

STATES OF JERSEY



CONSOLIDATED FUND: INCREASE IN STATES EXPENDITURE IN 2019 (P.20/2019) – COMMENTS

Presented to the States on 26th March 2019
by the States Employment Board

STATES GREFFE

COMMENTS

Deputy G.P. Southern of St. Helier's proposition [P.20/2019](#) asks the Council of Ministers to bring forward a proposition in accordance with Article 9(2)(c) of the [Public Finances \(Jersey\) Law 2005](#) to increase the maximum amount of net States expenditure from the Consolidated Fund in 2019 above the limit set in 2015, so that extra monies can be made available to fund public sector pay awards given, in his view, that there is a serious threat to the social wellbeing of the Island.

The States Employment Board ("SEB") fundamentally disagrees with Deputy Southern's assertion that the current position of active pay negotiations with the States' workforce constitutes "a serious threat to the social wellbeing of the Island which requires an immediate response".

As we have indicated, in earlier correspondence to Members and in our briefing to States Members on Tuesday 19th March, we remain in active negotiation with many of our pay groups. Members will recall that manual workers, midwives and the Police Force have accepted the pay offers made. We are awaiting the outcome of the ballot on our revised offer from the nursing unions.

The SEB recognise that there has already been strike action from one teaching union (last week), and another is planned on Tuesday 26th March, teachers having rejected the offer made by the Board.

Strikes are regrettable, and the SEB is both disappointed and regrets that these unions have taken the stance they have, but Members will recognise that the Board must balance a whole range of competing priorities whilst ensuring that a fair offer is made to its workforce.

The offers made demonstrate that balance, and do represent movement from the original 2-year offer to a 3-year offer which includes 2020, the first year of the new Government Plan. This allows us some flexibility which is not available in the 2018/19 offer, given the cash limits of the current Medium Term Financial Plan.

Members will realise that we are in uncertain times; the UK-EU issues around Brexit remain unresolved, the recent attempt by some MPs to impose the issue of a Beneficial Ownership Register on the Island has both serious economic and constitutional impact. Members will also recall last week's observations of the Fiscal Policy Panel about the need to act prudently and replenish our reserves, including considering the clear slowdown in global economic growth as a result of the various tariff challenges.

All of these have the potential to become the type of crises to which the Deputy refers, and far outweigh the pay negotiations in which we are currently engaged. Two one-day strikes do not constitute a serious threat to the social wellbeing of the Island in the same way.

The Board has, in its revised offer, mitigated the fact that there is no more money in 2018/19 by offering all groups RPI + 1.3% on a predicted RPI of 3.1% in September 2019, which is the agreed time when such a calculation impacts on pay negotiations.

This has come about as a result of many hours of active negotiations with all pay groups, including mediation with the Jersey Arbitration and Conciliation Service. This belies the notion that there are no negotiations and that the public sector workforce is being treated disrespectfully and is not valued.

Deputy Southern argues that there can be no prospect of genuine negotiations because there is no money in 2018/19, and that the unions will not discuss 2020 until that position is rectified. The fact that some pay groups have accepted our offer suggests that his view is not held by everyone. The offers made by the Board are reasonable. Over the 3 years, they cost £57 million in additional pay.

And the increase in the recurring pay bill between 2017 and 2020 is £34 million – including almost £19 million for the 2020 offer alone.

SEB has moved significantly on pay with this revised 3-year offer.

We are not paying lip service to public sector pay rises – we’re paying many millions of taxpayers’ money to fund them. We have to remember that we are charged with ensuring that we use the resources our Public provides through its taxes to benefit all Islanders, not just to fund public sector pay rises.

Public sector employees are the best paid (basic pay) after the Finance industry in the Island. Public sector employees earn more than those in the construction, retail, agriculture and hospitality sectors, among others. The offers made are fair, and are set to ensure that we can recruit successfully without distorting the local labour market.

The Board acknowledges Deputy Southern’s concern, but believes he is misguided and misdirecting himself as to the issue at hand. The Board continues to negotiate actively and to reach out to key workforces such as teachers, in order to resolve the current impasse.

SEB feel that opening up our reserves to pay consolidated pay awards is not what the reserves were designed for. Our predecessors would look at the current States Assembly in disbelief if P.20/2019 were approved, when we can see that prudent and sustainable financial management demands that we should be growing the reserves, rather than using them up on what are, in all conscience, normal and not exceptional circumstances.

Statement under Standing Order 37A [Presentation of comment relating to a proposition]

These comments were submitted to the States Greffe after the noon deadline as set out in Standing Order 37A in order that final review processes could be completed.