

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

POLICY & RESOURCES COMMITTEE

INDEPENDENT STATES MEMBERS' PAY REVIEW PANEL – FINAL REPORT

The States are asked to decide:-

Whether, after consideration of the policy letter entitled 'Independent States Members' Pay Review Panel – Final Report' dated 1 July, 2019, they are of the opinion:-

1. That the remuneration paid to Members of the States of Deliberation with effect from 1st July 2020 shall be as follows:
 - a. President, Policy & Resources Committee £71,248 *
 - b. President:
 - Committee *for* Economic Development
 - Committee *for* Education, Sport & Culture
 - Committee *for* Employment & Social Security
 - Committee *for the* Environment & Infrastructure
 - Committee *for* Home Affairs
 - Committee *for* Health & Social Care
 - States' Trading Supervisory Board
 - Vice President, Policy & Resources Committee
 - States lead member for external relations, Policy & Resources Committee £54,744 *
 - c. President:
 - Development & Planning Authority
 - States' Assembly & Constitution Committee
 - Scrutiny Management Committee
 - Member, Policy & Resources Committee £46,599 *
 - d. All other Deputies £40,521 *
 - e. Alderney Representatives with a seat on a Principal or Non-Principal Committee £22,365 *
 - f. All other Alderney Representatives £13,233 *

* Social Security uplift to be deducted for those above the old age pension age

with an adjustment in accordance with the change in Guernsey median earnings during 2019 provided that, in the event of a negative change, no adjustment should be made.

2. That, in the event that a President of the Policy & Resources Committee, a Principal Committee, the Development & Planning Authority, the States' Assembly and Constitution Committee, the Scrutiny Management Committee or the States' Trading Supervisory Board is unable to fulfil their duties for a period in excess of four weeks and the Vice President takes on the full responsibilities of the post, his or her remuneration will temporarily increase to the level of a President.
3. That the remuneration paid to Non-States Members of the six Principal Committees, the Development and Planning Authority, the Scrutiny Management Committee (including the Legislation Review Panel) or the Transport Licensing Authority from 1st July 2020 should be £2,154 per annum (with an adjustment in accordance with the change in Guernsey median earnings during 2019 provided that, in the event of a negative change, no adjustment should be made).
4. That the remuneration paid to Non-States Members of the States' Trading Supervisory Board from 1st July 2020 should be £8,615 per annum (with an adjustment in accordance with the change in Guernsey median earnings during 2019 provided that, in the event of a negative change, no adjustment should be made).
5. That any Alternative Alderney Representative shall be entitled to be awarded in respect of his attendance at a properly convened meeting of the States of Deliberation which he has been appointed to attend, pursuant to Section 4 of the States of Guernsey (Representation of Alderney) Law, 1978 an attendance allowance of £76 per half-day or part thereof (with an adjustment in accordance with the change in Guernsey median earnings during provided that, in the event of a negative change, no adjustment should be made), which sum shall be subject to tax.
6. That remuneration for States Members, Non-State Members and Alternative Alderney Representatives should remain benchmarked against median earnings, but shall be fixed for the four-year term of office in accordance with the measures outlined in the Panel's Report.
7. To direct the Policy & Resources Committee to continue to provide States Members with standard information technology equipment and software.

8. To direct the Policy & Resources Committee to present to the States of Deliberation for approval an amended version of the Rules for Payments to States Members, Former States Members and Non-States Members that would give effect to their above decisions.
9. To direct the Policy & Resources Committee to set up an independent review of the remuneration to be paid to States Members and Non-States Members not later than 1st May 2022; or at any other time in the event of a change in circumstances that has a significant effect on the roles and responsibilities of those Members.

The above Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

POLICY & RESOURCES COMMITTEE

INDEPENDENT STATES MEMBERS' PAY REVIEW PANEL – FINAL REPORT

The Presiding Officer
States of Guernsey
Royal Court House
St Peter Port

1 July 2019

Dear Sir

1 Executive Summary

- 1.1 In this policy letter, the findings and recommendations of the Independent States Members' Pay Review Panel ('the Panel') are presented to the States of Deliberation for their consideration.
- 1.2 The Policy & Resources Committee ('the Committee') thanks the Chairman and Members of the Panel for their time and efforts spent engaging with the public, Members of the States, and other stakeholders, in order to provide recommendations for the remuneration of States Members now that the new system of government has had sufficient time to establish itself.
- 1.3 The Committee has taken the same position as that established by the Policy Council when it commented on the 2016 independent report on States Members pay, namely, that it is neither in a position to, nor would it be appropriate for it to, develop alternative proposals. In arriving at this position the Committee has been mindful of the fact that individual States Members will have their own views on what they consider to be an appropriate system and level of remuneration. The Policy & Resources Committee believes that it is for each States Member to vote on the proposals according to their conscience.

2 Background

- 2.1 On 26th January, 2016 (Billet d'État I, Article IX), the States resolved:

"To direct the Policy & Resources Committee to set up an independent review of the remuneration to be paid to States Members and Non-States Members not

later than 1st May 2018; or at any time in the event of a change in circumstances that has a significant effect on the roles and responsibilities of those Members.”

- 2.2 The States Members’ Pay Review Panel was duly established by the Policy & Resources Committee to review the remuneration of States Members and Non-States Members. The Committee appointed the following members to the Panel:

Mr Alex Rodger (Chairman)
Mrs Carol Goodwin
Mr Richard Digard
Mrs Julia Martin

- 2.3 The terms of reference of the Panel were as follows:

“Determine, following consultation with the Policy & Resources Committee and such other individuals or organisations as is considered appropriate, whether or not the main principles under which remuneration payments are now made appear to be justified given the new system of government has been implemented and it has had sufficient time to establish. This should include whether the current system fairly and properly reflects the nature of the roles of all Deputies, Alderney Representatives, Non-States Members and those elected to positions of special responsibility.”

