

7. The Chief Minister will make a statement regarding the civil servants final pay offer

7.1 Senator I.J. Gorst (The Chief Minister):

As Members will be aware, a final pay offer was made to employee representatives in July. This offer followed many months of negotiations and was made against a backdrop of continuing economic uncertainty. The offer is 1 per cent non-consolidated in 2012 paid as a lump sum, 1 per cent consolidated plus 1 per cent non-consolidated in 2013, a consolidated pay award of 4 per cent of basic pay from 1st January 2014 in return for a modernisation agreement. Included in this offer is a guarantee of no compulsory redundancies until the end of 2014. We believe this is a fair deal for our employees who enjoy a significant degree of job security and a fair pay and benefits package. The police have accepted the offer and we had hoped that all the unions would ballot their members. In the event, only Prospect, the Civil Service representative body, did so. The ballot result was marginally against accepting the offer but only a minority of civil servants are members of the association. I am sure Members will appreciate the 2012, 2013 and 2014 public sector pay review has been particularly challenging and we have had to adopt a prudent approach against a background of rising unemployment. There are a number of issues we had to consider: the difficult economic climate has affected employment and living standards across Europe. The U.K. public sector has seen pay freezes, reductions in numbers employed and changes to pay and terms and conditions. The wider economic climate has affected Jersey; rising unemployment, the worst in decades, an increase in redundancies and changes to pay and conditions of service have affected many employees in Jersey's private sector. Forecasts show low economic growth for the foreseeable future, while States Departments like Health and Social Services need significant investment to help deliver the services the Island needs. The Medium-Term Financial Plan has been approved by the States. It does not provide for an increase in the 2014 pay bill over and above the final offer and Members did not approve an amendment calling for an additional pay rise for public sector staff. The economic conditions facing Jersey mean we cannot offer a higher pay award if we were to meet the priorities agreed by Members, creating jobs, maintaining employment and investing in Health and Social Services. This 3-year pay offer is directly linked to the modernisation programme that will ultimately ensure we provide services in the most efficient, effective and sustainable way, securing long-term employability. At a meeting with the States Employment Board last week, after full consideration of all the options and following 9 months of negotiation, S.E.B. (States Employment Board) decided that the gap between the final pay offer and claims for front-pay groups is too great and cannot be bridged or be resolved by mediation. As a consequence, with the exception of those groups where discussions are continuing, Senior Prison Officers Unit Managers and States Fire and Rescue Services, the collective bargaining process has now been exhausted and this leaves the employer with no practical alternative other than to implement the final pay offer for eligible public sector staff. This means that 1 per cent non-consolidated lump sum due in 2012 will be included in December salaries. The 1 per cent consolidated pay award for 2013 will be added to salaries from January. The 1 per cent non-consolidated lump sum due in 2013 will be included in January salaries, taking into account the 1 per cent consolidated pay award. We hope the majority of employees will see this as this is the best offer we can make in these circumstances. As far as nurses are concerned, S.E.B. has agreed a new offer, specifically for them, which recognises the work being undertaken on providing equal pay for work of equal value and the need to address recruitment and retention issues. This is the first step in a proposed redesign of nursing pay that my officers will work on with employee representatives. With a contribution from the Health and Social Services budget we have been able to fund an offer for nurses of 1 per cent non-consolidated paid as a lump sum in 2012, 3 per cent consolidated pay award in 2013 and 4 per cent consolidated pay award in 2014. This new offer for nurses makes some progress towards closing the pay differential that has existed for many years. I do want to stress to Members that we very much value the work of all our hard-working employees. I hope the employees themselves can understand that S.E.B. has prioritised job

security and the development of an efficient public sector for the future benefit of Islanders, the States and its employees.

The Bailiff:

Very well, now we have up to 10 minutes of questioning. The Deputy of St. Peter.

7.1.1 The Deputy of St. Peter:

I congratulate the Chief Minister on making a specific case for the nurses' pay scheme. Could he, please, elaborate it says: "This makes some progress towards closing the pay differential" but how much progress, please?

