

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY

**AMENDMENTS TO STATUTORY MINIMUM WAGE ARRANGEMENTS TO COME INTO
FORCE ON 1ST OCTOBER 2024**

The States are asked to decide -

Whether, after consideration of the Policy Letter entitled 'Amendments to Statutory Minimum Wage Arrangements to Come into Force on 1st October 2024', dated 1st July 2024, they are of the opinion -

1. To approve the Minimum Wage (Prescribed Rates and Qualifications) (Guernsey) (Amendment) Regulations, 2024 (as set out in Appendix 1 to this Policy Letter), which, pursuant to sections 1(3) and 3(1) of the Minimum Wage (Guernsey) Law, 2009, prescribe the hourly minimum wage rates set out below with effect from 1st October 2024:
 - a. Adult Minimum Wage Rate: £12.00 per hour (for workers aged 18 and over), and
 - b. Young Persons' Minimum Wage Rate: £10.80 per hour (for workers aged 16 and 17).

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

1st July 2024

Dear Sir

1. Executive summary

- 1.1. In accordance with the provisions of the Minimum Wage (Guernsey) Law, 2009¹, the Committee *for* Employment & Social Security (“the Committee”) is seeking States agreement to its proposals to increase the Adult Minimum Wage and Young Persons’ Minimum Wage Rates.
- 1.2. In November 2018, the States noted the Committee’s medium-term plan for the Adult Minimum Wage Rate to be increased gradually over the course of five years, until it reached the target of 60% of the median earnings of employees in Guernsey, based on a 40-hour working week, by 2023.²
- 1.3. The implementation of the medium-term plan began in January 2019 and the second step was taken in January 2020. Due to the COVID-19 pandemic, the plan was then paused, resuming on 1st October 2022. As a result, the target date for the minimum wage to equal 60% of median earnings was extended to October 2024.
- 1.4. In accordance with the policy objective approved by the States in July 2022, the medium-term plan now also includes an objective that the Young Persons’ Minimum Wage Rate be set at a rate equivalent to 90% (rounded to the nearest 5 pence) of the Adult Minimum Wage Rate by October 2024.

¹ [The Minimum Wage \(Guernsey\) Law, 2009 \(consolidated text\).](#)

² [Resolutions of the States concerning Billet d’État No. XXV on 26 November 2018.](#)

- 1.5. In May 2024, the Committee carried out a targeted consultation in respect of a proposal to increase minimum wage rates from £10.65 to £12.00 per hour for adults and from £9.65 to £10.80 per hour for 16- and 17-year-olds, from 1st October 2024. Most respondents supported, or did not register any objections to, these proposed rates.
- 1.6. The Minimum Wage (Prescribed Rates and Qualifications) (Guernsey) (Amendment) Regulations, 2024 (as set out in Appendix 1 to this Policy Letter) have been made by the Committee to give effect to the change in the Minimum Wage Rates. Under section 31(3) of the Law, these Regulations do not have effect until approved by a Resolution of the States. If so approved, these Regulations will come into force on 1st October 2024.
- 1.7. During the period of the medium-term plan, the accommodation and food offsets have increased by the same percentage as that applied to the Adult Minimum Wage Rate. However, this year, the Committee has decided that the offsets be increased by the rate of ‘core’ inflation (RPIX) for the year ending 31 December 2023 (i.e. 5.5%), with effect from 1st October 2024, as set out below:
- Accommodation and food offset: £152 per week (currently £144)
 - Accommodation only offset: £109 per week (currently £103)
- 1.8. The rationale for this change of approach is that the offsets, being for the provision of food and/or accommodation, are much more closely aligned with inflationary forces than the movement in median earnings.
- 1.9. Subject to States approval of the Committee’s proposition, the target of the Minimum Wage medium-term plan will be met. Therefore, the Committee has considered whether to propose setting a new medium-term plan, including a new minimum wage target.
- 1.10. The Committee carried out an open public consultation from mid-February to early April 2024, seeking feedback on a proposal to increase the Adult Minimum Wage Rate by 2030 to 66% of median earnings, based on a 40-hour working week (i.e. increasing the Minimum Wage Rate as a percentage of median earnings by 1% per annum - 61% of median earnings in 2025, 62% in 2026, and so on). This would align with targets in the UK and Jersey.
- 1.11. Having carefully considered the consultation feedback, the Committee has decided not to propose a new medium-term plan, including a new minimum wage target, at this time.

2. Policy background

- 2.1. On 28th November 2018, following consideration of a Policy Letter from the Committee entitled ‘Amendments to Statutory Minimum Wage Arrangements

to Come into Force on 1st January 2019'³, the States noted the Committee's policy intent that minimum wage rates should be linked to median earnings, so that a person working a full-time (40-hour) working week should earn at least 60% of the median earnings of employees. This would ensure that the gap between the Island's lowest paid workers and the workforce average could never grow too wide.

