARCH 2024

10.30 AM (OR AT THE CONCLUSION OF CABINET, WHICHEVER IS THE LATER) COUNCIL CHAMBER, COUNTY HALL, LEWES

MEMBERSHIP - Councillor Keith Glazier (Chair)
Councillors Nick Bennett, Bob Bowdler, Chris Collier, Johnny Denis and David Tutt

A G E N D A

1. Minutes of the meeting held on 23 January 2024 (*Pages 3 - 4*)
2. Apologies for absence
3. Disclosures of interests
Disclosures by all members present of personal interests in matters on the agenda, the nature of any interest and whether the member regards the interest as prejudicial under the terms of the Code of Conduct.
4. Urgent items
Notification of items which the Chair considers to be urgent and proposes to take at the appropriate part of the agenda. Any members who wish to raise urgent items are asked, wherever possible, to notify the Chair before the start of the meeting. In so doing, they must state the special circumstances which they consider justify the matter being considered urgent.
5. Appointments to the Independent Remuneration Panel (*Pages 5 - 6*)
Report by the Assistant Chief Executive.
6. Amendment to the Constitution - Scheme of Delegation to Officers (*Pages 7 - 14*)
Report by the Chief Finance Officer.
7. Any other items previously notified under agenda item 4

PHILIP BAKER
Assistant Chief Executive
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26 February 2024

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GOVERNANCE COMMITTEE

MINUTES of a meeting of the Governance Committee held at Council Chamber, County Hall, Lewes on 23 January 2024.

PRESENT Councillors Keith Glazier (Chair), Nick Bennett, Bob Bowdler, Johnny Denis, David Tutt and Godfrey Daniel

ALSO PRESENT Councillors Phil Scott, Stephen Shing and Georgia Taylor

46. MINUTES OF THE MEETING HELD ON 10 JANUARY 2024

46.1 RESOLVED – that the minutes of the previous meeting of the Committee held on 10 January 2024 be confirmed and signed as a correct record.

47. APOLOGIES FOR ABSENCE

47.1 Apologies were received from Councillor Collier. It was noted that Councillor Daniel was substituting for him.

48. REPORTS

48.1 Copies of the reports referred to below are included in the minute book.

49. PAY POLICY STATEMENT 2024-25

49.1 The Committee considered a report by the Chief Operating Officer regarding the updated Pay Policy Statement for 2024/25.

49.2 The Committee RESOLVED to recommend to the County Council the updated pay policy statement for 2024/25 as set out in appendix 1 of the report.

50. EMPLOYEE REFERRAL SCHEME

50.1 The Committee considered a report by the Chief Operating Officer regarding the expansion of the current Adult Social Care and Health support worker referral scheme to roles across the Council.

50.2 The Committee RESOLVED (by 5 votes) to:

- 1) agree that the existing refer a friend scheme for support workers in Adult Social Care and Health is made permanent; and
- 2) to expand the scheme to other roles across the Council as set out in the report.

[Councillor Godfrey Daniel abstained from the vote].

51. ANNUAL LEAVE ENTITLEMENT

51.1 The Committee considered a report by the Chief Operating Officer regarding the current difference in service-related leave for staff on Single Status grades 1-10 compared to staff on grade 11-13.

51.2 The Committee RESOLVED to agree to increasing entitlement by one day at 10 years' service for staff at Single Status grades 1-10, effective 1 April 2024.

52. PENSION BOARD APPOINTMENT

52.1 The Committee considered a report by the Chief Finance Officer regarding the appointment of a representative to the Pension Board.

52.2 The Committee RESOLVED to appoint Nigel Manvell as an Employer Representative on the East Sussex Pension Board for the period 23 January 2024 to 22 January 2028.

Report to: Governance Committee

Date: 5 March 2024

By: Assistant Chief Executive

Title of report: Appointments to the Independent Remuneration Panel

Purpose: To consider appointments to the Independent Remuneration Panel

RECOMMENDATION

The Governance Committee is recommended to appoint Daphne Bagshawe, Fiona Leathers and Linda Hawkins to the Independent Remuneration Panel for a term of 5 years.

1. Background

1.1 There is a duty for the County Council to establish an Independent Remuneration Panel (IRP) and to consider the recommendations of the Panel in relation to the Council's Scheme of Members' Allowances. The three current members of the Panel were appointed in April 2019 for a five-year period. As the terms of office for the three members of the Panel are coming to an end a recruitment exercise has been undertaken.

1.2 The Panel reviews the Members' Allowance Scheme and considers representations made by councillors together with other relevant information such as the level of allowances paid at other authorities. At the conclusion of the review the Panel agree a report and make recommendations in relation to the level of allowances for consideration by the Governance Committee and the County Council. The Council is not bound to agree the recommendations of the Panel but must take the Panel's recommendations into account when agreeing the Scheme of Allowances.