Senator I.J. Gorst:

That is a very good question. I should perhaps have mentioned before I started my speech that Members are well aware that my wife is a nurse. She, as of a number of months ago, no longer works for the States and, therefore, I am able to now make comments with regard to nurses' pay. Bridging the actual gap is an ongoing piece of work and I do not have all the details in front of me to be able to answer that question but I am advised by officers and by the Health and Social Services Department that this starts to bridge that gap and means that there will be no widening, in fact there will be narrowing during the course of this pay deal.

7.1.2 Deputy J.A. Hilton:

In the statement the Chief Minister just made to the Assembly he talks about a contribution from the Health and Social Services budget to fund the offer for the nurses. Can he tell the Assembly, is this money coming from the business-as-usual budget and, if so, how much and how much does he think that is going to have effect on day-to-day services?

Senator I.J. Gorst:

As the Deputy is aware, there was money in Health and Social Services' budget to help with nurse recruitment and that is the money that is being applied for this particular pay deal. My understanding is that it is the difference between the 1 per cent and 1 per cent and 3 per cent consolidated that is being made from the Health and Social Service's budget.

7.1.3 Deputy J.A. Hilton:

Supplementary, Sir. Presumably the 4 per cent in 2014 will be subject to a future budget.

Senator I.J. Gorst:

No, the 4 per cent is in line with the offer being made to all employees and, therefore, is part of the central budgeting process.

7.1.4 Deputy G.P. Southern:

Does the Chief Minister not accept that the States Employment Board has not engaged in any meaningful negotiations but tied its own hands and repeated the mantra: "There is no money"? Is he looking forward, along with the States Employment Board, to a year full of industrial unrest and action?

Senator I.J. Gorst?

No, the States Employment Board do recognise, as I said in the statement, that this has been a very difficult negotiation and the States Employment Board has negotiated within the mandate that this Assembly gave them. They have heard the objections of employees and they have worked with the Treasury and Resources Department to find extra money for the non-consolidated pay award and the 1 per cent consolidated pay award in 2013. We have also worked with Treasury with regard to the 4 per cent in 2014. I hope that this Assembly and employees recognise that we have tried to meet staff halfway and I hope that employees will

realise that this was the best offer that we could make and, therefore, that they will reconsider, if indeed they are considering industrial action.

7.1.5 Deputy G.P. Southern:

Will the Chief Minister accept that when he uses the phrase “halfway” it is a very liberal use of the word halfway because 1 per cent unconsolidated by no means matches the rise in the cost of living at 3 per cent and above? Effectively, what he has done is impose a pay cut on these workers.

[12:00]

Senator I.J. Gorst:

I do not accept that at all. Yes, he is right when I use the term “halfway” I am using it metaphorically. We have tried to meet and find extra money, as I just explained.

7.1.6 Deputy M. Tadier:

I appreciate that the pay negotiations are always difficult, especially when you are not very good at it, as I think this current Council of Ministers and S.E.B. have shown - present company perhaps excepted - themselves to be. Will the Chief Minister explain why he continues to link the pay negotiations with modernisation agreements when there have been clear signals repeatedly from the unions that they are willing to engage in both, including the modernisation programme, so long as they are separate and that they want to see their pay negotiations come to an end first before they embark on any negotiations on modernisation?

Senator I.J. Gorst:

I am disappointed. Of course, the Deputy is perfectly entitled to suggest that fellow politicians in this Assembly are not very good at something and we will address that as is our privilege. However, I do feel that it is not appropriate that that should be in any way taken as an indication with regard to my staff that do the actual negotiation face-to-face with the union representatives and I would refute that on their behalf. With regard to modernisation, it is important that it is tied together because the issue that the States Employment Board were most concerned about was making sure that we create a sustainable employment situation going forward for our employees, which is why we gave the no-compulsory redundancy commitment and why we are tying it to modernisation because we believe that unless we make those changes and make our service more efficient then those will be concerns that we have to address.

