

STATES OF JERSEY



ANNUAL BUSINESS PLAN 2009: VARIATION IN RESPECT OF PAY FREEZE

Lodged au Greffe on 29th May 2009
by the Minister for Treasury and Resources

STATES GREFFE

PROPOSITION

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

to refer to their Act dated 22nd September 2008 in which they approved paragraph (b) of the Annual Business Plan 2009 and agreed the estimates of revenue expenditure for States-funded bodies based on a provision for pay awards of 3.2% for June 2008 and 2.0% for June 2009; and

to agree to vary that decision as it relates to the provision for the 2% provision for the 2009 pay award and remove the £3,501,600 allocation in the 2009 Annual Business Plan set aside for this purpose with the amount to be removed from the agreed heads of expenditure of each States-funded body being as follows –

Chief Minister	£155,791
Economic Development	£44,843
Education, Sport and Culture	£976,913
Health and Social Services	£1,268,534
Home Affairs	£418,404
Housing	£31,884
Planning and Environment	£77,463
Social Security	£23,638
Transport and Technical Services	£229,654
Treasury and Resources	£145,552
<u>Non-Ministerial States-funded bodies</u>	
– Bailiff’s Chambers	£9,792
– Law Officers’ Department	£29,841
– Judicial Greffe	£26,956
– Viscount’s Department	£12,858
– Official Analyst	£4,885
– Office of the Lieutenant Governor	£7,109
– Data Protection Commission	£2,526
– Probation Department	£15,539
– Comptroller and Auditor General	£1,109
States Assembly and its Services	£18,301
Total	£3,501,593

and to further agree that the total proposed net revenue expenditure for States-funded bodies for 2010 onwards, agreed in principle by the States on 22nd September 2008, be reduced by £6,274,800.

MINISTER FOR TREASURY AND RESOURCES

REPORT

Background

This report and proposition also seeks approval to remove a total of £3,501,600 from the expenditure approval of departments as a result of adopting a pay freeze for 2009/2010.

Freezing of pay awards for 2009/2010

At its meeting of 23rd April 2009, the Council of Ministers “recommended that the States Employment Board pursue a policy of a zero per cent increase in the overall budget for public sector pay for the period 2009 – 2010 inclusive. In order to afford the States Assembly an opportunity to endorse this policy, the Council agreed that an amendment to the expenditure allocations in the Annual Business Plan 2009, the effect of which would be to return to the Consolidated Fund the monies allocated for pay awards up to a maximum of 2% for the period 2009 – 2010, should be prepared for subsequent approval by the Council. Finally, and on the basis that States Members should set an example on pay restraint in the prevailing economic climate, the Council resolved to forward to the States Members’ Remuneration Review Body by 27th April 2009 a submission clarifying that it would support a pay freeze for States Members in 2009, notwithstanding the fact that the rate of increase in States Members’ pay had failed to keep pace with that of public servants over the previous decade.”

The Council of Ministers and SEB considered 2 key factors when deciding on a pay freeze –

- (i) States financial forecasts are showing that there will be significant reductions in States revenues over the next few years and that once the Island comes out of recession, there will be ongoing deficits. These will need to be funded by tax increases or service cuts. Pay awards will simply exacerbate the size of those tax increases or service cuts.
- (ii) Given the economic downturn, private sector companies are in many cases facing the prospect of job losses and/or pay freezes. At such a time, it is not reasonable for States employees, who enjoy a much larger measure of job security, to expect their pay to increase this year. They too should be making the choice between pay awards and job security. The very people who will be asked to fund a States’ employees pay award through their taxes include private sector employees who may be facing the prospects of pay freezes or job cuts.

The effect of this on forecasts included in the 2009 Annual Business Plan is reductions of –

2009	£3,501,600 (part-year effect only)
2010	£6,274,800 (full-year effect)
2011	£6,274,800 (full-year effect)

The specific reductions in 2009 would be –

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Total £3,501,593

Financial and manpower implications

If the States approve this proposition, the effect on States expenditure for 2009 will be a reduction of 0.7% in the approved 2009 cash limit. There are no manpower implications.