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# STATES OF JERSEY



## STATES MEMBERS' REMUNERATION FROM 2018: RECOMMENDATIONS OF THE STATES MEMBERS' REMUNERATION REVIEW BODY

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Presented to the States on 9th February 2017  
by the Privileges and Procedures Committee

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STATES GREFFE



# States Members Remuneration From 2018

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## Recommendations of the States Members Remuneration Review Body

### Recommendations

**Our recommendation is that States members' pay should remain at £46,600 per annum during the 2018-22 period.**

**Our recommendation is that the provision in Article 44 of the States of Jersey Law 2005, which prohibits States members from being paid at different levels, should be removed.**

**We recommend that pay differentiation should apply only to the Chief Minister, from the election of the Chief Minister in 2018. In our view, a supplement of 15% of salary (in other words £7,000 (after rounding) at the present level of salary) would be appropriate**

### 1. Introduction

1.1 The States Members Remuneration Review Body (SMRRB) is tasked with advising the States on the remuneration that should be received by Senators, Connétables and Deputies in their capacity as members of the States of Jersey.

1.2 In undertaking our work we take account of any matters that we consider to be relevant. We have particular regard to, but are not 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, so that the broadest spectrum of persons are able to serve as members of the Assembly;
- 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.

1.3 Our membership and terms of reference can be found in annex 1 at the end of this document.

1.4 During the second half of 2016 we sought views on the remuneration of States members after the ordinary election due in 2018. The results of the survey we commissioned and

our public consultation exercise can be found in sections 3 and 4 of this report respectively. The survey and the consultation informed our deliberations but we are not bound by their findings: our recommendations are solely our responsibility.

1.5 In undertaking our work we made the following presumptions:

- There will be no change in the structure or size of the States Assembly in the 2018-22 period;
- The current low-inflation environment and pressure on public sector finances will continue.

Our recommendations are intended to cover the whole period of the next States Assembly, from May 2018 to May 2022. Anyone deciding whether to stand for election or to seek re-election will, therefore, know where he or she stands financially in the event they are elected as a member. However, we will keep the situation under review and may revisit our recommendations for the 2018-22 period if there are significant changes, particularly in relation to the economic situation.

## 2. States members' remuneration – current arrangements

2.1 States members currently receive remuneration of £46,600 each year. This amount has not changed since 2014 (although previously £42,600 was specified as remuneration and £4,000 as expenses).

2.2 The levels of remuneration paid to members since 2005 are set out in annex 2. In 2005, the level of average annual earnings for full-time employment in Jersey was £27,350. Members' remuneration at that time was almost 50% higher than that level. The Review Body's recommendations over the last decade have had the effect of reducing the gap between average earnings and Members' pay. Members' pay in 2016 was 28% higher than average annual earnings for full-time employment, which stood at £36,400.

2.3 All States members currently receive the same remuneration, regardless of their role. This is stipulated in Article 44 of the States of Jersey Law 2005.

2.4 States members are office-holders; they do not 'work' for the States and are not employees in law, so employment law does not apply to them. For social security purposes, members are classified as self-employed. However, with the agreement of the Social Security Department, members are entitled to receive reimbursement of a sum equivalent to an employer's element of self-employed social security contributions and this sum, together with a sum equivalent to an employee's share (which is deducted from their monthly remuneration) is paid directly to the Social Security Department on their behalf. On ceasing to hold office members are entitled to receive a payment of one month's salary.

2.5 There is currently no dedicated pension scheme for members (although we have previously recommended that such a scheme should be introduced).

### 3. Public survey

3.1 In July 2016 we commissioned Island Global Research to undertake a public opinion survey on States members' remuneration to which 563 islanders responded. We asked:

- Whether the current level of pay is too high, about right or too low?
- Whether equal pay for all States members should continue after 2018?
- Assuming that pay should vary between States members, which positions should attract higher pay?

We also asked for views on the relationship between pay for States members and the supply of candidates for election, the responsibilities associated with different roles and the average/median levels of earnings on the island. The report we received from Island Global Research has been circulated to the Privileges and Procedures Committee (PPC) separately and is published in full online [here](#) as are the public comments received along with the survey results.

3.2 The main findings of the survey were as follows:

- 54% of household respondents thought that States members' pay was either 'too high' or 'far too high'. 46% considered it to be either 'about right', 'too low' or 'far too low'. The split between these two main camps was close to even, allowing for the survey's 4% margin of error
- More people thought that pay was 'about right' (38%) than chose any other option;
- Asked whether after the next election States members should continue to receive equal pay, two out of three respondents indicated that pay should vary depending upon the level of responsibility
- Opinion was fairly evenly divided about three main options on how pay might be structured in a different way. 40% of respondents felt that only the Chief Minister should receive higher pay; 31% felt that all ministers and scrutiny panel chairmen should; and 29% said that higher pay should apply to all ministers
- Two thirds of respondents either 'strongly agreed' or 'agreed' with the statement that members should be paid about the same as the average person working full-time
- One third (33%) 'strongly agreed' or 'agreed' that it was an important principle that all members were paid equally. One half (49%) 'disagreed' or 'strongly disagreed'