- 2.4 The Panel agreed that the main principles, carried over from the previous Review, remained relevant and used them (with very minor updating) to guide its Review:

- a) The remuneration package should permit widespread participation by individuals of diverse age and experience;
- b) Remuneration should not lead to participation for financial reasons alone;
- c) Remuneration should reflect an element of service to the community;
- d) Remuneration should reflect an individual’s commitment of time as an important but not determinant factor;
- e) Remuneration should be fair and transparent; and
- f) Remuneration should be administratively simple.

- 2.5 The Panel submitted the final version of its Report to the Committee in February 2019.

3 The Report of the States Members' Pay Review Panel

3.1 After a period of consultation with States Members, Non-States Members, private sector organisations and the wider public, the Panel recommended:

- a) remuneration should remain benchmarked against median earnings, but is fixed for the four-year term of office;
- b) there should be a re-structuring of the 'remuneration Band' system that currently differentiates the roles undertaken by States Members. This new system should introduce a new intermediate Band that accommodates the Presidents of non-Principal Committees, with the exception of the President of the States' Trading Supervisory Board, as well as the two ordinary Members of the Policy & Resources Committee;
- c) Alderney Representatives who take up a role as President of a Principal or non-Principal Committee, or as a Policy & Resources Committee Member, should receive equitable remuneration to States of Guernsey Members;
- d) there should be no change to the remuneration for Non-States Members;
- e) the Policy & Resources Committee should consider whether it would be desirable to promote more widely the adoption of Non-States' Members on the various Committees. Moreover, consideration should be given to the States' participation in the Non-Executive Director Development Programme;
- f) there should be no change to the Social Security or Income Tax status of Members, but, for prospective candidates, attention should be drawn to the anomaly between a Member's self-employed status for Social Security purposes, and employed status for Income Tax purposes;
- g) there should be no additional provisions for the pensions of States Members. However, the Committee *for* Employment & Social Security may wish to consider the inclusion of States Members in its upcoming Secondary Pension proposals; and
- h) making amendments to the 'Information for Prospective Candidates' that further outline the roles and responsibilities of a States Member, such as the level of workload and time commitment that is required; the attributes required to be an effective politician; and the support that is offered to new Members.

- 3.2 In adopting the recommendations of the Panel, there will be a consequent restructuring of the remuneration system. The current and proposed remuneration for Members of the States of Deliberation is outlined below (which will change in May 2020 in line with any increase in Guernsey median earnings during 2019).

Current system of remuneration

	* Deputy £	* Alderney Representative £
President, Policy & Resources Committee	71,248	46,725
President: Committee <i>for</i> Economic Development Committee <i>for</i> Education, Sport & Culture Committee <i>for</i> Employment & Social Security Committee <i>for the</i> Environment & Infrastructure Committee <i>for</i> Home Affairs Committee <i>for</i> Health & Social Care States' Assembly & Constitution Committee Scrutiny Management Committee Members of the Policy & Resources Committee	54,744	30,222
All Other Deputies	40,521	-
Alderney Representatives with a seat on a Committee, the Transport Licensing Authority, the Development & Planning Authority or the States' Trading Supervisory Board	-	22,365
All other Alderney Representatives	-	13,233

* The uplift for Social Security (i.e. the difference between the contribution rates of employed and self-employed persons) is deducted for those above the old-age pension age.

The maximum remuneration payable under this system is £1.786million (assuming that Alderney representatives do not occupy a position as a President or as a member of the Policy & Resources Committee).

Proposed system of remuneration

	* £
President, Policy & Resources Committee	71,248
President: Committee <i>for</i> Economic Development Committee <i>for</i> Education, Sport & Culture Committee <i>for</i> Employment & Social Security Committee <i>for the</i> Environment & Infrastructure Committee <i>for</i> Home Affairs Committee <i>for</i> Health & Social Care States' Trading Supervisory Board Vice President, Policy & Resources Committee States lead member for external relations, Policy & Resources Committee	54,744
President: Development & Planning Authority States' Assembly & Constitution Committee Scrutiny Management Committee Member, Policy & Resources Committee	46,599
All Other Deputies	40,521
Alderney Representatives with a seat on a Committee, the Transport Licensing Authority, the Development & Planning Authority or the States' Trading Supervisory Board	22,365
All other Alderney Representatives	13,233

The maximum remuneration payable under this system is £1.774million (assuming that Alderney representatives do not occupy a position as a President or as a member of the Policy & Resources Committee).

4 Resource implications

- 4.1 The proposed remuneration structure recommended by the Panel has a maximum cost which is £12,000 per annum less than the maximum cost of the current system (assuming that Alderney representatives do not occupy a position as a President or as a member of the Policy & Resources Committee). Therefore, there is a potential saving of £48,000 over the four-year political term.
- 4.2 The Panel's recommendation to fix remuneration for the four-year political term would bring a more substantial saving of approximately £35,000 the second year, £71,000 the third year, and £108,000 the fourth year of the term. These figures are based on a median earnings increase of 2% per annum, and would amount to a total potential saving of in excess of £200,000 over the four-year political term.

- 4.3 It is expected that there will be slightly less resource required to administer the system of remuneration recommended by the Panel compared to current arrangements.

5 Compliance with Rule 4

- 5.1 Rule 4 of the Rules of Procedure of the States of Deliberation and their Committees sets out the information which must be included in, or appended to, motions laid before the States.
- 5.2 In accordance with Rule 4(1), the Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications. She has advised that there is no reason in law why the Propositions should not to be put into effect.
- 5.3 In accordance with Rule 4(3), the Propositions are not requesting the States to approve additional funding.
- 5.4 In accordance with Rule 4(4) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the propositions above have the unanimous support of the Committee.
- 5.5 In accordance with Rule 4(5), the Propositions relate to the duties of the Committee to advise the States on matters relating to the financial resources of the States.