- 2.2 It was considered necessary to gradually increase the Adult Minimum Wage Rate over a five-year period, starting in January 2019, in order to reach the target by January 2023. The medium-term plan also set an objective to equalise the Young Persons' Minimum Wage Rate with the Adult Rate (in accordance with a policy objective set by the States in 2010) over the same five-year period.
- 2.3. The first two steps toward those targets were taken in January 2019 and January 2020, but the plan was subsequently paused due to the COVID-19 pandemic. As a result, the increases applied to minimum wage rates in January 2021 and January 2022 were lower than would have been applied had the plan been adhered to. However, following a strong indication from States Members during the States debate in respect of the rates to apply from 1st January 2022 that they would have supported higher rates to better support those in receipt of the minimum wage, the medium-term plan resumed on 1st October 2022.
- 2.4 On 14th July 2022, following consideration of a Policy Letter from the Committee entitled 'Amendments to Statutory Minimum Wage Arrangements to Come into Force on 1st October 2022'⁴, the States resolved to replace the policy objective to equalise the Young Persons' and Adult Minimum Wage Rates with a new policy objective that the Young Persons' Minimum Wage Rate should be set at a rate equivalent to 90% (rounded to the nearest 5 pence) of the Adult Minimum Wage Rate by October 2024. This decision was informed by feedback from some stakeholders who suggested that a differential was justifiable, given that additional training and supervision was generally required by younger workers.
- 2.5 The minimum wage rates are not intended to reflect a 'living wage', particularly as different households have different family compositions and different financial needs. There are several initiatives operated by the Committee, such as a wide range of benefits, grants and social housing, which are intended to help to meet the basic needs of people on low incomes.

³ Amendments to Statutory Minimum Wage Arrangements to Come into Force on 1st January 2019 ([Billet d'État XXV of 2018, Article XIII](#)).

⁴ Amendments to Statutory Minimum Wage Arrangements to Come into Force on 1st October 2022 ([Billet d'État XII of 2022, Article XVII](#)).

- 2.6 The minimum wage rates that have applied in Guernsey since 1st January 2018 are set out in Table 1 below.

Table 1 – Minimum wage rates – 1st January 2018 to present

Commencement date	Adult Rate	Young Persons' Rate (% of the Adult Rate)	Medium-term plan
1 st January 2018	£7.75	£7.05 (91%)	N/A
1 st January 2019	£8.10	£7.50 (93%)	Step 1
1 st January 2020	£8.50	£8.05 (95%)	Step 2
1 st January 2021	£8.70	£8.25 (95%)	Pause
1 st January 2022	£9.05	£8.60 (95%)	Pause
1 st October 2022	£9.55	£8.95 (94%) ⁵	Step 3
1 st October 2023	£10.65	£9.65 (91%) ⁶	Step 4

3. Factors to be taken into account when setting Minimum Wage Rates

- 3.1. The Law requires the Committee to consider and take into account a number of factors before making Regulations setting the minimum wage rates. These are set out below:

- The current rate of the minimum wage in the United Kingdom, the Isle of Man and Jersey,
- The current economic and trading conditions prevailing in Guernsey,
- The rate of inflation in Guernsey,
- The rate of unemployment in Guernsey,
- Current rates of pay in Guernsey,
- The increase or decrease in rates of pay in Guernsey over the previous twelve months,
- Such other factors as appear to be relevant.

Current minimum wage rates in the United Kingdom, the Isle of Man and Jersey

- 3.2. As noted above in paragraph 3.1, there is a legal requirement for the Committee to take into account Minimum Wage Rates in other comparable jurisdictions. The current minimum wage rates for the UK, the Isle of Man, Jersey and Guernsey are set out in Table 2 overleaf.

⁵ In July 2022 the States agreed to change the medium-term plan so that the Young Persons' Rate would be equal to 90% of the Adult Rate by 1st October 2024. Up until this point, the policy objective had been to equalise the Young Persons' Rate with the Adult Rate.

⁶ Due to rounding, the Young Persons' Rate might, on some occasions, be in the region of 90% of the Adult Rate, rather than precisely 90%.