- Two thirds (66%) ‘strongly agreed’ or ‘agreed’ with the statement that members’ pay should be set to reflect the responsibility of different roles. Just under a fifth (18%) ‘disagreed’ or ‘strongly disagreed’
- More than two fifths (45%) ‘strongly agreed’ or ‘agreed’ that members’ pay should be set to attract the highest calibre of candidates. A little under a third (29%) ‘disagreed’ or ‘strongly disagreed’
- Nearly four fifths of respondents felt that pay should be set so that no-one was put off from standing for election because they couldn’t afford to take on the role

## 4. Public consultation

4.1 We issued a consultation document on 17<sup>th</sup> October, asking for responses to the following questions, which were based on our previous work on States members’ remuneration and the results of the earlier survey:

**Q1: Do you agree that the Chief Minister should receive a supplement above the salary for a States member?**

**Q2: Do you agree with our proposal that the supplement for the role of Chief Minister should initially be set at 15% of States members’ salary (which at the current salary level would be £7,000)?**

**Q3: Do you agree with our proposal that in principle differentiation should apply to ministers and chairmen of scrutiny panels once the economic climate has improved?**

**Q4: Should States members’ salary (£46,600) be held level during the 2018-22 period?**

4.2 We issued a press release about the consultation which was reported on by the local media and the consultation was advertised on the States Assembly website and on its Twitter feed. In addition, States members were sent the consultation document directly and twice asked to respond. In comparison to the good level of response to our public opinion survey, we received only 27 email responses and four letters. Four current States members responded as did one former member.

4.3 Only 17 people commented on increasing the Chief Minister’s pay: six said yes, one said possibly and the others disagreed. Some of the people who agreed with differentiation thought it should be achieved by holding the Chief Minister’s pay level and cutting everyone else’s. There were only four comments on the level of the proposed supplement – three disagreed with the proposal and one asked why the figure of £7,000 had been chosen.

4.4 People who favoured differentiation in favour of the Chief Minister tended to argue that it should also be introduced for other roles (again with the caveat that some argued this should be achieved by cutting backbenchers' pay). One person suggested a 20% supplement for ministers and assistant ministers. Three people (including two States members) argued against differentiation in general.

4.5 In terms of members' pay for 2018-22, most respondents who commented argued that salaries should stay the same. Several people read the consultation document as suggesting that pay should be increased and expressed indignation, either because they judged the States to be performing poorly, or because at a time of retrenchment it was inappropriate for States members to be paid more. Several respondents assumed that States members could increase their own pay and did not recognise that the Review Body is independent of States members.

4.6 Alternative options were: pay members £100,000 per annum or their salary in the tax year before they were elected; pay members the income level they gave up and incentivise them to achieve savings in States expenditure; increase pay significantly, but cut the number of members; pay new members 50% of the salary of more experienced members; cut pay to the Island's average salary, either immediately or by freezing the level until the Island average catches up; "at least keep pace with inflation" (a former States member); go back to the honorary system; introduce performance related pay increases; and limit any increases so they do not exceed the pay award(s) for public sector workers. One States member said pay had fallen significantly in real terms over the last 15 years and suggested that this was deterring people from standing for election.

4.7 As for other comments related to pay, these included:

- Questions about the validity of the market research, the assumptions made by the Review Body and the way in which the market research had been presented in the consultation document
- Questions about whether the Review Body properly understood all the roles performed by members, particularly in relation to constituency work
- Complaints (from two States members) about the level of support provided to ministers by their departments, compared with the situation for backbenchers
- Suggestions about subjecting members to external inspections, performance-related contracts and related disciplines
- Support (from one respondent) for pensions for members
- Support (from one respondent) for research assistance for members (paid for by reducing the number of members)

## 5. Our recommendations for 2018-2022

### *Level of members' pay*

**5.1 Our recommendation is that States members' pay should remain at £46,600 per annum during the 2018-22 period.**

5.2 A number of factors influenced us in reaching this view.

5.3 Firstly, we heard no argument to challenge the principle expressed in our terms of reference that no person should be precluded from serving in the States Assembly by reason of insufficient income and that all elected members should be able to enjoy a reasonable standard of living. While there was some support for the idea that States members should not be remunerated, we are not attracted by this option, which would significantly reduce the range of people with the financial resources to stand for the Assembly.

5.4 We also took account of wider economic factors and the continuing climate of public sector pay restraint. The most recent economic assumptions issued by the Fiscal Policy Panel (in August 2016) suggest that Jersey's economic performance will continue to improve in the 2017-19 period and that both inflation and average earnings will increase. However, considerable uncertainties, particularly in relation to the UK's decision to leave the EU, remain. Public sector pay restraint is planned to continue and the current Medium Term Financial Plan includes the delivery of significant savings and efficiencies in public spending over the next three years.

5.5 We heard no strong arguments for significant change in the level of States members' remuneration. In our public survey, more people thought that States members' pay was about right than chose any other option, although the majority of those giving a different view thought that it was too high.

5.6 States members' pay remains around 28% above the average for full-time employment in Jersey. Our view is that it is appropriate to continue to reduce the differential between States members' pay and the Island average by continuing to hold States members' pay at the current level.

