

Report to: Pension Committee

Date of meeting: 22 June 2020

By: Chief Operating Officer

Title: Good Governance Review

Purpose: To provide an update on the Good Governance review, endorse the Terms of reference of the Pension Committee, terms of reference of the Pension Board, and revised Council Scheme of Delegations; and agree the Communication Strategy and Breaches Policy and log

RECOMMENDATIONS

The Committee is recommended to:

1) endorse the:

- Pension Committee Terms of Reference (appendix 2)
- Pension Board Terms of Reference (appendix 3)
- Revised Council Scheme of Delegations to incorporate Pension Fund management (appendix 4); and

2) agree the:

- Communication Strategy (appendix 5)
 - Breaches Policy and log (appendix 6)
-

1 Background

1.1 At the meeting of the Pension Committee on 25 November 2019, the Committee considered an urgent item providing an update on the Breaches Log and future actions to review the Breaches Policy and Process.

1.2 As part of this item the Committee approved the undertaking of a governance review of the East Sussex Pension Fund (ESPF) involving the Chief Operating Officer, Chair of the Pension Committee, Independent Advisor and Aon. The review report is attached as **appendix 1**.

1.3 The Pension Fund Team had previously commissioned a review from Aon in January 2019 which considered the evolution of the scheme and the interaction with the Fund's management. This review had been used to inform how the Pension Fund Team oversaw the fund and worked with the Pension Board and Committee.

2. Progress

2.1 The Governance review working group met with Karen McWilliam from Aon on a number of occasions since Pension Committee to consider initial drafts and changes to these in respect of the following documents, which were further discussed and reviewed with Philip Baker, the East Sussex County Council Assistant Chief Executive. These documents include:

- Pension Committee Terms of Reference (**appendix 2**)
- Pension Board Terms of Reference (**appendix 3**)

- Revised Council Scheme of Delegations to incorporate Pension Fund management (**appendix 4**)
- Communication Strategy (**appendix 5**)
- Breaches Policy and log (**appendix 6**)

2.2 The Pension Board considered the documents at its 8 June meeting and was supportive of them. Further comments are included in the Pension Board minutes that appear on an earlier item on this agenda.

2.3 The working group had a follow up meeting on 19th May to consider the final draft review findings and to confirm the products of the Good Governance Review that could not be agreed at this stage and which require further consultation and reworking for presentation to the Pension Committee in September 2020, these include:

- Pension Fund Team structure and resourcing proposal
- Pension Administration Strategy
- Conflicts of interest policy and log
- Pension administration service standard agreement
- Responsibilities and relationship map for Pension Fund; Pension Administration and Employers

2.4 The review is identifying areas for development in order to be compliant with anticipated recommendations of the Scheme Advisory Board Good Governance Project, Chartered Institute of Public Finance and Accountancy (CIPFA) and areas where principles need to be established and clarified in order to ensure all areas of the Pension Fund are managed. It is also identifying areas of best practice which will enable the Pension Fund to build on work and ways of working that are already established.

3. Next Steps

3.1 The working group agreed that the recommendations from this phase of the Governance Review need to be considered as a complete bundle of recommendations which have been taken forward to Pension Board on 8 June and Pension Committee on the 22 June 2020. The Terms of reference of the Board and Committee and the scheme of delegations are due to be agreed by Governance Committee on 23 June 2020 and Full Council on 7 July 2020, as they require amendments to East Sussex County Council's constitution, and any comments from the Committee will be fed to Governance Committee.

3.2 The Governance working group will continue to meet to oversee the delivery of deliverables in Para. 2.2 from June to September 2020.

3.3 The final timetable that is proposed is:

- Pension Board 7th September 2020
- Pension Committee 21nd September 2020

3.4 The Committee is recommended to:

- 1) endorse the Pension Committee Terms of Reference; Pension Board Terms of Reference; and Revised Council Scheme of Delegations to incorporate Pension Fund management; and
- 2) agree the Communication Strategy; and Breaches Policy and log.

KEVIN FOSTER
Chief Operating Officer

Contact Officer: Kevin Foster

Tel. No. 01273 481412

Email: kevin.foster@eastsussex.gov.uk