7.1.7 Deputy M. Tadier:

Sir, can I respond with a supplementary? First of all, there was no imputation on the staff that work for the Chief Minister, either positively or negatively, but he is the one who is to be held to political account and it is quite right that that is done in this Assembly. Can I ask him - perhaps it is a stretch from the original question but it does deal with one's adeptness at dealing with pay negotiations I think - how does he think that those, who are being subjected to what Deputy Southern correctly has called essentially a pay cut, will think of the plans for Plémont after spending £10 million of non-existent taxpayers' money on the headland when they are being faced with their backs against the wall and cannot afford, necessarily, to buy bread and milk, pay for their electricity, gas, rent or whatever? Does the Chief Minister think tactically the timing is correct?

Senator I.J. Gorst:

Over the course of the last year there are many decisions that I have had to make that I, of course, would have liked to have put off and the timing is never perfect. But we are called upon in this Assembly, and with the responsibilities that this Assembly puts upon Government, to make decisions. The States Employment Board believes that this is the right decision at the right time. Let us just perhaps push one contention, this means that around £3 million will be put into

States employees' pay packets in December, another £3 million will be put into States employees' pay packets in January. On top of that there will be the 1 per cent consolidated increase as well.

7.1.8 Deputy J.A. Martin:

I would just like to check with the Chief Minister and I do believe there has been some negotiation because at least 12 months ago I think we were at 0 per cent, 0 per cent and then 2.5 per cent. What I want to check though is if the 4 bullet points on the front do match those because you have only put 3? My question was, is this not a lovely, nice 2-page statement saying: "This is the final offer" and whether I agree with that or not, this is the final offer? Would the Minister confirm what will happen if this does become the winter of discontent? Will they find any money because it is quite worrying? I do not think there is the money, to be fair. Is this the final offer and, if so, that should be made quite clear that this is the final offer?

Senator I.J. Gorst:

As the opening sentence says: "The States Employment Board made the final pay offer to employee representatives in July. We encourage them to go to ballot." As the statement says: "In the end only Prospect has done so and that was marginally against accepting the offer." This is the final offer. As a certain member of the States Employment Board made clear during the debate of the Medium-Term Financial Plan and she reminded us at the States Employment Board on Thursday, it was made quite clear to Members that if they wish to change the final offer they should support Deputy Southern's amendment. That amendment was not supported and, therefore, the final offer stands. This is the final offer and we will be putting these payments into the December and January salaries, as the statement makes clear.

7.1.9 Deputy M.R. Higgins:

In part, what I was going to say has been asked. Does the Chief Minister not accept that the issue is not about affordability, despite what he says, it is about trying to get the changes and the terms and conditions to generate the £14.5 million of savings that were promised in the C.S.R. (Comprehensive Spending Review) by the Ministers and which they have not achieved? Affordability does not come into it because, quite simply, there may not be money in the Medium-Term Financial Plan but neither is there money for Plémont. If we can find it for one surely we can find it for the other. Does he not agree?

Senator I.J. Gorst:

As I have explained already, the States Employment Board worked to the mandate that this Assembly gave them and the Deputy is quite right, that was to constrain pay during the years of 2012 and 2013 to the tune of £14 million. The States Employment Board negotiated around that and, as I said, we worked with Treasury and found extra money to change away from that initial zero, zero position, so extra money was found and we should be quite clear about that. With regards to Plémont, I have no doubt that the Deputy will be making that very same point next week and we will have a debate and the issues about affordability, I am certain, will play a major part of that debate.

The Bailiff:

Very well, that brings questions to the Chief Minister to an end. Just before we come to the next statement, can I inform Members that the Minister for Treasury and Resources has lodged Projet 131, Starter Home Deposit Loan Scheme and that will be in Members' pigeonholes? We come to the final statement that is to be made by the Minister for Economic Development.