5.7 Several schemes were put to us to link members' pay to their previous earnings. Although potentially attractive in theory, in practice such ideas throw up a myriad of complex questions which would be likely to cause confusion and dispute. Similarly, we see no scope for introducing schemes to link members' pay to their performance, given the difficulty in reaching an objective assessment of a politician's performance and the status of States members as elected office holders rather than employees.



## *Pay differentiation*

**5.8 Our recommendation is that the provision in Article 44 of the States of Jersey Law 2005, which prohibits States members from being paid at different levels, should be removed.**

5.9 We expressed the view in our consultation document that, given our previous work in this area, there is now a case for differentiating between the pay provided to certain States members, according to the significantly different level of responsibilities they hold. This is in accordance with normal practice in other jurisdictions (see our [analysis](#), circulated separately to PPC) and in business. Indeed, Jersey appears to be alone amongst comparable jurisdictions in requiring all of its parliamentarians to be paid equally. Pay differentiation was also supported by the results of the public survey we commissioned.

5.10 We acknowledge the argument that, as a point of principle, all States members should be paid equally. However, we do not consider that this is the right approach to take when some States members clearly have significant additional responsibilities. At the very least the matter should be debated in the Assembly.

5.11 If the Assembly were to agree to the principle of pay differentiation **we recommend that pay differentiation should apply only to the Chief Minister, from the election of the Chief Minister in 2018. In our view, a supplement of 15% of salary (in other words £7,000 (after rounding) at the present level of salary) would be appropriate.** This additional money should be found from within the States' existing budgets.

5.12 Given the constraints on the public finances we do not recommend the introduction of additional pay for other roles at this stage. We will review the matter during the 2018-22 term, with a view to assessing the scope for achieving further pay differentiation within the scope of the current budget for States members' pay.

## **6. Next Steps**

6.1 Under our terms of reference, PPC must put our recommendations to the States forthwith.

6.2 Our recommendation to hold States members' pay level during the period 2018-22 is implemented automatically, unless a proposition seeking a debate on that recommendation is lodged 'au Greffe' within one month of the date of presentation of our report to the States.

6.3 Our recommendation to amend Article 44 of the States of Jersey Law 2005 can only be implemented with the agreement of the Assembly.

## Annex 1 – Membership and Terms of reference

The terms of reference of the SMRRB are as follows –

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 –
  - a. 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;
  - b. 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 five members, none of whom shall be a member of the States.
5. The members shall be appointed for a period of five years and shall be eligible for re-appointment for one additional five 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 three.

### 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.

The current membership of the SMRRB is John Mills CBE (Chairman), Ian Black, Maurice Dubras, Louise Read and Gerald White. The Greffier of the States acts as the SMRRB's secretary.

Details of the SMRRB's past work can be found in annex 3.

## Annex 2 – States members’ remuneration since 1 January 2005

<b>Year</b>	<b>Remuneration</b>	<b>Expense allowance</b>	<b>Total available</b>
2005	£36,568	£3,650	£40,218
2006	£37,486	£3,650	£41,136
2007	£38,422	£3,650	£42,072
2008	£39,382	£3,650	£43,032
2009	£40,382	£3,650	£44,032
2010	£40,382	£3,650	£44,032
2011	£41,182	£3,650	£44,832
2012	£41,182	£4,000	£45,182
2013	£42,000	£4,000	£46,000
2014	£42,600	£4,000	£46,600
2014-2018	£46,600	-	£46,600

## Annex 3 – Past work of the SMRRB

Since its establishment in 2004 the SMRRB has issued ten Reports. These can be accessed under ‘Reports’ on the States Assembly website [www.statesassembly.gov.je](http://www.statesassembly.gov.je) or obtained from the States Assembly Information Centre in Morier House, Halkett Place, St Helier, Jersey, JE1 1DD (tel (01534) 441020, email [StatesGrefe@gov.je](mailto:StatesGrefe@gov.je)).

The titles and reference numbers of the Reports are as follows –

- 1) States Members Remuneration Review Body - recommendations for 2005 ([R.C.52/2004](#))
- 2) States Members Remuneration Review Body - recommendations for 2006 – 2008 ([R.C.71/2005](#))
- 3) States Members’ Remuneration - recommendations for 2009 ([R.119/2008](#))
- 4) States Members’ Remuneration Review Body: recommendations for 2009-2011 – Part 1, level of remuneration and expenses ([R.61/2009](#))
- 5) States Members’ Remuneration Review Body: recommendations for 2009-2011 – Part 2, pensions, severance and differentiation ([R.62/2009](#))
- 6) States Members’ Remuneration Review Body: recommendations for 2011 ([R.93/2010](#))
- 7) States Members’ Remuneration Review Body: recommendations for 2012 ([R.105/2011](#))
- 8) States Members’ Remuneration Review Body: recommendations for 2013 ([R.132/2012](#))
- 9) States Members’ Remuneration Review Body: recommendations for 2014 ([R.125/2013](#)).
- 10) States Members’ Remuneration Review Body: recommendations for November 2014 to May 2018 ([R.122/2014](#))