
STATES OF JERSEY



GOVERNANCE OF THE STATES OF JERSEY PENSION SCHEMES (R.84/2014): RESPONSE OF THE MINISTER FOR TREASURY AND RESOURCES

Presented to the States on 28th October 2014
by the Minister for Treasury and Resources

STATES GREFFE

REPORT

Introduction

The Comptroller and Auditor General's review of the Governance of the States of Jersey Pension Schemes is welcomed. It is reassuring that, after a detailed review, the Comptroller and Auditor General has concluded that substantial improvements have been made since the former Comptroller and Auditor General reported on pension scheme governance in 2008.

The Comptroller and Auditor General's review and its recommendations have been considered by the States Treasury, the JTSF Management Board at its meeting on 7th October, and the PECRS Committee of Management at its meeting on 9th October 2014. This is a combined response to the recommendations, which has been agreed by the respective Boards and the States Treasury. The Boards are reassured that the review has concluded that the governance arrangements of PECRS compare well against UK best practice, and that the planned reforms for PECRS will enhance those arrangements; and also that there has been significant progress on the JTSF governance arrangements.

Recommendations

	Recommendations	To	Accept/ Reject	Comments	Target date of action/ completion
1	Secure representation for pensioners and 'accepted schools' as a group on the JTSF Management Board.	Treasury	Accept	<p>The representation of pensioners and 'admitted bodies' on the PECRS Committee of Management is being implemented with changes to the benefit structure and the reform of the Scheme.</p> <p>The JTSF Management Board currently includes members who are pensioners or are employed by the accepted schools, but they are not appointed specifically in that capacity.</p> <p>It is planned that JTSF will undergo a similar review following completion of the PECRS changes. Regulation changes which will provide for pensioner and 'accepted school' representation on the JTSF Management Board will be enacted at this time.</p>	01/01/18

	Recommendations	To	Accept/ Reject	Comments	Target date of action/ completion
2	Where adviser contracts are not subject to formal tendering, adopt robust documented processes so that the Committee of Management/ Management Board can satisfy themselves that the proposed charges are competitive.	PECRS Committee of Management JTSF Management Board	Accept	As part of their respective 2015 business plans, the 2 Boards will review their policies and procedures for monitoring the Schemes' main service providers in terms of quality of service and value for money. The possibility of commissioning an independent third party to benchmark service costs will be investigated for those services which are not expected to be put out to tender in the near future.	31/12/15
3	Extend participation in the CIPFA Knowledge and Skills Framework to the JTSF Management Board.	JTSF Management Board	Accept	The 2 Boards will build appropriate training programmes into their respective 2015 Business Plans to ensure that they continue to measure up to the CIPFA Knowledge and Skills Framework.	31/12/15
4	Measure quality of member data held for PECRS and JTSF against the UK Pensions Regulator's data quality standards.	Treasury	Accept	The Treasury will complete an analysis of member data held for PECRS and JTSF against data quality standards. Findings will be reported to the Audit Sub-committees of the PECRS Committee of Management and JTSF Management Board.	28/02/15
5	Undertake external benchmarking of pension administration costs for PECRS and JTSF.	Treasury	Accept	The Treasury will complete an exercise to benchmark costs of pension schemes and report findings to the PECRS Committee of Management and JTSF Management Board.	30/06/15

Conclusion

The Comptroller and Auditor General's review of the Governance of the States of Jersey Pension Schemes is welcomed and provides reassurance that the governance arrangements and changes proposed for the future compare well with best practice. It is also reassuring that the substantial improvement in governance arrangements has been recognised. The recommendations are all accepted by the PECRS Committee of Management, JTSF Management Board and the Treasury, who will work together to implement by the deadlines outlined.