
STATES OF JERSEY



STATES MEMBERS' REMUNERATION REVIEW BODY: RECOMMENDATIONS FOR 2013

Presented to the States on 30th October 2012
by the Privileges and Procedures Committee

STATES GREFFE

FOREWARD

The Privileges and Procedures Committee is pleased to present to the States the recommendations of the States Members' Remuneration Review Body (SMRRB) for 2013. The terms of reference of the SMRRB require it to present its recommendations to PPC and the Committee is then obliged to present the recommendations to the States.

In accordance with the revised Terms of Reference agreed by the States in June 2012, the recommendations of the Review Body in this report will be implemented by default after one month of the date of presentation to the States unless they are challenged by the lodging of a proposition by any member and a subsequent debate.

PPC would like to express its sincere gratitude to the members of the SMRRB for the work that they continue to do on an honorary basis on their task and for the very comprehensive way in which they have approached it again this year.

STATES MEMBERS' REMUNERATION REVIEW BODY

Recommendations for 2013

Summary of conclusions and recommendations with regard to remuneration (including expenses)

- The Review Body recommends an increase of £818 in States members' basic remuneration (currently £41,182) effective from 1st January 2013, to £42,000.
- The Review Body recommends no increase in the current expense allowance of £4,000 from 1st January 2013.

Basic remuneration

Since the Review Body's last Recommendations were published in 2011, the States have amended its terms of reference and those revised terms of reference as approved by the States on 12th June 2012 (P.44/2012) are annexed to this report.

The Review Body is required to consult as it considers necessary, take into account matters which it considers relevant and have particular regard to (but not be bound by) –

- i. 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;
- ii. 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.

2009 to 2012 recommendations

The Review Body recommended an increase in basic remuneration of £1,000 with effect from 1st January 2009, **no** increase in basic remuneration with effect from 1st January 2010, an increase of £800 with effect from 1st January 2011, and **no** increase with effect from 1st January 2012.

Thus over a 4 year period, States members' basic remuneration moved from £39,382 at the end of 2008 to £41,182 for both 2011 and 2012, an increase of 4.6% over 4 years, corresponding to an average annual rate of increase of 1.1% per annum. During this same period the average annual rate of inflation in Jersey (as measured by the all items Retail Prices Index) was 2.5% (States of Jersey Statistics Unit).

The Review Body has found it difficult to strike the balance between the competing requirements in its terms of reference to ensure that members are able to enjoy a "reasonable standard of living" against the requirement for it to take account of the economic and fiscal situation prevailing in the Island.

Expenses

At present, States members receive an annual expenses allowance of £4,000. The first Review Body recommended an annual expense allowance of £3,650 from 1st January 2004 and this was increased by £350 to £4,000 from 1st January 2012.

States members serve the community as individuals (not as employees) who inevitably incur office and other expenses in doing so. The increase of £350 to £4,000 per annum from 1st January 2012 represented a compound growth of less than half of 1% across the intervening 8 year period. The recommendation for 2012 was made in the awareness that the expenses incurred by States members had taken no account of an annual rate of inflation then currently estimated at 3.5% by the States of Jersey Statistics Department and that, inevitably, States members would have been absorbing these increased costs, and would continue to do so.

The Review Body has received no indications in the submissions made to it this year that the current allowance is insufficient, and no further increase in expenses is recommended for January 2013.

Pension

The Review Body remains committed to its previous recommendation (see R.62/2009) that the matched-contributions pension scheme as there outlined should be introduced for the reasons stated. The Review Body believes that the matter remains worthy of further consideration by the Privileges and Procedures Committee, and by States members as a whole, with a view to the introduction of such scheme at some point in the future.

The Review Body notes the introduction of a universal workplace pension scheme in the U.K.

Social Security

States members are classed as self-employed but, by concession, they are effectively treated as 'employed' for Social Security purposes only. Those members who would pay self-employed contributions for both themselves and a notional employer can, if they apply, receive a taxable refund equivalent to the amount that an employer would pay in respect of an employee earning the same amount as a States member.

Considerations

The revised terms of reference state that the Review Body "... shall seek the opinions of members of the States from time to time as it considers appropriate".

In forming its recommendations for 2009, the Review Body published a comprehensive consultation document which was widely distributed. A good response was received from States members and members of the public and the results were published in March 2009.

The report summarizing the outcome of the consultation remains available from the States Greffe as "States members remuneration – summary of responses".

Prior to subsequent recommendations, the Review Body has advertised to seek opinions from those interested, and the Review Body has also had the benefit of input from knowledgeable professionals for relevant data to inform its deliberations.

