
STATES OF JERSEY



STATES MEMBERS' REMUNERATION REVIEW BODY: RECOMMENDATIONS FOR 2009-2011 – PART 1, LEVEL OF REMUNERATION AND EXPENSES

Presented to the States on 12th June 2009
by the Privileges and Procedures Committee

STATES GREFFE

FOREWORD

The Privileges and Procedures Committee is pleased to present to the States Part 1 of the recommendations of the States Members' Remuneration Review Body (SMRRB). The terms of reference of the SMRRB require it to present its recommendations to PPC which is then obliged to present them to the States.

As explained in the introduction to its report the SMRRB's recommendations are divided into 2 parts, Part 1 and Part 2 and, because of the difference in the method of implementation of the recommendations in the 2 parts, PPC is presenting the recommendations to the Assembly in 2 separate reports (for Part 2 see R.62/2009).

This report contains the Part 1 recommendations which relate entirely to the issue of the basic level of remuneration and expenses for States members for the period 2009 – 2011 although, as explained in the report, SMRRB has not yet finalised its recommendations for 2011 because of the current economic uncertainty.

In accordance with the procedures agreed by the States the recommendations in this Part 1 report will be implemented by default within one month of the date of presentation unless they are challenged by the lodging of a proposition and a subsequent debate.

The Privileges and Procedures Committee itself fully accepts and endorses the recommendations of the SMRRB and urges all members to do likewise. The Committee would, in particular, ask members to note that the SMRRB has drawn attention to the fact that the public sector pay year runs from 1st June each year whereas the remuneration for States members runs from 1st January. Comparisons between levels of public sector pay and members' pay have usually been undertaken on the basis of comparing the increase in members' remuneration with the figure for the public sector from the **previous** June. The Privileges and Procedures Committee therefore considers that a fair comparison on this occasion is between public sector pay that increased by 3.2% for the pay year 2008-2009 and the £1,000 interim increase in members' remuneration for 2009 (that has now been recommended by SMRRB as the final increase) which represents a 2.3% increase. The proposed one year pay freeze for both the public sector and for States members therefore applies only to the next pay year for both groups.

The Privileges and Procedures Committee would like to express its sincere gratitude to the 5 members of the Review Body for the work that they have done on an honorary basis on their task and for the very comprehensive way in which they approached it.

**STATES MEMBERS
REMUNERATION
REVIEW BODY**

**RECOMMENDATIONS
FOR 2009-2011**

Part 1

May 2009

Introduction

The States Members Remuneration Review Body presents its recommendations to the Privileges and Procedures Committee in two parts.

Part 1 deals with remuneration including expenses and **Part 2** deals with other matters which arose from its consultations and subsequent deliberations, particularly concerning the issue of pensions for States Members.

In accordance with the decision made by the States on 25th November 2003, unless any Member of the States pursues a debate on the recommendations on the actual level of remuneration in this **Part 1** within one month of the date of presentation to the States by the Privileges and Procedures Committee, the recommendations will be implemented as they stand.

Part 1

Summary of conclusions and recommendations with regard to remuneration (including expenses)

The Review Body is grateful for the substantial number of forthright and thoughtful opinions it received in response to its discussion document, and while its public hearings were not as well attended as the Review Body would have wished, the participants were able to put extended arguments which were helpful and informative.

On the basis of the responses we have received we conclude that the remuneration including expenses paid to States members remains such that nobody is likely to be precluded from serving by means of insufficient income, and that this level of remuneration should afford a reasonable standard of living to all States members.

Though the response to our discussion document was constructive and wide-ranging we were presented with no new evidence which showed conclusively that the current level of remuneration was materially too high or too low when viewed in the light of the above criteria.

Our recommendations seek to reflect two opposing considerations.

- When compared against local indices the remuneration of States members appears to have lost ground over the last three years and, while the prevailing economic situation might well inhibit any significant recovery in this position, the Review Body considers it responsible to seek to limit further such deterioration as far as it is reasonably possible to do so.
- Under its terms of reference the Review Body is obliged to consider the prevailing economic situation and representations received from both the Public and from some States members that States members' remuneration should be frozen for a year.

The Review Body notes that the Council of Ministers proposes a freeze on all Public Sector pay for 2010 and in this context the Review Body understands the Public Sector pay year runs from the beginning of June 2009 to the end of May 2010.

We recommend that the interim increase of £1,000 in remuneration, effective from 1st January 2009 and implemented then should be the final recommended figure in respect of this year.

We recommend no increase in remuneration effective from 1st January 2010. For clarity the States members pay year runs from January to December.

While our terms of reference would normally require us to make a recommendation for the three years 2009-2011 **we decline to make any recommendation in respect of 2011 at this stage**, preferring to reconsider the matter in May 2010 with a view to making a recommendation in respect of 2011 on the basis of the evidence we have so far collected when taken together with a review of the situation prevailing at that time.

We recommend no increase in the current expense allowance of £3,650 and a continuance of the arrangement whereby States members may provide supporting evidence if total expenses are in excess of the above amount to the Comptroller if Income Tax and receive relief from income tax allowed accordingly.

We recommend the continuance of the arrangement by which the above remuneration including expenses is paid monthly in arrears, and the continuance of the system whereby the employer's element of any Social Security contribution is paid on behalf of States members where applicable.

