Dear States Member

The joint unions are extremely concerned by the amendment to the Funding and Investment Plan proposed by Deputies Heidi Soulsby and Gavin St Pier, which reads:

> *17) To agree that the employer contribution rate in respect of the defined benefit scheme part of the States of Guernsey Superannuation Fund be decreased to 0.00% for the period 1 January 2024 to 31 December 2026 having regard to the Fund being 107% funded based on the 2020 actuarial valuation, making around £76m available to fund capital expenditure and GWP [Government Work Plan] priorities.*

You may recall the bitter dispute over reforms to the Guernsey Public Sector Pension Scheme between 2013-15, which resulted in an unprecedented demonstration of member opposition and protracted legal cases. The reforms and dispute were largely the result of a ‘payment holiday’ that the States took in the late 2000s whereby the employer contribution was reduced to an unsustainable level, taking the scheme from a healthy position to one that required substantial intervention.

The pension dispute eventually ended with reforms that put the Pension Scheme on a long proponents of this amendment are seeking to rely on an actuarial valuation that is now nearly three years out of date is concerning. The ethics of diverting monies that should be paid into a Pension Fund to finance capital and revenue projects is also highly questionable.

Additionally, there are serious governance issues if the employer's contribution rate is to be amended without following the agreed consultative mechanisms with unions through the Pensions Consultative Committee.

The joint unions, therefore, urge Deputies to reject this foolhardy and reckless amendment, which is proposed without any modelling of the impact on the Scheme,

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