

c/o States Greffe  
Morier House  
Halkett Place  
St Helier  
JE1 1DD

18 March 2019

Dear States Member,

## **Public sector pay offers 2018-20**

As we are sure you will know, there have been extensive discussions between officers acting for the States Employment Board (SEB) and trade union representatives, trying to find a way to resolve disputes over pay. We, the SEB, have carefully considered the approach from the government side and, as a result, have authorised new offers to be made to unions for the different pay groups, which we believe are fair.

In setting the public sector pay policy we have to balance a number of different factors. These include:

- resolving differences in pay between groups of employees, to ensure that we have equal pay for work of equal value
- assessing our public sector pay in comparison to private sector pay, to ensure that we offer fair and competitive salaries, but that we do not distort the Jersey labour market through public sector pay rises
- assessing Jersey public sector pay in comparison with UK and other public sector pay levels, to ensure that we can attract and retain skilled professionals
- the amount of funding available, and the long-term impact on public finances.

## **2018 and 2019 pay offers**

We have taken great care to explain to the unions that we believe that the pay offers for 2018 and 2019 are fair and appropriate and go a long way to offsetting the impact of the current levels of inflation. We have targeted higher pay rises at lower-paid employees and made significant steps in narrowing the pay gap between civil servants and other groups. The pay offers are just within the financial limits allowed under the Medium-Term Financial Plan, and as such do not undermine our long-term financial sustainability.

However, as the employer, we also clearly recognise that our employees have felt undervalued by recent pay awards. We really do value what our employees do for our island, and we understand that pay restraint makes it difficult to cope with rising costs of living, and that it also has an impact on employee morale.

Therefore, we authorised above-forecast inflation pay rises to be made for 2020, at a point when we have largely addressed pay comparability issues and we can prudently plan for sustainable pay levels in the next financial planning period.

These higher pay offers for 2020 go a long way to compensating employees for the lower pay rises in 2018 and 2019, and they also provide higher increases to certain grades of nurses and midwives, to fully close the pay gap with civil servants.

We have offered RPI+1.3% to civil servants, nurses and midwives, teachers, Police, Fire and Rescue and prison officers, with effect from 1 January 2020. Teachers have rejected the offer, while civil service unions have refused to put the offer to their members. Nurses and midwives, Police, prison officers and Fire and Rescue officers have not yet finished consulting their members.

### What the new offer means

What we have offered effectively extends the previous two-year deal to a three-year deal, with a substantial increase in the final year (2020) to make up for the lower increases in the first two years.

RPI is now forecast to be 3.1% in September 2019 – the date that we would apply to the pay increase. This means that basic pay for all affected employees would increase by 4.4% from 1 January 2020 (more if RPI is higher than 3.1%, or less if it is lower). Pay-related allowances would also increase by this amount. This offer will not be capped, so employees would receive RPI+1.3%, no matter what RPI is.

Over the three years, these pay increases range from 6.5% consolidated, plus 2.1% lump-sum cash payment for civil servants to 10.9% consolidated for nurses and midwives. In addition, some grades of nurses and midwives will receive further consolidated increases to fully and permanently close the longstanding pay gap with civil servants.

### Pay increases for all groups

The table below summarises the impact on basic pay of the pay offers for each employee group.

#### Basic pay increases 2018-20

Pay grade	Min/Max	2017	2018	2019	2020*	Consolidated increase 2017-20		Cash payment 2018/19
Civil Servants	Min	£18,611	£18,797	£18,985	£19,820	£1,209	6.5% +2.1% cash	£393
	Max	£89,835	£90,733	£91,640	£95,672	£5,837		£1,895
Nurses and Midwives**	Min	£24,610	£25,373	£26,134	£27,284	£2,674	10.9%	-
	Max	£81,833	£84,370	£86,901	£90,725	£8,892		-
Teachers	Min	£31,019	£31,639	£32,272	£33,692	£2,673	8.6% +2.1% cash	£671
	Max	£51,017	£52,037	£53,078	£55,413	£4,396		£1,103
Fire and Rescue	Min	£31,112	£31,734	£32,369	£33,793	£2,681	8.6% +2.1% cash	£659
	Max	£70,614	£72,026	£73,467	£76,700	£6,086		£1,497
Prison Service	Min	£32,480	£33,130	£33,793	£35,280	£2,800	8.6% +2.1% cash	£688
	Max	£71,218	£72,642	£74,095	£77,355	£6,137		£1,509
Police	Min	£35,119	£35,821	£36,537	£38,145	£3,026	8.6% +2.1% cash	£744
	Max	£102,039	£102,039	£102,039	***	***		***

\* Based on the current September RPI forecast by the Fiscal Policy Panel of 3.1% plus 1.3%

\*\* Nurses at some grades will also receive an additional consolidated increase to close the pay gap

\*\*\* This is subject to the outcome of the review of salaries above £100,000.

The detailed pay scales enclosed with this letter show every pay increase for every grade and pay point. Employees in some groups also receive additional allowances on top of basic pay. Around 75% of teachers, for instance, receive supplementary allowances for taking on additional responsibilities, which are currently worth between £2,573 and £15,437. Many employees also receive shift pay of up to 20% of basic pay.

It is also worth bearing in mind that we contribute 16% of basic pay as an employer pension contribution. This is significant extra cost to payroll.

