

STATES OF JERSEY



STATES-OWNED BODIES – ACCREDITATION AS LIVING WAGE EMPLOYERS

Lodged au Greffe on 28th January 2022
by Senator S.Y. Mézec
Earliest date for debate: 1st March 2022

STATES GREFFE

PROPOSITION

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

to request the Minister for Treasury and Resources, in her capacity as shareholder representative, to inform those incorporated bodies of which the States of Jersey is sole shareholder or majority shareholder of the Assembly's intention that they should seek accreditation as Living Wage employers by the end of 2022; and to take such measures as are necessary to urge and assist these bodies to achieve this.

SENATOR S.Y. MÉZEC

REPORT

Summary

If adopted, this proposition would require the Treasury Minister to use the powers she has as the shareholder representative of the States-owned bodies to urge them to seek official accreditation as Living Wage employers, and therefore make whatever changes are necessary to their wage structures and procurement processes to achieve this.

Background

On 21st February 2018, the States Assembly adopted [P.122/2017 'States Employment Board: Living Wage 2017'](#) lodged by Deputy Geoff Southern, which instructed the Government to seek official accreditation as a Living Wage employer with Caritas (who run the local franchise of the Living Wage Foundation).

Part (b) of the proposition read:

“to request the Minister for Treasury and Resources, as shareholder representative, to urge those incorporated bodies of which the States of Jersey is sole shareholder to seek accreditation as Living Wage employers”

On 18th January 2022, during States question time, the Treasury Minister confirmed that, since the passing of this proposition, only two of these bodies have actually achieved accredited status. These are JT and the States of Jersey Development Company.

The Minister confirmed that two others (Andium and Ports of Jersey) were intending to seek accreditation by the end of 2022 but said nothing of the other bodies.

She also confirmed that currently all States-owned bodies pay their staff rates above the current Living Wage rate of £11.27 an hour. Therefore, to achieve accreditation, the other States-owned bodies would have to commit to maintaining their wage rates above the Living Wage as it rises over the years and ensure that, as their contracts with other businesses come up for renewal, they only enter new contracts where staff are paid at least the Living Wage whilst undertaking work for them.

Reducing Income Inequality and Improving the Standard of Living

Reform Jersey has campaigned for the Living Wage since our foundation in 2014 and has forced the issue onto the political agenda every single year since then, either by bringing propositions such as P.122/2017, or through our almost annual attempts to see the Minimum Wage uprated at a more significant pace than successive governments have seen fit to endorse. I have also served on the Advisory Board of the Jersey Living Wage Foundation since its inception.

At £9.22 an hour, Jersey's Minimum Wage is a poverty wage. On a fulltime contract, a single worker would not earn enough to achieve a basic standard of living without having to resort to seeking welfare. In essence, this ends up being a taxpayer subsidy of poverty pay employers.

In 2018 the States of Jersey signed up to the Common Strategic Policy, with its key priority of “Reduce Income Inequality and Improve the Standard of Living”. This included stated intentions to “*achieve a meaningful increase in minimum wage levels*” and “*encourage employers to be living wage employers*”. This has sadly not materialised. During this term of office our Minimum Wage has continued to lag behind that of the U.K.¹, despite the fact that the cost of living is significantly lower in many parts of the U.K. Our Minimum Wage is over £2 less than the Living Wage.

Whilst the States Assembly has repeatedly rejected opportunities to commit to meaningful increases, in favour instead of less tangible commitments in the future, it can now have a final opportunity to use its power to affect a modest improvement for some low paid people in our society.

Financial and manpower implications

There are no direct and immediate implications for Government finances. Over time, the States-owned bodies will be required to renew their contracts to ensure that all staff who work for them are paid the Living Wage. This may have a long-term effect on the profit margins they were anticipating, but it should be negligible in the grand scheme of things and will be able to be accounted for in future Government Plans.

Over time, this would also reduce the amount spent on Income Support to people who are in full time work but unable to afford to pay their bills.

¹ £9.50 an hour from 1st April 2022