We recommend that a States member should continue to be entitled to payment of salary and expenses for one month following the date by which he or she leaves office.

Reasons for recommendations

Treatment of Remuneration

The Review Body is mindful of the opinion expressed at a meeting of the Privileges and Procedures Committee on 19th May 2005 that, in so far as it was possible to do so within its terms of reference, the Review Body should not allow the remuneration of States members to become eroded relative to other pay groups over time.

The Review Body acknowledges that such erosion has indeed occurred and, with some divergence of interpretation among its members as to which measures should be considered (for examples see page 10 of the discussion document), the extent to which the erosion might have applied over the last three years. The Review Body considers that, other things being equal, a significant increase in remuneration would be necessary over the 2009-2011 three year period to restore this lost ground.

2009

In making its recommendation in respect of 2009 before the start of that year the Review Body considered that an interim increase of £1,000 was the minimum amount that appeared reasonable despite the economic circumstances then prevailing. In recommending that this amount should now stand as the final recommendation for 2009 the Review Body has already taken into account the subsequent economic deterioration.

2010

The Review Body has taken into account of the prevailing economic situation together with the representations from the public and some States members (as required under its terms of reference) with regard to a pay freeze in 2010 and it so recommends in the reasonable expectation that this will not lead to any further relative disadvantage in respect of that single year.

2011

Having indicated above that the Review Body was minded to recommend a significant increase across the three years 2009-2011 on

the grounds that this would prevent further relative deterioration in States members remuneration since 2005, the Review Body found itself unable to discover any firm economic criteria upon which to base a recommendation for 2011, and it intends to postpone any recommendations in respect of 2011 until mid 2010.

Treatment of Expenses

In its previous reports the Review Body recommended that the expenses then offered to States members should continue to match the level at which the Comptroller of Income Tax was prepared to accept such expenses without supporting evidence (£3,650).

The Review Body considers that expenses at this level are not excessive when the likely costs of diligent representation are taken into consideration. Whether or not States members refer to the necessary administration as “keeping an office” that is in effect what they are obliged to do, and the provision of such expenses may be seen as an indication to both the Public and to States members themselves that such costs will be anticipated and incurred.

Little new evidence was received in respect of the detailed nature of States Members expenses and the Review Body remained unable to discern any consistent pattern of expenses which was common to all States members, nor was there a significant number of representations to the effect that the level offered above was inadequate.

The Review Body therefore recommends that States members expenses should be retained at the current level at least until the end of 2010.

It remains possible for States members to use a greater proportion of the remuneration for the settlement of expenses incurred in the course of their duties and to claim tax relief on the overall amount on submission of the necessary documentation in support of this tax return.

Thanks

The Review Body wishes to thank again all who responded to its discussion document and who attended the public meetings.

Thanks are also due to the Greffier of the States, Michael de la Haye, and his staff for their substantial practical help in supporting the activities of the Review Body.

Julian Rogers (Chairman)

Brian Bullock

Maurice Dubras

Christopher Lakeman

John Mills

29th May 2009

SMRRB Terms of Reference

The terms of reference of the Review Body are as follows –

To make recommendations to the Privileges and Procedures Committee on any matters relating to the remuneration, allowances and benefits available to elected members of the States as it considers appropriate, following the holding of public hearings and the receipt of oral and written submissions from any persons, including members of the States, having taken account of any other matters that the Body considers to be relevant, and having taken particular account, but not being bound by, the following matters –

- (i) the principle that the level of remuneration available to elected members should be sufficient to ensure that no person should be precluded from serving as a member of the States by reason of insufficient income and that all elected members should be able to enjoy a reasonable standard of living, so that the broadest spectrum of persons are able to serve as members of the Assembly;
- (ii) the economic situation prevailing in Jersey at the time of determination and the budgetary restraints on the States of Jersey; and
- (iii) the States' inflation target, if any, for the period under review.

List of Respondents and attendees at public meetings

The SMRRB wishes to express its gratitude to the following who sent written responses or attended the public meetings –

Banks, R	Grigg, B	McMurray, N
Barber, P	Harrison, L	Moran, E
Baudains, G	Harvey, J	Murphy, B
Bellows, A	Haycock, R	Murphy, D
Blade, L	Haydon, I	Norman, L
Borman, G	Hill, P	Osborn, S
Butcher, G	Horsfall P	Perchard, B
Caplen, J	Hotton, E	Perrier, D
Carter, L	Jehan, A	Prescott, S
Clancy, C	Jeune, A	Pitman, T
Clarke, A	Journeaux, A	Richardson, M
Clarke, B	Keen, K	Robinson, R
Coutanche, M	Kisch, R	Romeril, G
De Sousa, D	Koradi, M	Rondel, P
Dickinson, V	Lawrence Mr and Mrs	Scott, J
Dun, M	Le Bail, C	Shaw, P
Falle, J	Le Brocq, R	Shield, J
Ferguson, S	Le Flem, D	Syvret, S
Fergusson, M	Le Hérissier, R	Trevor, E
Filleul, D	Le Main, T	Turner, P
Gage, V	Le Quesne, D	Walker, G
Gates, E	Le Quesne, J	Wells, Z
Grainger, R	Le Sueur, T	Willing, B
	Lissenden, S	Woodhouse, J