1.3 Panel Members are expected to attend meetings as required, read relevant papers and reports, give careful consideration to evidence and information provided and ask relevant questions prior to agreeing its report to the Council.

1.4 The IRP must consist of at least three members none of whom:

- (a) is also a Member of the authority in respect of which it makes recommendations or is a Member of a committee or sub committee of such an authority; or
- (b) have been a member or officer of East Sussex County Council within the last 5 years; or
- (c) is disqualified from being or becoming a Member of the authority.

2. Appointments to the Panel

2.1 Through public advertisement applications were invited for the positions on the Panel and following a shortlisting exercise, five applicants were interviewed. Following the recruitment exercise, it is recommended that the following three candidates be appointed:

Daphne Bagshawe – has previously been a Member of the County Council (between 1997 and 2005) and a magistrate for 10 years and has served on the Council Council’s Panel for two terms.

Fiona Leathers – has previously served as a member of the County Council’s Panel and previously served two terms on the Kent County Council IRP. She has also served on the Kent County Council Standards Committee and was a magistrate for 18 years.

Linda Hawkins - Linda is an HR Consultant, primary conducting high level employee relations work and has experience on providing advice to job evaluations and pay awards. She also serves as a panel member for the Employment Tribunal and other statutory regulators.

2.2 All three candidates have confirmed that they are not aware of any conflicts of interest that may impact on their ability to serve on the IRP.

3. Conclusion and recommendations

3.1 Given the previous relevant experience of all three candidates it is recommended that Daphne Bagshawe, Fiona Leathers and Linda Hawkins be appointed to serve on the Panel for a period of five years.

PHILIP BAKER
Assistant Chief Executive

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Local Member: All

Background Documents:
None

Report to: Governance Committee

Date of meeting: 5 March 2024

By: Chief Finance Officer

Title: Amendment to the Constitution - East Sussex Pension Fund

Purpose: Governance Committee is to consider whether to recommend to Council to amend the Constitution in relation to the East Sussex Pension Fund

RECOMMENDATIONS

The Governance Committee is recommended to recommend to County Council to agree the proposed amendments to the Constitution:

- 1) agree the amendment to the write off of debt authorisation process in relation to the Pension Fund as set out in paragraph 2.4 of the report;
 - 2) agree to the amendment as set out in paragraph 3.4 and to amend the Scheme of Delegation to Officers as set out in Appendix 1 of the report.
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1. Background

1.1. The East Sussex Pension Fund (the Fund) undertook a review of decision-making responsibilities in line with the recommendations of the Scheme Advisory Board "Good Governance Review". An external consultant was appointed to review existing decision-making levels documenting responsibilities into a decision-making matrix. As part of this review, proposed changes to the existing governance structure were identified in order to maximise best practice and ensure alignment with changes to the Constitution and the governance structure approved in 2020.

1.2. This paper sets out the recommended changes to ensure the efficiency of the day-to-day operations of the Fund.

2. Financial decisions: Debt Write Off

2.1. The Fund is ring-fenced, with assets held separately from the general assets of the authority; the Fund's assets must be used for the sole purpose of paying Local Government pension benefits. The operational and financial decisions of the Fund are separate from those of the Council, with the budget, budget monitoring, outturn reports and Annual Report and statement of accounts being approved by the Pension Committee, rather than Full Council. The Pension Committee are charged with governance of all financial matters for the Fund.

2.2. The Financial Procedure Rules are set out in the Constitution. Rule A.13.4 sets out the rules in relation to Write Off of Debts, as follows:

“A.13.4.1 The write-off of debts below £5,000 may be authorised by the Chief Officer. The write-off of debts in excess of £10,000 shall only be authorised by the Lead Member for Resources.

A.13.4.2 All other debts falling between these limits may only be written off by a Chief Officer after consultation with the Chief Finance Officer and Assistant Chief Executive.

A13.4.3 A complete record of debts written off shall be maintained by the appropriate Chief Officer and retained in accordance with Standard Financial Procedures”.

2.3. The Constitution currently states that the Chief Operating Officer and the Lead Member for Resources are the decision makers for write off levels for debts owed to the Pension Fund. However, neither have direct operational oversight or responsibility for the debt or the wider financial position of the Fund. It is therefore proposed that the Constitution be amended so that the write-off of debt for the Fund is delegated to the Chief Finance Officer, in consultation with the Chair of the Pension Committee, who will advise the Pension Committee of such write offs.

