

STATES OF JERSEY



PENSION SCHEME FOR STATES MEMBERS (P.93/2010): COMMENTS

Presented to the States on 29th July 2010
by the Privileges and Procedures Committee

STATES GREFFE

COMMENTS

The Privileges and Procedures Committee (PPC) does not support the proposition of Deputy P.V.F. Le Claire.

The Deputy considers that proposals for a pension scheme for States members should be finalised by the States Members' Remuneration Review Body (SMRRB) and brought to the States for debate by PPC within 6 months. In order for a pension scheme to be finalised, the SMRRB would need to employ the services of an actuary at a cost to the States Assembly. Should the scheme then be adopted by the States, the necessary funding would have to be met from within the States Assembly budget at an estimated (unbudgeted) cost of up to £400,000 per annum.

The Committee would dispute any assertion that 'a veil of secrecy' has been maintained in respect of this matter. In fact, the opposite is true. On 12th June 2009, PPC presented to the States the recommendations of the States Members' Remuneration Review Body for 2009-2011 in respect of pensions (R.62/2009 refers). These included a recommendation that public funds be used to contribute to pension arrangements. PPC noted at the time that: 'there might be a significant cost if pension arrangements were introduced, and there is currently no financial provision for that'. The Committee then invited the SMRRB to carry out more research and submitted their findings to the States on 30th November 2009 in the report entitled: States Members' Pension Scheme (R.132/2009 refers). This report recommended that a scheme be introduced whereby matched contributions would be made to individual States members' private pension schemes. This report estimated that the scheme could result in an annual cost to the States of over £400,000. The Committee invited members to consider the recommendations and provide feedback. No comments were received.

On 2nd July 2010, PPC presented the Review Body's recommendations for 2011, which included an increase in States members' remuneration from £40,382 to £41,182 from 1st January 2011 – an increase which Deputy Le Claire considers to be 'laughable'. This does, however, represent just under a 2% increase, in line with the current limit on public sector salary increases. Deputy Le Claire also believes that the lack of a pension scheme will be a deterrent to younger people who wish to stand for election. The Committee would, however, point out that most young people would not expect to receive a starting salary in excess of £40,000.

It was in this report that the Review Body advised that, while it remained committed in principle to its previous recommendation that States members should receive a pension, with the current States-wide moves to reduce spending, no budget would be available to fund the development of such a scheme, and it was accordingly recommended that this should not be pursued. The SMRRB is now at a stage where investment would be required in order to develop the matter any further and, due to the current economic climate and the ongoing Comprehensive Spending Review, the Committee does not believe that this would be appropriate. It therefore cannot support Deputy Le Claire's proposition.