Yours faithfully

G A St Pier
President

L Trott
Vice-President

J Le Tocq
T J Stephens
A Brouard

INDEPENDENT STATES MEMBERS' PAY REVIEW PANEL

REVIEW OF STATES MEMBERS AND NON-STATES MEMBERS' REMUNERATION

REPORT TO THE POLICY & RESOURCES COMMITTEE

31st JANUARY 2019

1 EXECUTIVE SUMMARY

- 1.1 Now that the new structure of government has had time to establish itself, the States Members Pay Review Panel ('the Panel') has been tasked by the Policy & Resources Committee with determining for the next political term, commencing 1st July 2020, whether or not the six main principles under which States Members and Non-States Members are currently remunerated are justified and appropriate.
- 1.2 Overall, the Panel has concluded that these six main principles remain appropriate to guide the remuneration of States Members. In reaching this conclusion, the Panel placed significant weight on the largely supportive views expressed on the Principles in the consultations undertaken with the public and with States Members.
- 1.3 After considering the public, States Members' and Non-States Members' consultations as well as a productive States Members' workshop and other consultation meetings, the Panel considers that the current remuneration of States Members should remain linked with median earnings. However, the Panel also recommends fixing remuneration levels for the four-year term of office commencing June 2020. This is consistent with business community practice for fixed term contracts and supports the principles of fairness, transparency and remuneration being administratively simple.
- 1.4 Furthermore, it recommends adjustments are made to the banding of the different roles undertaken by States Members. For example, it recommends that Members of the Policy & Resources Committee are divided into three separate bands based on their respective roles and responsibilities. Similarly, it has received sufficient evidence to differentiate the remuneration levels of Principal Committee Presidents with those of the non-Principal Committees. The evidence received identified an anomaly when assessing the responsibilities allocated to the States' Trading Supervisory Board, and the Panel is therefore proposing that the President of the Board be aligned with a Principal Committee banding.
- 1.5 Should these proposals to fix remuneration for the four-year term and to re-structure the bands of remuneration be agreed and implemented, it is estimated, based on 2018 figures, that there would be a financial saving of £248,000 over a political term.

2 INTRODUCTION AND TERMS OF REFERENCE

2.1 On 26th January, 2016 (Billet d'État I, Article IX), the States resolved:

“10. To direct the Policy and Resources Committee to set up an independent review of the remuneration to be paid to States Members and Non-States Members not later than 1st May 2018; or at any other time in the event of a change in circumstances that has a significant effect on the roles and responsibilities of those Members.”

2.2 The Policy & Resources Committee accordingly established an independent States Members' Pay Review Panel to review the remuneration of States Members and Non-States Members, and appointed the following members:

1. Mr Alex Rodger
2. Mrs Carol Goodwin
3. Mr Richard Digard
4. Mrs Julia Martin

The Committee appointed Mr Rodger as Chairman for continuity, given he had chaired the previous Review.

2.3 The terms of reference of the Panel were to:

Determine, following consultation with the Policy & Resources Committee and such other individuals or organisations as is considered appropriate, whether or not the main principles under which remuneration payments are now made appear to be justified given the new system of government has been implemented and it has had sufficient time to establish. This should include whether the current system fairly and properly reflects the nature of the roles of all Deputies, Alderney Representatives, Non-States Members and those elected to positions of special responsibility.

3. METHODS

3.1 The Panel considered it essential to hear the views of States Members and the wider public on the issue of remuneration, and engaged with both through respective consultations that sought their input on the guiding principles of remuneration as well as remuneration in general.

3.2 These consultations ran over several weeks and were publicised in local and social media as well as online to try to encourage as much participation and engagement as possible. However, the Panel note that only half of States Members responded to the consultation, although the issue at hand is financially relevant to them. In the case of the public consultation, the Panel received 131 responses. Appendix 1 provides a summary of the responses.

- 3.3 The feedback received through these consultations was varied. On the one hand, there was resounding support in both the public and States Member consultations for the guiding principles of remuneration, outlined in Section 4 of this Report. On the other, there were mixed views on whether the remuneration system as it exists currently is appropriate, specifically the remuneration received for the varying roles undertaken by States Members.
- 3.4 The Panel also sought direct engagement with States Members where they could freely express their views on the issue. Given the timescale in which the Panel had to report back to the Policy & Resources Committee, it did not seek one-on-one engagement with Deputies, and instead sought their views through a workshop and Members' survey.
- 3.5 The Panel once again note the attendance at the workshop, being attended by only 15 States Members. However, it also notes its awareness of some Members having a clash of commitments elsewhere.
- 3.6 Where there were Members who wished to but could not attend the workshop, the Panel sought alternative engagement. This included meeting the Committee *for* Education, Sport & Culture, and separately, the States' Assembly & Constitution Committee, ahead of one of their scheduled meetings, as well as giving all States Members the opportunity to provide written submissions. The option to write to the Panel was extended to Non-States Members, private sector organisations and the wider public.
- 3.7 The feedback received through the workshop and other meetings with States Members was constructive in aiding the Panel's deliberations. It largely remained in alignment with the results of the consultation, and reflected the varied and divided views on some of the issues. When considering its recommendations, the Panel ensured it took into account the feedback and views received through these engagements, as well as from the public input received.

4 PRINCIPLES

- 4.1 The six guiding principles, carried over from the previous Review, are as follows:
- A) The remuneration package should permit widespread participation by individuals of diverse age and experience;
 - B) Remuneration should not lead to participation for financial reasons alone;
 - C) Remuneration should reflect an element of service to the community;
 - D) Remuneration should reflect an individual's commitment of time as an important but not determinant factor;
 - E) Remuneration should be fair and transparent; and

F) Remuneration should be administratively simple.