2.4. The Committee is asked to consider an amendment to Rule A.13.4, by adding a new Rule A.13.4.4 as follows:

A.13.4.4 Where the debt is owed to the East Sussex Pension Fund, the write of any value debt may be actioned by the Chief Finance Officer, in consultation with the Chair of the Pension Committee, and reported to the Pension Committee.

3. Responsibilities of the Chief Finance Officer

3.1. The responsibilities of the Chief Finance Officer are laid out in the Constitution. The existing responsibilities merge those relating to both County Council roles and Pension Fund roles. The Chief Finance Officer, as Section 151 officer, is required to wear two hats in some circumstances where the best interest of the Pension Fund may differ to the best interest of the County Council and it is recommended the role is clearly defined to separate out the Pension Fund responsibilities. A draft version of the revised Chief Finance Officer responsibilities is included as Appendix 1 to this report.

3.2. In addition to the revised format of the Chief Finance Officer responsibilities, it is proposed that decisions with financial implications sit with the Chief Finance Officer and Pension Committee. For example, under current arrangements, decisions relating to staffing (recruitment, training etc) are defined as responsibilities of the Chief Operating Officer. To support the efficient operation of the Pension Fund, it is proposed that the day-to-day operational responsibilities for the Pension Fund, including staffing, administration and investments, are delegated to the Chief Finance Officer and Head of Pensions, in consultation with the Pension Committee and Pension Board, rather than the Chief Operating Officer.

3.3. The Pension Committee, at its meeting of 30 November 2022, agreed for the Chief Finance Officer to have delegated authority to make decisions to invest up to 5% of the Fund

assets outside of the defined Investment Strategy Statement, Implementation Plan or rebalancing range in order to react to market risks or opportunities. It is proposed that this delegation is recorded within the delegations to the Chief Finance Officer in the Scheme of Delegations to ensure consistency in the governance documentation.

3.4. The Articles are set out in Part 2 of the Constitution. Article 12.04 sets out the functions of the Chief Finance Officer as a statutory officer, including at Article 12.04(e) that the Chief Finance Officer “*will provide financial information to the media, members of the public and the community*”. It is recommended that Article 12.04(e) is expanded to include *any* Pension Fund specific communications, including financial information, and be included within the Chief Finance Officer’s responsibilities as set out in Appendix 1.

4. Conclusions

4.1. These proposed amendments have been considered by the Pension Board at its meeting of 6 February and Pension Committee at its meeting of 22 February and the Pension Committee recommends them to the Governance Committee.

4.2. The Governance Committee is recommended to recommend to County Council to agree the proposed amendments to the Constitution as set out in this report. The changes are proposed to better align the decision-making process for the Fund in relation to financial matters and to improve the efficient functional operation of the Fund.

IAN GUTSELL

Chief Finance Officer

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Local Member: All

Background Documents: None

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Table 6

Scheme of Delegations to Officers

G. Chief Finance Officer

1. To make arrangements for the borrowing of such money as the County Council has decided shall be borrowed in accordance with such policy as may be laid down from time to time by the Council and subject to the receipt of the necessary Government approvals.
2. In accordance with the provisions of the Local Government and Housing Act 1989:
 - (a) to issue bonds and to deal with allied detailed matters as reported to the Cabinet;
 - (b) to issue bills in accordance with conditions reported to the Cabinet.

Note: Delegation 2 above is granted subject to the Chief Operating Officer's reporting at regular intervals to the Cabinet on action taken.

- ~~3. To carry out the statutory duties referred to in Section 151 of the Local Government Act 1972 in relation to the Pension Fund and to provide advice to the County Council, Pension Committee and Pension Board in carrying out their responsibilities.~~
- ~~4. To implement strategies and policies approved by the Administering Authority (including those delegated to the Pension Committee).~~
- ~~5. To manage, in accordance with the policies and strategies approved by the Administering Authority (including the Pension Committee), and in accordance with legislative requirements, the East Sussex Pension Fund including ensuring arrangement for investment of assets and administration of contributions and benefits.~~
- ~~6. To implement policies decided by the Administering Authority (including the Pension Committee).~~
- ~~7. To take action or decide any other Pension Fund related matter on behalf of the Administering Authority in special or emergency situations, in consultation with the Chair of the Pension Committee, including but not limited to where delay in the purchase or sale of investments might be detrimental to the interests of the East Sussex Pension Fund.~~
- ~~8. To approve the terms of an admission or cessation agreement and, where appropriate, any related bond or indemnity, with a body wishing to participate in or leave the East Sussex Pension Scheme/Fund.~~

CONSTITUTION – PART 3 – RESPONSIBILITY FOR FUNCTIONS

~~9. To undertake any necessary actions relating to employers joining and leaving the fund, or monitoring of such employers, based on decisions made by the Pension Committee.~~

~~10. To agree Administering Authority responses to consultations on LGPS matters and other matters where they have minimal impact on the Fund or its stakeholders including relating to minor technical operational matters impacting the Administering Authority only.~~

~~11. To implement the Fund's agreed strategic allocation including use of both rebalancing and conditional ranges in accordance with the Investment Strategy.~~

123. After consultation with the relevant Cabinet members (subject to the provisions of Financial Regulations) to:

- (a) authorise transfers between budget headings;
- (b) vary the capital programme;
- (c) deal with urgent budgetary matters;
- (d) deal with urgent matters relating to borrowing, investments and excusal of debts; and
- (e) vary the interest rate chargeable for staff housing advances.

