

STATES OF JERSEY



PUBLIC EMPLOYEES CONTRIBUTORY RETIREMENT SCHEME: APPOINTMENT OF CHAIRMAN

**Lodged au Greffe on 8th April 2014
by the Minister for Treasury and Resources**

STATES GREFFE

PROPOSITION

THE STATES are asked to decide whether they are of opinion –

in accordance with Regulation 3 of the Public Employees (Contributory Retirement Scheme) (General) (Jersey) Regulations 1989 –

to appoint Mr. Gordon Pollock as Chairman of the Public Employees Contributory Retirement Scheme, with effect from 1st July 2014 to 30th June 2019, that date being 5 years from the date of his initial appointment as Chairman as agreed by the members of the PECRS Committee of Management.

MINISTER FOR TREASURY AND RESOURCES

REPORT

Regulation 3 of the Public Employees (Contributory Retirement Scheme) (General) (Jersey) Regulations 1989 sets out the composition of the Committee of Management for the Public Employees Contributory Retirement Scheme (PECRS) and the Chairman of the Committee.

Article 4 of the Teachers' Superannuation (Administration) (Jersey) Order 2007 likewise sets out the appointment of the Chairman of the Management Board for the Jersey Teachers' Superannuation Fund (JTSF).

Background

The current Chairman of both the Committee of Management of PECRS and the Management Board of JTSF, Mr. Ron Amy, O.B.E., will be stepping down at the end of June 2014. A replacement is therefore required to take on the role prior to the current postholder's retirement.

The Chairman will be required to give leadership and direction to the PECRS Committee of Management and JTSF Management Board, and to ensure effective governance of the Funds.

The Chairman of the Committee of Management for PECRS is appointed by the States on the recommendation of the Minister for Treasury and Resources. Any such recommendation shall be supported by a majority of the member representatives and a majority of the employer representatives. The fee to be paid to the Chairman from the assets of the scheme shall be decided by a simple majority of the member and employer representatives.

The Chairman of the Management Board for JTSF is appointed by the Chief Minister on the recommendation of the Minister for Treasury and Resources. This recommendation may only be made if it is supported by at least 3 of the member representatives and at least 3 of the employer representatives. The fee to be paid to the Chairman from the assets of the scheme shall be decided by a simple majority of the member and employer representatives.

The Order to appoint the new Chairman is made by the Chief Minister under the Ministerial Decision process.

Appointment process

The candidate search for the Chairman was performed both locally and in the United Kingdom, with the assistance of 2 recruitment consultants, both of whom provided a proposal for approval.

- Birkett Trust Associates (UK search)
- Thomas & Dessain (advertised both locally and in Guernsey).

There were a large number of candidates for the positions (7 recommended candidates from Birkett Trust, 7 candidates from Thomas and Dessain).

Interviews for the role of Chairman were held over 2 separate dates (due to candidate availability) under the auspices of one Panel. The candidates were assessed against a robust framework in line with the candidate specification and were questioned on their technical knowledge, inclusive of the Jersey context; assessed on their skills in relation to leadership and change, their experience of building positive relationships, and their overall political astuteness.

The process also included a recorded media role-play assessment, which tested their personal skills, gravitas, sensitivity and political astuteness.

Psychometric assessments were also undertaken by Thomas & Dessain, which provided the Panel with a report on each candidate's leadership style. Ms. R. Dessain provided an overview to the Panel at the end of the interview process.

Interviews were conducted by a main recruitment Panel, consisting of the following –

- Mr. Edward Sallis – Appointments Commission (Chairperson)
- Ms. Laura Rowley – Treasurer of the States
- Mr. John Mills, C.B.E. – employer representative for PECRS/JTSF
- Mr. Ron Amy, O.B.E. – Chairman of CoM and JTSF
- Mr. Mark Richardson – Chairman, Joint Negotiating Group and member representative of PECRS
- Mr. Terry Le Sueur, O.B.E. – employer representative of PECRS and JTSF
- Mr. Gary Burton – member representative of JTSF.

The Jersey Appointments Commission is satisfied that the appointment process has been properly conducted.

All the candidates who were interviewed for the role were of a high calibre and brought with them a very strong set of interpersonal skills, technical expertise and many years' experience in this field.

Following this rigorous and transparent selection process, the Minister for Treasury and Resources, supported by members of the Committee of Management of PECRS, is recommending the appointment of Mr. Gordon Pollock as Chairman of the Committee of Management for an initial 5 year period.

In addition, the Minister for Treasury and Resources has recommended to the Chief Minister the appointment of Mr. Gordon Pollock as Chairman of the JTSF Management Board for a period of 5 years. This appointment is also supported by the members of the JTSF Management Board.

Scheme statistics as at 31st December 2012

PECRS

- 13,250 members
- £1.37 billion assets under management

JTSF

- 2,373 members
- £326.7 million assets under management.

Financial and manpower implications

Remuneration

The remuneration level for these Chairmanships is £85,000 per annum for 40 days' commitment to both schemes.

This is broken down to approximately 24 days with remuneration of £50,000 for PECRS; and approximately 16 days with remuneration of £35,000 for JTTSF.

The proposed remuneration levels are regarded as appropriate given the size of the schemes and the need to attract the right calibre of individuals to the roles. The remuneration broadly reflects that of other comparable organisations.

Under the legislation, the annual costs for the Chairman are paid as appropriate from each of the Funds. However, having one Chairman for both schemes allows for economies of scale in relation to scheduling of meetings, expenses, costs, etc.

Manpower

There are no manpower implications for the States arising from this proposition.

APPENDIX

Mr. Gordon Pollock

Mr. Pollock is a former Worldwide Partner and UK Chief Actuary of Mercer and an expert witness.

He joined Duncan Fraser and Company in Edinburgh in 1976 and was appointed Partner in 1983. After the firm was sold to Mercer in 1986, he advised some of the firm's largest pension fund and corporate clients on pension issues, including actuarial, funding strategy, and the impact of corporate activity. These included BT, SAUL, RAC, the Electricity Companies, PWC and Compass Group. He became Head of Mercer's City office in 1989 for 6 years before being appointed Head of the UK Actuarial business.

Prior to his early retirement in 2011, he was UK Chief Actuarial Officer for 6 years and spent half his time in this role reviewing Mercer's actuarial advice to the firm's most complex pension fund clients.

From 2002 until 2004, he was Chairman of the Association of Consulting Actuaries, having been Honorary Treasurer since 1998. He lobbied the Department for Work and Pensions and Government Ministers over pension policy, including their response to the increasing number of occupational pension schemes closing due to cost and regulatory pressures, and the need to encourage growth in future pension savings.

He is an experienced trustee, having been a director of the MMC UK Pension Plan (£3.3 billion) for 16 years. He was a member of the investment committee which oversaw a Common Investment Fund and he chaired a sub-committee that focussed on de-risking and new asset classes. He was also Chairman of both the Audit and Risk and Legal Committees.

Since retiring from Mercer, Mr. Pollock has continued to act as an expert adviser and witness in legal cases concerning actuarial and investment strategy. He was appointed as a consultant to Barnett Waddingham to help them develop the firm's capability in this field. One of the largest cases he is currently working on involves possible litigation over actuarial and investment advice given in 2006 by a consulting firm.

He has also recently been appointed as the Chairman of the Expert Witness Working Group of the Institute and Faculty of Actuaries; and a trustee of their Staff Pension Scheme (£50 million). Gordon has been described as an 'industry heavyweight', and would bring considerable experience, gravitas and sound judgement to the Chair role.