

STATES OF JERSEY



DRAFT ANNUAL BUSINESS PLAN 2012 (P.123/2011): EIGHTH AMENDMENT

**Lodged au Greffe on 30th August 2011
by Deputy G.P. Southern of St. Helier**

STATES GREFFE

PAGE 2, PARAGRAPH (a) –

After the words “withdrawn from the consolidated fund in 2012” insert the words –

“except that total net revenue expenditure shall be increased by £7,000,000 by reinstating this amount in Central Pay Provision in respect of staff terms and conditions and the net revenue expenditure of the Treasury and Resources Department (Provision for Restructuring Costs) be reduced by an equivalent sum in 2012.”.

DEPUTY G.P. SOUTHERN OF ST. HELIER

REPORT

The proposal to reduce the States pay bill by £7 million is to be found on page 39 of Draft Annual Business Plan 2012 (ABP) and is reproduced in full here:

“Corporate Savings – Terms and Conditions

With over 50% of States spending on salaries and benefits, it was recognised that it would be unrealistic to assume that savings could be achieved without reducing staffing levels or impacting on the remuneration of employees. The independent review of States staff terms and conditions identified potential savings, including pensions, of between £32 million and £42 million, but savings of this level could not be achieved in the short term and could be damaging to the economy. The Council of Ministers proposed £14 million of savings as an achievable target by 2013, split evenly between 2012 and 2013.

Work is currently progressing in support of the 5 year strategy 2011-2015 as set out at the beginning of 2011. The first priority is a combined set of terms and conditions, plus revised pay structure, for manual employees and civil servants which will encompass the following:

A single pay spine with fewer grades

The consolidation or removal of allowances leaving only those critical for the business

A standard working week subject to costing

Broader job descriptions to aid flexibility and the implementation of an extended Hay evaluation system for manual jobs

Pay progression

A harmonised set of policies including: Overtime, Stand by and Call out, Disciplinary, Grievance, Maternity, Sick Pay, etc.

A single bargaining unit for Manual Workers, Civil Servants and possibly those who are linked to this group e.g. Teaching Assistants.

In addition, work is underway on a new pay and career structure for Prison Officers which could be a model for other uniform groups. There is also an objective to move to a reduced number of bargaining groups in 2012 and the pension scheme is currently being reviewed by the actuary to ensure its sustainability into the future.

Although a pay freeze would achieve the 2012 savings target of £7 million, it is hoped that negotiations would be successful on some of the proposals outlined above such that a lower than inflation pay award might also be offered. Formal discussions with Civil Servants and Manual Workers on the new single package for pay, terms and conditions will commence this autumn. The savings target required in 2012 will be achieved in the Business Plan by not allocating £7 million of the central pay provision. Once negotiations have

been completed and the final settlement known, budget transfers may be required to reflect the actual outcome.”.

Negotiation

The passage above, on a superficial reading, appears to be fine. Except that it is dependant upon the successful outcome of negotiations – “*it is hoped that negotiations would be successful on some of the proposals.*” But one has to take a reality check on these fine aspirations and consider what happens in the real world.

The reality is that in recent times public sector workers have had a pay freeze imposed upon them with next to no notice. At that time the teachers balloted for action and as a result of the threat of action they obtained an *improvement* on their terms and conditions – the removal of lunchtime duties amongst others. Do members think that teachers, and other groups, will just sit back and accept another pay freeze? I doubt it.

Will any group quietly accept reduced terms and conditions, and if they did what would be the consequences? Let us start with the doctors and nurses: what may happen to recruitment and retention if conditions were to be made worse? We cannot recruit and retain sufficient health professionals as it is. Improvement on pay and conditions is the more likely outcome if we are to staff our hospitals.

Pensions are mentioned as a possible saving, but again we have to return to the question of recruitment. Substantial worsening of pension rights would make Jersey look very unattractive to many professionals. These 2 groups alone cover a substantial proportion of the States wage bill and reducing their pay and conditions appears extremely difficult.

So shall we concentrate the reductions on manual workers, civil servants and the uniformed branches? A brief examination of the terms and proposals above reveals further difficulties. The single pay spine and bargaining group is vehemently opposed by the manual workers in Unite. And that is just the start.

Negotiation is a difficult and tortuous process. There has been scarcely any contact so far this year. No offer or offers have yet to be tabled, and yet the Council of Ministers, led by the Chief Minister and Minister for Treasury and Resources, are asking us to vote on and accept a proposition that takes £7 million off the negotiating table. The Ministers will start from a position of having nothing to offer. £7 million represents a 2% offer when inflation is running at 5%, and employee representatives know that a reduction in terms and conditions means a cut in take-home pay for some. Talk of a below-inflation settlement, along with reductions in terms, is completely unrealistic and risks damaging employee relations for years to come.

The statement which recognises the difficulty of the negotiations and the possibility that the full savings may not be achieved –

“Once negotiations have been completed and the final settlement known, budget transfers may be required to reflect the actual outcome.”.

This applies equally to the amendment. The impact of the amendment would be that our negotiators could enter negotiations in good faith and with some flexibility. The ministerial approach is an unrealistic ultimatum which invites confrontation and total failure.

Financial and manpower implications

There are no financial or manpower implications for the States arising from this amendment.