STATES OF JERSEY

CONSOLIDATED FUND: INCREASE IN STATES EXPENDITURE IN 2019

Lodged au Greffe on 15th February 2019
by Deputy G.P. Southern of St. Helier

STATES GREFFE

PROPOSITION

THE STATES are asked to decide whether they are of opinion −

to request the Council of Ministers, in accordance with the provisions of Article 9(2)(c) of the Public Finances (Jersey) Law 2005, to take the steps necessary to bring forward a proposition to increase the maximum amount of net States expenditure from the Consolidated Fund in 2019 above the limit set in 2015, so that additional monies can be made available to fund public sector pay claims, on account of there being a serious threat to the social wellbeing of the Island which requires an immediate response.

DEPUTY G.P. SOUTHERN OF ST. HELIER

REPORT

The relevant extract from Article 9 of the Public Finances (Jersey) Law 2005 is reproduced here –

"**9 Restriction of amendment of medium term financial plan approved by the States**

(1) Once a medium term financial plan has been approved by the States –

(a) the total amount of net States expenditure approved for a financial year to which the plan relates may only be varied on a proposition lodged in accordance with paragraph (2);

(b) the amount appropriated to a revenue head of expenditure of a States funded body for a financial year to which the plan relates may only be varied –

(i) on a proposition lodged in accordance with paragraph (2), or

(ii) as described in Article 16(5)(b) to (g);

(c) the amount appropriated to contingency expenditure for a financial year to which the plan relates may only be varied –

(i) on a proposition lodged in accordance with paragraph (2), or

(ii) by the addition of the amounts described in Article 17(1)(b) to (d);

(d) the total amount, described in Article 8(2)(c)(iii), allocated for capital projects for a financial year to which the plan relates (other than capital projects of a States trading operation) may only be varied on a proposition lodged in accordance with paragraph (2);

(e) the maximum amount, described in Article 8(2)(c)(iv), allocated for appropriation to growth expenditure for a financial year to which the plan relates may only be altered on a proposition lodged in accordance with paragraph (2).

(2) The Council of Ministers may only lodge a proposition for the purposes described in paragraph (1) –

(a) if a state of emergency has been declared under the Emergency Powers and Planning (Jersey) Law 1990;

(b) if the Council is satisfied that there exists an immediate threat to the health or safety of all or any of the inhabitants of Jersey;

(c) if the Council of Ministers is satisfied that there is a serious threat to the economic, environmental or social wellbeing of Jersey which requires an immediate response;

(ca) if the Council of Ministers is satisfied, on the recommendation of the Minister –

(i) that there is an urgent need for expenditure, and

(ii) that –

(A) the balance currently available for contingency expenditure is insufficient to fund the expenditure that is urgently needed, and

(B) the expenditure that is urgently needed cannot reasonably be funded out of existing heads of expenditure;

(d) following the appointment of a Council of Ministers otherwise than following an ordinary election for Deputies; or

(e) in accordance with paragraph (3).

(3) If, at any time, it appears to the Council of Ministers that, by reason of any variance between the intended total amount to be paid into the consolidated fund and amounts actually received in a financial year, or by any other reason, the receipts and expenditure approved in the medium term financial plan would result in a deficit in the consolidated fund at the end of any financial year, the Council of Ministers must lodge a proposition, for the purposes described in paragraph (1), that, if approved by the States, would remedy the deficit.

(4) The Council of Ministers must not lodge an amendment to a medium term financial plan that, if the receipts and expenditure proposed in it were approved, would result in a deficit in the consolidated fund at the end of any financial year to which the plan relates.

(5) Paragraph (1) does not prohibit the lodging of an amendment to a proposition lodged under paragraph (2).

(6) If a medium term financial plan is amended before it is approved by the States, either a supplement to the report that accompanied the draft plan when it was lodged shall be issued or the report shall be reissued, to take account of the amendment.".

(a) the total amount of net States expenditure approved for a financial year to which the plan relates may only be varied on a proposition lodged in accordance with paragraph (2);

This clearly sets out a number of conditions under which the total amount of expenditure in an MTFP may be varied. I have chosen Article (2)(c) which talks of a *"serious threat to the social wellbeing of Jersey"*.