4.2 The consultation responses received by the Panel were largely supportive of these principles and the Panel concluded that these remained relevant and used them to guide its Review.

4.3 In doing so the Panel made two minor amendments to the principles. Firstly, it resolved to remove the words “regardless of gender” from Principle (A) and, secondly, to insert the words “fair and” immediately after “should be” in Principle (E), as detailed above.

5 ROLES AND RESPONSIBILITIES

5.1 At the Members’ workshop and in its online survey of Members and Non-States Members, the Panel sought views on the role of a Deputy, and the perception of their role for prospective electoral candidates and the wider community.

5.2 Representations received indicated that the workload and time commitment required of States Members had continued to increase, with many viewing it as a full time role, or, at least, one making it extremely difficult to undertake other remunerated work. However, while accepting these opinions, it is also evident from the Panel’s findings that this view is much influenced by the manner in which individuals approach the role of States Member and/or the relative emphasis they give to different elements of it.

5.3 As such, when taking into account Principle C (remuneration should reflect an element of service to the community) the Panel remains of the view expressed in 2015 that an element of time commitment should reflect such service and that the role of a States Member is not full time for the purposes of remuneration. It follows from this that potential candidates ought not to be deterred from standing in the belief that other external interests, paid or otherwise, cannot be retained or accommodated. The role of the President of Policy & Resources Committee is, however, regarded by the Panel as full time.

5.4 At the States Members’ workshop, there was significant discussion around the possibility of publishing a ‘role brief’ that outlined the responsibilities, duties and likely workload of a Deputy. There were varied views on this issue, with some arguing that a role brief would help to clarify precisely what it was that Deputies do and therefore assist in assessing an appropriate level of remuneration. Conversely, others were opposed to the idea, suggesting that it would be an unnecessary use of resources and would be information that was not needed and not of interest to the public.

- 5.5 One particular issue that the Panel considers noteworthy is the implications of the recent referendum result on the 2020 election. While these implications are currently unclear, it is thought that it may lead to a larger field of candidates and, similarly, it may lead to a larger number of new Deputies who may benefit from additional information on the role of a States Member.
- 5.6 After deliberating on the various views on the topic, the Panel considers that there may be some merit in providing additional information to prospective electoral candidates. However, rather than publishing a 'role brief' as an individual document, the Panel recommends making additions and amendments to the already published 'Information for Prospective Candidates' document which was released by the States ahead of the 2016 General Election.
- 5.7 While the Panel notes that the 'Information for Prospective Candidates 2016' document already contains a large amount of useful information for candidates, it believes that there are some areas where there is room for expansion. These areas include highlighting: the duties of a Deputy; the workload and time commitment that is required, such as how much reading is expected; the attributes that are required to be an effective politician; and the support that is offered to them.
- 5.8 The States' Assembly & Constitution Committee is a body that could potentially draft such amendments to the Information for Prospective Electoral Candidates document if the Panel's views were to be acted upon.

6 REMUNERATION

- 6.1 The current system of remuneration is structured around three bands: Band A, comprised of the President of the Policy & Resources Committee only, is the highest band; Band B, comprised of the six Principal Committee Presidents, the Presidents of States' Assembly & Constitution Committee and the Scrutiny Management Committee, and the four additional Members of the Policy & Resources Committee is the middle band; and all other Deputies make up Band C.
- 6.2 The current rates of remuneration for these different bands are set out in the table below. This is based on the 2018/19 remuneration rates, excludes Alderney Representatives and assumes that all Deputies are under the Guernsey old age pension age and therefore includes uplifts for their Social Security contributions.

	Number	Remuneration	Total
Banding A			
President, Policy & Resources Committee	1	68,972	68,972
Banding B	12	52,995	635,940
President, Economic Development			
President, Education, Sport & Culture			
President, Employment & Social Security			
President, Environment & Infrastructure			
President, Home Affairs			
President, Health & Social Care			
President, States' Assembly & Constitution Committee			
President, Scrutiny Management Committee			
Vice-President, Policy & Resources Committee			
States' lead member for external relations, Policy & Resources Committee			
Member, Policy & Resources Committee			
Member, Policy & Resources Committee			
Banding C	25	39,226	980,650
All Other Deputies			
Total	38		1,685,562

- 6.3 As the new system of government in Guernsey has now been established and in operation for over two years and, having consulted with various Members on the workloads in their respective roles, the Panel believes there is scope to further revise the above rates of remuneration in light of this experience.

INTERMEDIATE BANDING FOR NON-PRINCIPAL COMMITTEE PRESIDENTS

- 6.4 Reflecting that the new system of government is now established, and taking into account feedback from the consultation process, the Panel proposes that there should be a differentiation between Presidents of Principal Committees and Presidents of Non-Principal Committees.
- 6.5 While retaining the current premium for Presidents of Principal Committees, the Panel recommends the introduction of a new intermediate Band to sit between Bands

B and C as described above. This Band would provide a premium of 15% above the remuneration of all other Deputies in Band C and would apply to the Presidents of States' Assembly & Constitution Committee, the Scrutiny Management Committee, and the Development & Planning Authority.

- 6.6 The Panel believes this change is justified given the workloads and accountability of the Presidents of these Committees when compared against both the workloads of Members who sit in Band C and the Presidents of the Principal Committees in Band B.
- 6.7 Notwithstanding its conclusion in paragraph 6.6, the Panel has determined there should be one exception. Having considered feedback on the variety, scope and commerciality of its duties, the Panel is persuaded that the responsibilities held by the States' Trading Supervisory Board are more aligned to that of a Principal Committee. Consequently, the Panel recommends that the President of the States' Trading Supervisory Board is included within Band B.