On this occasion the Review Body considered it appropriate to write to all States members seeking their views along the lines suggested by its terms of reference, specifically –

- whether the current level of remuneration was too high, too low, or about right;
- whether expenses were treated differently from other remuneration, and if so, how whether increases in remuneration should be linked to any published indices;
- whether there was any basis for comparison between the remuneration of States members and other public or private sector professions or roles in the Island.

The Review Body was pleased to receive 12 responses which were thoughtful and well-considered. The Review Body was particularly pleased that half of the responses were from members who had joined (or in one case rejoined) the States at the last election.

Most respondents implied that the current basic level of remuneration was about right, but the Review Body was interested to note that more than half of those who so responded also suggested that additional pay should apply for additional responsibilities. Several respondents thought there was scope to link members' pay directly to a specific index or indices, with two suggesting the Island average earnings as a base, again with extra sums payable for additional responsibilities. Perhaps surprisingly, no States member who responded suggested comparisons with professions or roles in the private sector.

Fewer than half of the respondents made any comment about the level of expenses, and those who did tended to highlight different elements. In its 8 years, the Review Body has never been able to do more than conclude that some States members do indeed incur significant administrative expenses in the course of their duties.

The Review Body noted with interest that there would seem to be more support for additional pay for additional responsibilities than on previous occasions when responses have been received from States members. The Review Body feels that it should nevertheless sound a note of caution.

It is clear that those who set the Review Body's original terms of reference a decade ago intended to establish a basic level of remuneration which would enable those who might otherwise have been unable to serve as elected representatives in the States Assembly.

The Review Body has always considered that the “reasonable standard of living” criterion to which it must have “particular regard” does not preclude reasonable levels of additional pay to remunerate specific roles for carrying additional responsibilities.

It is important that the Review Body, to the extent possible, should take into account external comparisons based on levels of responsibility in arriving at a definition of what is “reasonable”; hence its approach to States members on this occasion by inviting them to do so. Such a comparison can still be applied even though the States of Jersey is unusual as a legislature in having enacted legislation, namely the States of Jersey Law 2005, which currently requires all its elected members to receive the same remuneration.

The Review Body is aware that two separate reviews are being undertaken at the present time that could impact on the appropriate structure for the remuneration of members. These are the work of the Electoral Commission (that has just published its provisional recommendations) and the Machinery of Government Sub-Committee of the Privileges and Procedures Committee. The Review Body has written to both bodies to remind them that it is important that the pay and conditions of elected members are satisfactory, both intrinsically from management and reward perspectives, as well as in the court of public opinion. The Review Body hopes that the opportunity will be taken to address the issue of an appropriate and modern remuneration structure for States members when the recommendations of the Commission and the sub-committee are implemented.

Conclusions

In determining what, if any, adjustment is appropriate for the year beginning 1st January 2013, the Review Body took note of a number of recent trends, relevant public information and related surveys.

The Review Body concluded that, based on all of this information and its recent sets of recommendations, it would be appropriate to recommend for the coming year only a modest increase in the basic pay of States Members. The Review Body is very conscious, on the one hand, of the position that the States Employment Board holds as the employer of a significant proportion of the workforce. On the other hand, the Review Body has sought to understand the current conditions in the private sector, and the pattern and range of recent and projected private sector awards. Also, the Review Body takes particular note of the several indices recently published by the Statistics Unit reporting on past information.

On balance, the Review Body has determined that, having regard to its Terms of Reference, it is reasonable and appropriate, in all the circumstances and looking ahead for the coming year, to recommend that the basic pay of States Members should be increased to £42,000 per annum from 1st January 2013, and that the expenses allowance should remain at its current level of £4,000 per annum.

Thanks

The Review body wishes to thank all those who responded to its requests for information, in particular States members –

Senator A. Breckon,
Deputy R.G. Bryans of St. Helier,
Deputy J.M. Le Bailly of St. Mary,
Deputy R.G. Le Hérissier of St. Saviour,
Connétable M.P.S. Le Troquer of St. Martin,
Deputy J.A. Martin of St. Helier,
Deputy K.L. Moore of St. Peter,
Connétable D.J. Murphy of Grouville,
Deputy E.J. Noel of St. Lawrence,
Connétable P.J. Rondel of St. John,
Deputy P.J.D. Ryan of St. John, and
Deputy J.H. Young of St. Brelade.

Thanks are due in particular to the Greffier of the States, Michael de la Haye, for his own substantial administrative help and that of his Department in supporting the activities of the Review Body.

States Members' Remuneration Review Body

TERMS OF REFERENCE

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 –
 - (i) 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;
 - (ii) 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 5 members, none of whom shall be a member of the States.
5. The members shall be appointed for a period of 5 years and shall be eligible for re-appointment for one additional 5 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 3.

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.

Membership of the SMRRB

Mr. Julian Rogers (Chairman)
Mr. Brian Bullock
Mr. Maurice Dubras
Mr. John Mills, C.B.E.