134. After consultation with the Director of Adult Social Care and Health, to set future inter authority and standard charges for residential and day care accommodation, in accordance with the formula recommended by the Local Government Association.

145. To approve fees and charges for 2019/20 onwards and to report to Cabinet and the County Council on those set at a level above inflation as part of the quarterly monitoring.

156. To determine whether additional income, e.g. one-off grants, should be held corporately or passed to the relevant department within the Medium Term Financial Plan (See A.5.1.3).

167. To determine the resources available for the Capital Programme, taking into consideration the availability of reserves and balances, funding from other bodies and the affordability of borrowing. (see A.5.3.6)

178. To agree variations within 10% of a capital scheme's current budget where funding has been identified as outlined in A.5.3.8 (see A.5.3.9)

189. To determine annually the capital risk provision and to approve use of the provision for individual project, in consultation with the Capital Strategic Asset Board. (see A.5.3.10)

Note: The Chief Finance Officer has been designated as the Officer with responsibility for the proper administration of the Council's financial affairs under Section 151 of the Local Government Act 1972.

Responsibilities in relation to the East Sussex Pension Fund

10. To carry out the statutory duties referred to in Section 151 of the Local Government Act 1972 in relation to the Pension Fund and to provide advice to the County Council, Pension Committee and Pension Board in carrying out their responsibilities.
11. To implement strategies and policies approved by the Administering Authority (including those delegated to the Pension Committee).
12. To manage, in accordance with the policies and strategies approved by the Administering Authority (including the Pension Committee), and in accordance with legislative requirements, the East Sussex Pension Fund including ensuring arrangement for investment of assets and administration of contributions and benefits.
13. To implement policies decided by the Administering Authority (including the Pension Committee).
14. To take action or decide any other Pension Fund related matter on behalf of the Administering Authority in special or emergency situations, in consultation with the Chair of the Pension Committee, including but not limited to where delay in the purchase or sale of investments might be detrimental to the interests of the East Sussex Pension Fund.
15. To approve the terms of an admission or cessation agreement and, where appropriate, any related bond or indemnity, with a body wishing to participate in or leave the East Sussex Pension Scheme/Fund.
16. To undertake any necessary actions relating to employers joining and leaving the fund, or monitoring of such employers, based on decisions made by the Pension Committee.
17. To agree Administering Authority responses to consultations on LGPS matters and other matters where they have minimal impact on the Fund or its stakeholders including relating to minor technical operational matters impacting the Administering Authority only.
18. To implement the Fund's agreed strategic allocation including use of both rebalancing and conditional ranges in accordance with the Investment Strategy.
19. To make decisions to invest up to 5% of the Fund assets outside of the defined Investment Strategy Statement, Implementation plan or rebalancing range to react to market risks or opportunities.

20. To approve payments under the Market Supplement Policy, subject to the other options for addressing staff retention problems having been considered and the following criteria having been satisfied:

- (a) the market in which the County Council is competing being examined;
- (b) salary levels in that market for the required skills, qualifications and experience being clearly above the County Council pay levels; and
- (c) non-pay items which might provide a recruitment/retention incentive being thoroughly examined.

21. Within the approved budget to set the staffing complement and to appoint employees to all posts other than those reserved for elected member appointment and to approve starting salaries.

22. Provided that the cost can be met from within the approved training budgets

- (a) to arrange and approve the training of employees in accordance with the Pension Funds training policy; and
- (b) to approve the attendance of officers at professional conferences.

23. In accordance with the policy of the County Council to authorise:

- (a) honoraria payments for special merit up to £1000;
- (b) honoraria payments to staff who temporarily undertake additional duties or responsibilities in accordance with the scheme for the time being in force;
- (c) planned overtime for staff on or above Spinal Column Point 23 on the Single Status Scheme;
- (d) in special cases, variations in the normal repayment provisions relating to:
 - (i) training expenses where the employee leaves within two years of completing a course of study;
 - (ii) relocation expenses where the employee leaves within the period stated in the scheme in consultation with the Chief Operating Officer;

24. To provide information to the media, members of the public and the community.