Employees earning £100,000 or more have had their pay frozen in 2018 and 2019, and a review of their pay is currently underway.

### **Pay comparisons**

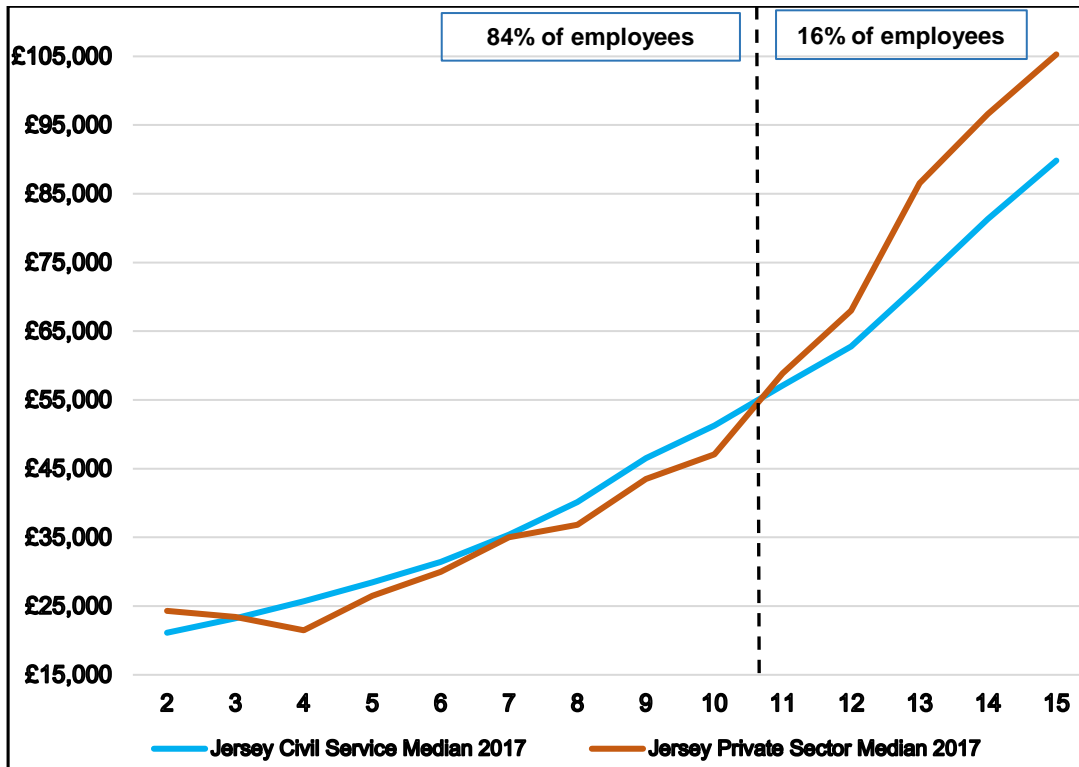
When we set the pay policy for 2018 and 2019, we considered how public servants compared with other employees in Jersey. We aim to be a good employer, offering competitive pay, and broadly in line with other employers. This is both to ensure that – as Jersey’s largest employer – we don’t distort the labour market, and to ensure that we use taxpayers’ money wisely.

Our analysis shows that public sector employees are, as a group, paid second only to employees in the financial services sector. They are broadly better paid than employees in all other sectors. Therefore, when the previous States Assembly set the financial framework for 2018 and 2019, they did so knowing that our pay levels would still be competitive against other sectors.

The graph below shows pay comparisons in 2017 (before we offered any pay increases), between the median pay of civil servants (who account for half of our employees) and the median pay of private sector employees.

It shows that civil servants earned more, on average, than comparable private sector employees, until grade 11 (£51,266 starting salary in 2017). Only a minority of our employees are in these higher grades, so the vast majority of civil servants earned more than their private sector equivalents.

### **Comparison between Jersey civil service and private sector basic pay**



**Pay budgets**

The pay budget for 2018 and 2019 was set in the MTFP. SEB believes that this was appropriate, both in terms of the long-term sustainability of our public finances and in terms of our pay competitiveness as an employer. Therefore, we do not intend to revisit 2018 and 2019 pay offers. Instead, we are using the greater flexibility we have from 2020 to offer the RPI+1.3% pay increases.

The total cost of pay increases across the three years is £57 million.

We believe that this is a significant investment in pay for our employees, especially at a time of considerable uncertainty about the impacts of Brexit and other threats from the UK to our economy.

It is for these reasons that we, the States Employment Board, disagrees with the Proposition by Deputy Southern to seek States Assembly approval to transfer further money from the Consolidation Fund into higher pay offers in 2019. We believe that this is unnecessary, because the higher pay offers that we have made for 2020 have already substantially addressed the cost of living pressures for most of our employees, while the offers for some groups have exceeded cost-of-living increases.

We therefore ask you to consider the information in this letter very carefully when deciding how to vote on Deputy Southern’s Proposition.

As you would expect we will continue our efforts to resolve the pay dispute, by offering fair and proportionate pay increases, and balancing all the different factors in the best interests of our island.

Yours sincerely,

**Senator John Le Fondré**

**Deputy Susie Pinel**



**Deputy Graham Truscott**



**Constable Deidre Mezbourian**



**Constable Richard Buchanan**

**States Employment Board**

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2017-20 basic pay scales for the different pay groups

Infographic showing pay increases for example roles in each pay group