(c) if the Council of Ministers is satisfied that there is a serious threat to the economic, environmental or social wellbeing of Jersey which requires an immediate response;

Following the defeat, by one vote, of my previous proposition, P.137/2018, and the circumstances surrounding that vote, I believe that the Assembly deserves the opportunity to reconsider its position with regard to the ongoing dispute with our public sector workforce over pay. The States Employment Board, and indeed the Chief Minister himself, have reverted to the mantra of "there is no more money", which means that any pretence at meaningful negotiation is out of the question.

We are once more at an impasse. Public sector representatives and their members have had enough of being ignored and enough of being treated with total disrespect. Any semblance of goodwill, on which many departments rely, has long disappeared. The public sector workers charged with delivering vital frontline services have been forced into a position of having to take action to protect their standard of living after years of imposed austerity and below-inflation pay awards.

Faced with the intransigence shown by SEB over the imposition of the awards for 2018 and 2019, including unconsolidated sums, the representatives of States' employees have been forced into a corner. The promise of some flexibility in negotiations for 2020 is simply inadequate. The unions have taken the position that until the 2018/19 dispute is settled, there can be no progress on negotiations for 2020.

With no prospect of any genuine negotiations, public sector workers in all sectors and States' departments have been balloted over taking action, including strike action. Our public sector workers are far from being militant. The prospect of having to strike is taken with extreme reluctance on the part of many. In the past, a decision even to hold a ballot on taking action would provoke the employer back to the negotiating table for fresh discussions to agree a way forward.

On this occasion, our employees have clearly said "enough is enough". In doing so, they have been influenced, not only by the decade of wage restraint producing a real terms reduction in the value of their pay, but also by the insecurity brought about by the pressure of structural change, and with no certainty that anyone will have a job after services are subject to outsourcing and downsizing. Notwithstanding all these additional factors, in the face of national shortages in qualified and specialist health workers, we have pay levels which have fallen in real terms, resulting in vacancy rates in nursing and other specialist fields going through the roof. The use of temporary locum staff is routine. How long will it be until our inability to recruit and retain staff extends to specialist teaching posts? This is a crisis which has its roots in the refusal of the SEB to negotiate rates of pay and terms and conditions which match the increasing cost of living in the Island.

We have backed our public sector workers into a corner. Faced with total intransigence on the part of their employers, our traditionally conservative and co-operative workforce: teachers, nurses, radiographers, civil servants and the like, have reluctantly, but overwhelmingly, voted for strike action.

Most recently, we have had the teachers' union NASUWT voting heavily for a day of action on 26th February; previously the head-teachers' organisation NAHT and the National Education Union NEU, along with Prospect/Unite civil service branch, have all voted for strike action by over 90% majorities. I understand that the Royal College of Nursing are to be balloted for action, which is unprecedented in the British Isles.

Already we have seen a 2-hour stoppage which closed some schools, and a rally and march through St. Helier. Mediation through the Jersey Advisory and Conciliation Service appears to have failed to produce any progress: the dispute looks set to continue throughout the year to come. We are facing months of disruption which will only serve to label this government as one which does not listen and which treats its employees with contempt.

So the issue here that needs to be established is whether the situation we find ourselves in constitutes –

> "*a serious threat to the social wellbeing of the Island which requires an immediate response*".

The answer is that the very social fabric of the Island is put at risk by the continuation of this dispute with our public sector employees.

Our employees have been treated with contempt by the SEB as the salaries have been devalued by years of below-inflation pay awards.

All goodwill has been lost for many services. This will endanger the quality of service provision.

We can expect months of disruptive strikes and other actions.

Recruitment and retention of experienced and specialist staff will be made more difficult. This will put many laudable aims contained in the Common Strategic Plan not just at risk, but will make many undeliverable.

How long will it be before the ongoing dispute draws the attention of the UK press? What damage to the Island's reputation will be done if we are labelled the Isle of strikes?

Financial and manpower implications

This proposition is intended to open the door to genuine fresh and meaningful negotiations in order to remove the prospect of continued industrial unrest. As such, the financial cost is dependent on the negotiation process, and cannot be predicted in advance. As an indicative mark, however, a 1% award across the board would cost around £3.5 million.