
STATES OF JERSEY



STATES MEMBERS' REMUNERATION REVIEW BODY: RECOMMENDATIONS FOR 2014

Presented to the States on 7th October 2013
by the Privileges and Procedures Committee

STATES GREFFE

FOREWARD

The Privileges and Procedures Committee is pleased to present to the States the recommendations of the States Members' Remuneration Review Body (SMRRB) for 2014. The terms of reference of the SMRRB require the Review Body to present its recommendations to PPC and the Committee is then obliged to present the recommendations to the States.

The revised Terms of Reference agreed by the States in June 2012 for SMRRB state –

- “10. The Review Body's recommendations on the actual level of remuneration and expenses payable to elected members shall be implemented automatically unless a proposition seeking a debate on the recommendations is lodged 'au Greffe' within one month of the date of presentation.”

PPC is again grateful to the members of the SMRRB for the work that they do on an honorary basis and for the comprehensive way in which they undertake this difficult task.

STATES MEMBERS REMUNERATION REVIEW BODY

RECOMMENDATIONS FOR 2014

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

The Review Body recommends an increase of £600 in States members' basic remuneration (currently £42,000) effective from 1st January 2014 to £42,600.

The Review Body recommends no increase in the current expense allowance of £4,000.

Basic remuneration

As in previous recent years the Review Body has found it difficult to strike a balance between the competing requirements in its terms of reference to "have particular regard to, but not be bound by", the principles that the level of remuneration available to elected members should be sufficient to ensure that no person is 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, against the requirement for it also to "have particular regard to, but not be bound by" the economic and fiscal situation prevailing in Jersey, any budgetary restraints on the States of Jersey.

For 2013 the Review Body recommended an increase of £818 (just under 2%) in anticipation of what we considered was likely to be the comparative increase in both the private and public sectors. Some months later a public sector pay increase of 1% consolidated + 1% non-consolidated was imposed. The recent publication of the Statistics Unit's surveys in August serves to confirm, we believe, that our recommendation was of an appropriate order of magnitude.

We are aware that some members of the States of Jersey chose not to accept the award recommended for 2013. It is not for us to comment on that and we will leave it to them to decide whether the increase may have been justified in retrospect and feel it appropriate to accept it together with the current recommendation for 2014.

Looking ahead, we note the public sector pay increase of 4% currently proposed for 2014 (subject to agreement on modernisation). The Review Body has noted the percentage increase proposed but it is obliged to take at least as much account of circumstances in the private sector where no such over-arching proposals apply.

We are informed that private sector pay increases proposed for 2014 are likely to be somewhat higher than in the last few years. Historically, the general increase varied depending on the specific industry within the private sector. Current information suggests that pattern will be repeated and it appears that, while some employers may be anticipating an increase of, say, around 4%, others may still be contemplating no increase at all, given the economic factors still constraining some businesses.

The only recommended pay increase recently announced for 2014 is that of 1.5% in the minimum wage which would apply from 1st April 2014.

Expenses

At present, States members receive an annual expenses allowance of £4,000. The first Review Body recommended an annual expense allowance of £3,650 from 1st January 2004 and this was increased by £350 to £4,000 from 1st January 2012.

States members serve the community as individuals (not as employees) who inevitably incur office and other expenses in doing so. The increase of £350 to £4,000 per annum from 1st January 2012 represented a compound growth of less than half of 1% across the intervening 8 year period. The recommendation for 2012 was made in the awareness that the expenses incurred by States members had taken no account of an annual rate of inflation then currently estimated at 3.5% by the States of Jersey Statistics department and that, inevitably, States members would have been absorbing these increased costs, and would continue to do so.

The Review Body has received no representation that the current allowance is insufficient and no further increase in expenses is recommended for January 2014.

Pension

The Review Body remains committed to its previous recommendation (see R.62/2009) that the matched-contributions pension scheme as there outlined should be introduced for the reasons stated. The Review Body believes that

the matter remains worthy of further consideration by the Privileges and Procedures Committee and by States members as a whole with a view to the introduction of such scheme at some point in the future.

Social Security

States members are classed as self-employed but, by concession, they are effectively treated as 'employed' for Social Security purposes only. Those members who would pay self-employed contributions for both themselves and a notional employer can, if they apply, receive a taxable refund equivalent to the amount that an employer would pay in respect of an employee earning the same amount as a States member.

Further considerations

In its recommendations for 2013 the Review Body reported that it had submitted written evidence to both the Electoral Commission and the Machinery of Government sub-committee of the Privileges and Procedures Committee. In doing so the Review Body expressed the hope that the opportunity would be taken to address the issue of an appropriate and modern remuneration structure for States members.

The Review Body noted in previous reports that there is a growing recognition, both from the public and among States members, that some form of special responsibility increment might apply within the States to Ministers and to the Chairmen of scrutiny panels and other committees.

Citizens might anticipate that the funding for such increments might be more easily forthcoming if there was a reduction in the number of States members, but for any such change to take place the States would need to repeal Article 44(1) of the States of Jersey Law 2005 that currently requires all elected members to receive the same remuneration.

The Review Body notes that elections are scheduled to take place in October 2014 and it therefore intends to institute a public consultation in 2014 before making recommendations that will apply to members of the new States for 2015 and beyond.

Thanks

Thanks are due to the Greffier of the States, Michael de la Haye for his own substantial administrative help and that of his department in supporting the activities of the Review Body.

States Members Remuneration Review Body

TERMS OF REFERENCE

1. The Review Body will make recommendations to the States, through the Privileges and Procedures Committee, on any matters relating to the remuneration and expenses of elected members as it considers appropriate.
2. The Review Body shall take any steps it considers necessary to gauge public opinion on the matters within its purview. Equally the Review Body shall seek the opinions of members of the States from time to time as it considers appropriate.
3. In forming its recommendations the Review Body will take account of any matters that it considers to be relevant and will have particular regard to, but not be bound by, the following matters –
 - (i) the principles that the level of remuneration available to elected members should be sufficient to ensure that no person is 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 and fiscal situation prevailing in Jersey, any budgetary restraints on the States of Jersey and the States' inflation target, if any, for the period under review.

Membership

4. The Review Body shall consist of 5 members, none of whom shall be a member of the States.
5. The members shall be appointed for a period of 5 years and shall be eligible for re- appointment for one additional 5 year term.
6. The members shall be appointed by the Privileges and Procedures Committee following requisite consultation with the Jersey Appointments Commission. Before making any appointments the Committee shall nevertheless be required to present a report to the States setting out the names of the proposed appointees and the

appointments shall not be confirmed by the Committee until at least 15 days after the presentation of this report.

7. The Review Body shall appoint one of its members as Chairman.
8. The quorum of the Review Body is 3.

Recommendations

9. The Review Body shall report its recommendations to the Privileges and Procedures Committee which shall present them to the States forthwith.
10. The Review Body's recommendations on the actual level of remuneration and expenses payable to elected members shall be implemented automatically unless a proposition seeking a debate on the recommendations is lodged 'au Greffe' within one month of the date of presentation.
11. The Review Body may make recommendations on other matters within its terms of reference to the Privileges and Procedures Committee but any such recommendations shall not be implemented until they have been agreed by the States.

Membership of the SMRRB

Mr. Julian Rogers (Chairman)
Mr. Brian Bullock
Mr. Maurice Dubras
Mr. John Mills C.B.E.