POLICY & RESOURCES COMMITTEE MEMBERS

- 6.8 The Panel does not recommend any change in banding for the President of the Policy & Resources Committee, and, similarly, does not recommend any change in banding for the Vice-President or the States lead member for external relations.
- 6.9 However, the Panel recommends that remuneration for the remaining two roles of the Policy & Resources Committee be realigned with the new Intermediate Band described in the above section, alongside the Presidents of the Non-Principal Committees.
- 6.10 The Panel considers this to be justified as it continues to recognise the accountability and diversity of the role of a member of the Policy & Resources Committee, but highlights the varying workloads undertaken by the individual roles of the Committee as set out in its Mandate.

PROPOSED REMUNERATION SYSTEM

- 6.11 The above recommendations would provide greater clarity about the responsibilities of States Members, and would allow the levels of remuneration to reflect the different nature of these roles.
- 6.12 Should these changes be implemented, the newly proposed remuneration system would be re-banded as follows, based on 2018/19 rates of remuneration:

	Number	Remuneration	Total
Banding A President, Policy & Resources Committee	1	68,972	68,972
Banding B President, Economic Development President, Education, Sport & Culture President, Employment & Social Security President, Environment & Infrastructure President, Home Affairs President, Health & Social Care President, States' Trading Supervisory Board Vice president, Policy & Resources Committee States' lead member for external relations, Policy & Resources Committee	9	52,995	476,955
Banding C President, States' Assembly & Constitution Committee President, Scrutiny Management Committee President, Development & Planning Authority Member, Policy & Resources Committee Member, Policy & Resources Committee	5	45,110	225,550
Banding D All Other Deputies	23	39,226	902,198
Total	38		1,673,675

- 6.13 While not the driver for these proposed changes, the recommendation would nevertheless save approximately £12,000 per annum, therefore estimated to save £48,000 over a four-year political term. While this figure is not in itself a particularly significant saving, the Panel believes the re-structuring is required due to the further clarity it would provide on the varying nature of the roles undertaken by Members.
- 6.14 As at present, in the event that a President is unable to fulfil his or her duties for a period in excess of four consecutive weeks and the Vice President takes on the full

responsibilities of that post, his or her remuneration should temporarily increase to the level of the President of the relevant Committee.

MEDIAN PAY AND FIXED REMUNERATION

- 6.15 Remuneration is currently benchmarked against median earnings in Guernsey, changing year-on-year alongside any upward percentage change in median earnings. There were mixed views on this in the various consultations and workshops, many strongly held. After significant deliberation on the various responses, and taking into account these views, the Panel believes that the link between remuneration and median earnings is justified because it establishes a direct relationship (in terms of remuneration) between States Members and the people of Guernsey. They therefore conclude that this link should be maintained, subject to the following recommendation.
- 6.16 Reflecting its desire to support the principles which guide its review, specifically the principles that remuneration should be transparent and administratively simple, the Panel recommends remuneration rates should be fixed for the four-year term of office for which States Members are elected. This would bring payment of remuneration into alignment with the business community practice for fixed term contracts and also remove a level of administrative overhead.
- 6.17 The Panel believes there are some additional benefits from this approach. It removes potentially adverse publicity for States Members when median earning figures are published each year, particularly if employees in the private or public sectors have not received automatic increases in remuneration. It also provides certainty in financial planning for potential candidates and existing Members over the four-year term and it is an acknowledgement, prevalent in the private sector that any increments need to be fully justified and funded.
- 6.18 The question may be asked as to what happens at the end of the four-year term. The Panel believes the current system of an independent body widely inquiring into and considering appropriate levels of remuneration for States Members is well established. Any future Panels are likely to be sufficiently robust to deal with circumstances as they arise, impartially apply the six established principles of remuneration, and consider the benchmark link to median earnings as it stands at the time. In the view of this Panel, the benefits of fixed remuneration for a four-year term outweigh any potential negativity of subsequent uplifts for the next Parliamentary term.
- 6.19 The Panel, recognising the existing provision for annual adjustments, recommends that the starting level for States Members' remuneration for the new term should be based on the amounts calculated following the inclusion of the annual percentage

movement in median earnings due to be published in April 2020 and applied under current arrangements with effect from 1st May 2020.

- 6.20 If remuneration were to be fixed for the four-year term as proposed, a saving could arise. Based on a median earnings increase of 2% per annum which is similar to that experienced this term, that would amount to a notional gross saving of £200,000, as calculated and ratified by the States Treasury:

Year 2: £33,000

Year 3: £67,000

Year 4: £100,000

- 6.21 The Panel therefore considers the above recommendation justified based on its adherence to the main principles of remuneration, and because it brings the system into alignment with accepted business community practice. The significant financial saving, while not the main intention of the proposed change, may also be welcomed.

ALDERNEY REPRESENTATIVES

- 6.22 The Panel received no representations in respect of the remuneration of the Alderney Representatives. The Panel therefore proposes that the current arrangements in respect of the basic remuneration should remain in place albeit fixed for the four-year political term following any percentage uplift in median earnings published in April 2020. The figures below reflect the role of an Alderney Representative who either only attends meetings of the States of Deliberation or has a seat on a Principal or Non-Principal Committee, to reflect the additional responsibilities of an individual elected to a States Committee.
- 6.23 In making the recommendation in 6.22, should an Alderney Representative be elected as a President of a States Committee or Policy & Resources Member named in Bands A, B or C it seems equitable that the rates of remuneration applicable to those bands should apply.

