

**Report to:** Pension Committee

**Date:** 23 September 2019

**By:** Chief Finance Officer

**Title of report:** Pension Fund Policies and Strategies – Governance Policy Statement

**Purpose of report:** To agree a revised East Sussex Pension Fund (ESPF) Governance Policy Statement.

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## **RECOMMENDATION –**

**The Pension Committee is recommended to agree the updated Governance Policy Statement**

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### **1. Background**

1.1 The Local authority pension funds are required to publish and keep under review a Governance Policy Statement. The Public Services Pensions Act 2013 (The Act) introduces a framework for the governance and administration of public service pension schemes. The Act has a material impact on existing governance arrangements in the Local Government Pension Scheme (LGPS), which are enforced by changes to the LGPS regulations.

1.2 Under the regulation, all LGPS Funds in England and Wales are required to produce a Governance Compliance Statement, revise it following any material change in their delegation arrangements, and publish it.

### **2. Regulatory Requirement of the Governance Compliance Statement**

2.1 The relevant regulation requiring this statement is Regulation 55 of the Local Government Pension Scheme Regulations 2013 (as amended). The Governance Compliance Statement must include the following information:

- The delegation arrangements (from the administering authority to a Committee and/or officers);
- The frequency of any meetings, terms of reference, structure and operational procedures of the delegation;
- Whether the Board/Committee includes representatives of employing authorities (including non LGPS employers) and members.

2.2 The Statement must include details of the terms, structure and operational procedures relating to the Local Pension Board.

### **3 Changes to the Governance Compliance Statement**

3.1 The statement (Appendix 1) has been updated to reflect the following -

- *Pension Board Representatives nomination/appointment* - that a phased approach to the term of office for Board members has been developed. The Pension Board members for the East Sussex District and Borough Councils and Brighton & Hove City Council be appointed for 2 years. Subsequent appointments will then be made for 4 years. This will then ensure that at no point is the Pension Board required to seek nominations for more than 50% of the Board.
- *Pension Board Vice Chair appointment* - that in order to maintain the balance between scheme members and employer representation that a scheme member vice chair and an employer vice chair would be nominated from the existing Board members, and that the role of vice chair would alternate between scheme member and employer at each meeting.

- *LGPS Asset Pooling Governance* - ACCESS Pool being a 'A Collaboration of Central, Eastern and Southern Shires made up of 11 LGPS Administering Authorities, which are committed to working together to optimise benefits and efficiencies.
- *ACCESS Pool Governance* – that the ACCESS Pool is not a legal entity in itself but is governed by the Inter Authority Agreement and the formal decision-making body within the ACCESS Pool is the ACCESS Joint Committee. The Joint Committee has been appointed by the 11 Administering Authorities under s102 of the Local Government Act 1972, with delegated authority from the Full Council of each Administering Authority to exercise specific functions in relation to the Pooling of Pension Fund assets.
- *ACCESS Pool Operator* - Link Fund Solutions Ltd was appointed to provide a pooled operator service, responsible for establishing and operating an authorised contractual scheme along with the creation of a range of investment sub-funds to meet the needs of the investing authorities.

#### **4. Conclusion and reasons for recommendations**

4.1 The Committee is requested to agree the amendments to the Governance Policy Statement, which will further strengthen the Pension Fund governance structure as required by Regulation 55 of the Local Government Pension Scheme Regulations 2013.

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