	Total
With a seat on a Principal or Non-Principal Committee	£21,650
All Other Alderney Representatives	£12,810

NON-STATES MEMBERS

- 6.24 With regards to Non-States Members, the Panel recommends the current remuneration level is retained, including the higher level that is paid to Members of the States' Trading Supervisory Board. As with Members, the starting level should reflect the percentage movement in median earnings addressed in 6.19 and is fixed for the four-year political term.
- 6.25 The Panel believes this to be justified based on its perception of the role of a Non-States Member as largely voluntary, taken up by citizens who want to give something back to the community. Similarly, it notes that there is not a shortage of individuals willing to hold these positions, and so therefore does not believe remuneration is needed as an incentive for citizens to put themselves forward for such positions.
- 6.26 Remuneration rates for Non-States Members are therefore recommended to remain in the following structure. The table below is based on 2018/19 rates of remuneration:

	Total
States' Trading Supervisory Board	£8,340
All other Committees	£2,085

- 6.27 The Panel has received evidence that suggests, where Committees have incorporated them into their Committee, Non-States Members have produced a significantly positive and beneficial impact on deliberations. The Panel has also received feedback that suggests Non-States Members provide invaluable knowledge that may otherwise be lacking on Committees, and, similarly, can provide a non-political viewpoint on issues. Non-States Members can also be changed easily and frequently, perhaps as different policies or projects are progressed and additional skills are required by a Committee but for a short timescale.
- 6.28 Moreover, the allocation of members of the public to a Non-States Member position gives them the opportunity to gain a deeper and more comprehensive understanding of the workings of government, which they may be able to draw on should they wish to stand for election in the future.
- 6.29 With this in mind, while noting that this goes beyond its Terms of Reference, the Panel believes it would be useful for the Policy & Resources Committee to consider whether the use of Non-States Members on the various Committees should be promoted more widely within the States.

- 6.30 In support of Principle A (to encourage widespread participation by individuals of diverse age and experience), the Panel recommends consideration be given to States' participation in the Non-Executive Director Development Programme, run in conjunction with the Guernsey Training Agency. As highlighted by the previous Panel in its 2015 Report, this would provide a zero-cost approach of providing training for potential future States Members and would also increase the pool of those with experience to act as Non-States Members.

7 INCOME TAX AND SOCIAL SECURITY

- 7.1 Much feedback was received by the Panel from Members about the anomaly of being categorised under Social Security guidelines as 'self-employed', yet treated as 'employed' for Income Tax purposes.
- 7.2 However, Members under the old age pension age receive a supplement of the difference between the employed and self-employed Social Security contribution, so they are not financially disadvantaged by being treated as self-employed by Social Security.
- 7.3 While the Panel is not recommending any changes to the status of States Members, as this would fall outside its Terms of Reference, it nevertheless considers it worth noting that this anomaly exists, and suggests that it should be made more visible for prospective electoral candidates in any information made available. It is of course ultimately a matter for the States itself whether it believes the anomaly should be addressed.

8 PENSIONS AND PARACHUTE PAYMENTS

PENSIONS

- 8.1 The Panel does not recommend any additional provisions for the pensions of States Members, this issue having been fully explored in the past and no fresh information arising to change the current position. However, the Panel believes that the Committee for Employment & Social Security may wish to consider whether Members should be included in its forthcoming proposals on Secondary Pensions.

PARACHUTE PAYMENTS

- 8.2 The Panel considered fully the issue of so-called 'parachute', or severance, payments for States Members, which would provide some financial assistance for those Members who failed to gain re-election, and received significant feedback on this point both for and against.

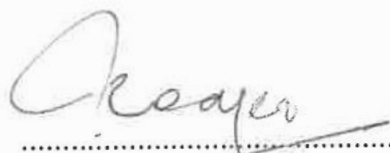
- 8.3 In deciding to make no recommendation on this matter, the Panel was particularly mindful of the views of electors not voting for a candidate and then seeing them continuing to be 'paid' after an election defeat as well as the fact that individuals seeking election are fully aware that it is, in effect, a fixed term role with no guarantee of extension.

9 RECOMMENDATIONS

9.1 The Panel recommends:

- i. remuneration should remain benchmarked against median earnings, but is fixed for the four-year term of office;
- ii. there should be a re-structuring of the 'remuneration Band' system that currently differentiates the roles undertaken by States Members. This new system should introduce a new intermediate Band that accommodates the Presidents of non-Principal Committees, with the exception of the President of the States' Trading Supervisory Board, as well as the two ordinary members of the Policy & Resources Committee;
- iii. Alderney Representatives who take up a role as President of a Principal or Non-Principal Committee, or as a Policy & Resources Committee Member, should receive equitable remuneration to States of Guernsey Members, as outlined in the proposed remuneration system in 6.12;
- iv. there should be no change to the remuneration for Non-States Members;
- v. the Policy & Resources Committee should consider whether it would be desirable to promote more widely the adoption of Non-States' Members on the various Committees. Moreover, consideration should be given to the States' participation in Non-Executive Director Development Programme;
- vi. there should be no change to the Social Security or Income Tax status of Members, but, for prospective candidates, attention should be drawn to the anomaly between a Members self-employed status for Social Security purposes, and employed status for Income Tax purposes;
- vii. there should be no additional provisions for the pensions of States Members. However, the Committee *for* Employment & Social Security may wish to consider the inclusion of States Members in its upcoming Secondary Pension proposals; and

- viii. making amendments to the 'Information for Prospective Candidates' document that further outline the roles and responsibilities of a States Member, such as the level of workload and time commitment that is required; the attributes required to be an effective politician; and the support that is offered to new Members.



Alex Rodger, Chair

20 Feb 2019



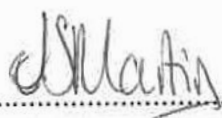
Carol Goodwin

20th Feb 2019



Richard Digard

25 Feb 2019



Julia Martin

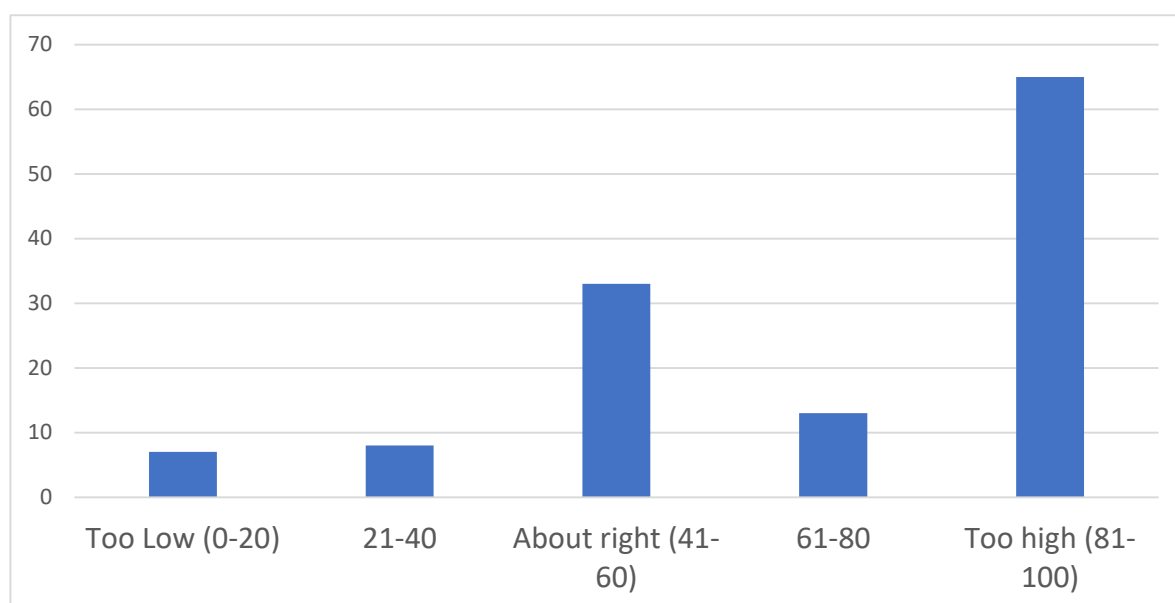
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APPENDIX 1 of the Independent Pay Review Panel Report

The Panel issued a public consultation on the issue of States' Members' remuneration on 10th September 2018. This consultation ran for several weeks, closing on 15th October 2018. It was reported on and publicised in the local and social media, as well as online. In total, the Panel received 131 responses from members of the public.

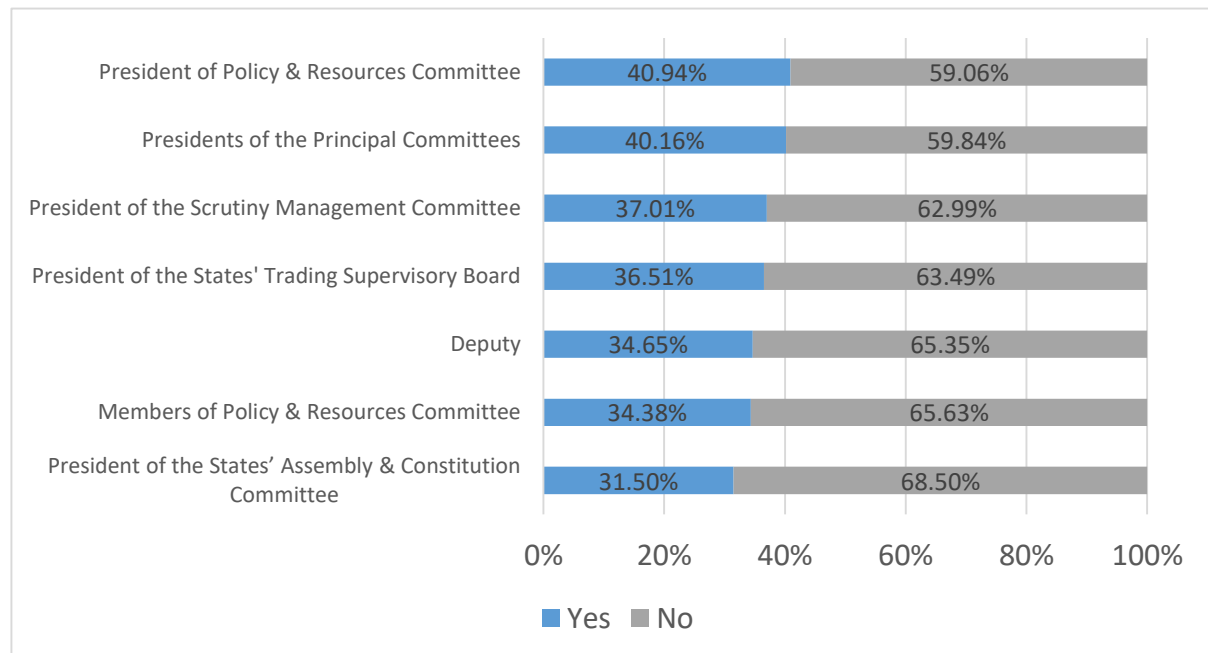
Below are the four questions asked in the consultation, and the answers received:

1. Do you believe the current level of remuneration for Deputies and Non-States' Members is too high, about right or too low?



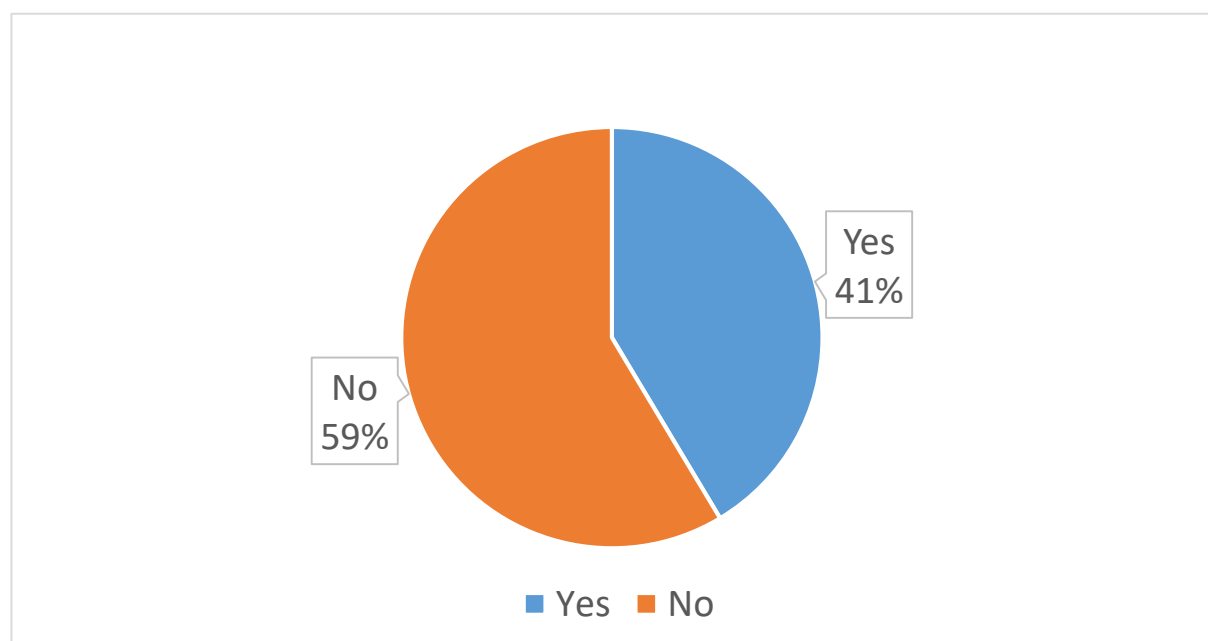
This graph represents a spectrum of the responses received in the public consultation, ranging from 0-20 (too low) to 81-100 (too high). As demonstrated in the above graph, most respondents considered States' Members' remuneration to be too high. However, there was also a substantial number of respondents who considered its current level to be about right. There were very few respondents who considered remuneration to be too low.

2. Do you believe the current application of remuneration reflects fairly on the levels of political accountability and responsibility that attach to various positions?



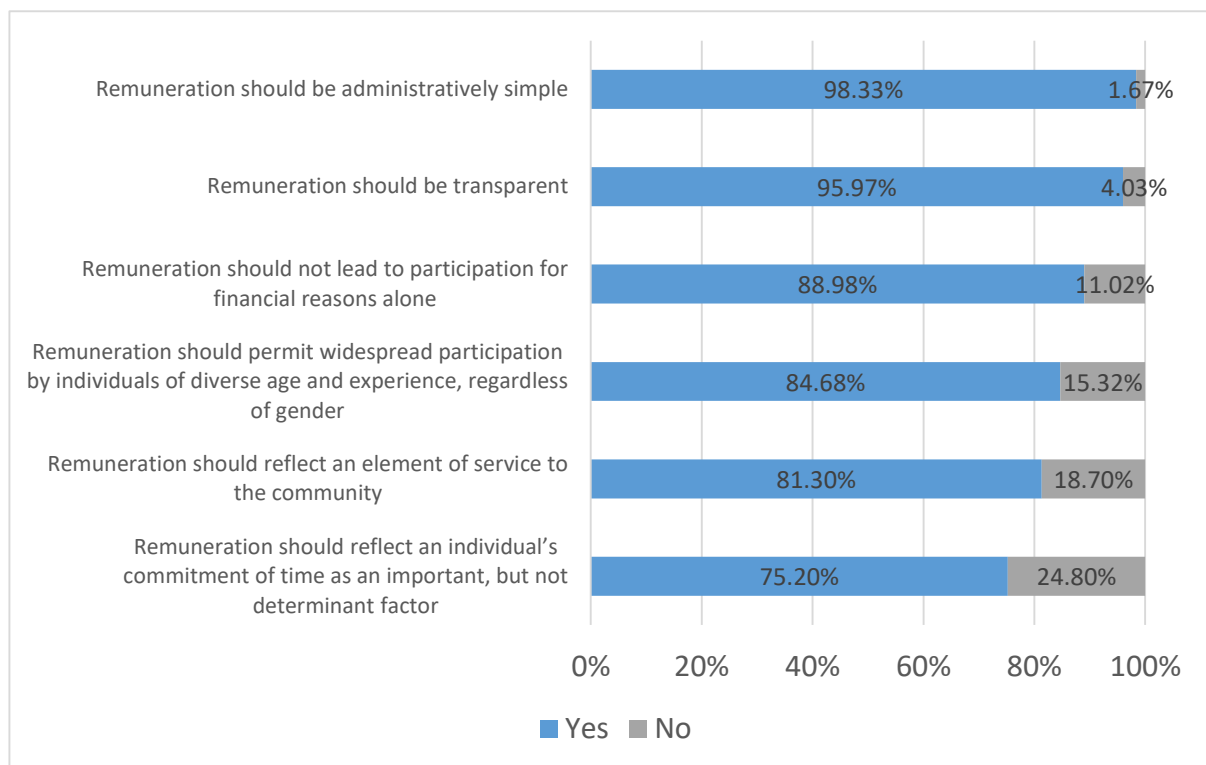
As can be seen in the above graph, the responses to this question were largely similar across the various roles undertaken by States' Members. While there was slightly more support for the remuneration of Presidents of Principal Committees and the President of the Policy & Resources Committee, over half of respondents thought that remuneration did not fairly reflect the political accountability and responsibility of States' Members in all cases.

3. Do you believe that annual adjustments to remuneration should continue to be linked to the percentage movement in average median earnings?



The public were somewhat split on whether remuneration should continue to be adjusted annually in line with the percentage movement in average median earnings.

4. Do you believe the six principles remain appropriate to guide the Review?



There was resounding support for the six main principles from the public, with nearly all of the main principles receiving support from over 80% of respondents.