Table 2 – Current minimum wage rates in Guernsey, the UK, the Isle of Man, and Jersey

Minimum Wage Rates (hourly)			
	Young Person	Adult	Effective from
Guernsey	£9.65 (aged 16-17, except for apprentices)	£10.65 (aged 18 and over, including apprentices)	1 st Oct 2023
United Kingdom	£6.40 (aged over school leaving age but under 18, excluding apprentices) £6.40 (apprentice rate)	£8.60 (aged 18-20) £11.44 (aged 21 and over – known as the ‘National Living Wage’)	1 st Apr 2024
Isle of Man	£8.75 (aged over school leaving age but under 18)	£11.45 (aged 18 and over)	1 st July 2024
Jersey	N/A	£11.64 (aged over compulsory school age)	1 st Jan 2024

Guernsey

- 3.3. In Guernsey, there are two minimum wage rates – the Young Persons’ Minimum Wage Rate that applies to persons aged 16 and 17, with the exception of apprentices, and the Adult Minimum Wage Rate that applies to all workers aged 18 and over, including apprentices. The current rates that apply are £9.65 per hour and £10.65 per hour, respectively.
- 3.4. Young people under the age of 18 who are working as apprentices are not subject to the Minimum Wage Regulations. This is typically due to the fact that there are many training costs which are incurred by employers during the first two years of the apprenticeship in terms of up skilling the worker. As soon as an apprentice reaches the age of 18, they must be paid the Adult Minimum Wage Rate. To be an apprentice, the worker must have entered into, or work under, a contract of apprenticeship.

United Kingdom

- 3.5. In the UK, the hourly rate of the National Minimum Wage depends on the worker’s age and whether they are an apprentice. At present, persons aged 21 and over qualify for the National Living Wage⁷. The current rate of the National Living Wage, which has applied since 1st April 2024, is £11.44 per hour. This is in line with the UK Government’s target for the National Living Wage to reach two-thirds of median hourly pay by 2024.
- 3.6. Persons aged between school leaving age and 20 (inclusive) qualify for the National Minimum Wage which has two rates based on the age of the

⁷ Previously, persons aged 23 and over qualified for the UK ‘Living Wage’. Persons aged 21-22 were paid a different hourly rate. From 1st April 2023, this rate was £10.18 per hour. From 1st April 2024, this category was removed and persons aged 21 and over qualified for the ‘Living Wage’.

employee - £6.40 per hour for employees aged over school leaving age but under 18, and £8.60 per hour for employees over 18 but under 21.

- 3.7. Looking ahead to 2025, the Low Pay Commission (LPC), an independent public body that advises H.M. Government on the rates of the National Minimum Wage, including the National Living Wage, advised:

“We currently project that a rate of £11.89 (with a range of £11.61-£12.18) would be sufficient in 2025 to stay at two-thirds of median hourly pay. This would be an increase of 45 pence or 3.9 per cent on the 2024 rate of £11.44. This would be smaller than the two preceding increases (92 pence in 2023 and £1.02 in 2024).”⁸

Isle of Man

- 3.8. There are two minimum wage rates that apply in the Isle of Man – one rate that applies to persons aged over compulsory school age but under 18, and another that applies to persons aged 18 and over.
- 3.9. At the May 2024 sitting of Tynwald, new interim Minimum Wage Rates were approved. With effect from 1 July 2024, the minimum wage for employees aged over compulsory school age but under 18 will be £8.75 per hour and the Adult Minimum Wage Rate will be £11.45 per hour.
- 3.10. Tynwald has also previously resolved to raise the level of the Minimum Wage to the level of the Living Wage⁹ (currently £13.05 per hour but due for further review by April 2025) during 2025. The interim rates referenced above are, therefore, expected to be replaced shortly.

Jersey

- 3.11. The current Minimum Wage Rate in Jersey, which has applied since 1st January 2024, is £11.64 per hour. This applies to all employees following the harmonisation of the trainee rates with the main minimum wage rate with effect from 1st January 2024.¹⁰

⁸ Report from the Low Pay Commission entitled ‘[The National Minimum Wage in 2024 and forecast National Living Wage in 2025](#)’ – March 2024.

⁹ [Information regarding the Isle of Man Living Wage](#).

¹⁰ Until 31st December 2023, a trainee rate was payable in Jersey for a maximum period of two years to workers who were undergoing formal training as part of their employment. Approved training had to be agreed in writing by both the employer and employee before the employee started their new job. The training had to have structure and objectives that related to the employee's performance and training outcomes had to be assessed and documented. Trainee rates used to be lower than the minimum wage rate and also differed for year 1 and year 2 of the training period.

- 3.12. In November 2021, the States Assembly agreed to set the objective of raising the minimum wage to two-thirds of median earnings by the end of 2024, subject to consideration of economic conditions and the impact on competitiveness and employment of the low paid in Jersey; and to request the Employment Forum to have regard to this objective when making its recommendations on the level of the minimum wage to the Minister for Social Security.¹¹
- 3.13. When making its recommendations to the Minister for Social Security in respect of the 2024 Minimum Wage Rate, the Employment Forum noted that two-thirds of median earnings would equate to a minimum wage rate of £13.33 an hour (a 27% increase to the 2023 rate). In the Forum's considered view, that was not a sustainable increase to apply in January 2024.¹² The current Minimum Wage Rate represents 58.2% of the median earnings (given a 40-hour working week and median earnings of £800 a week).

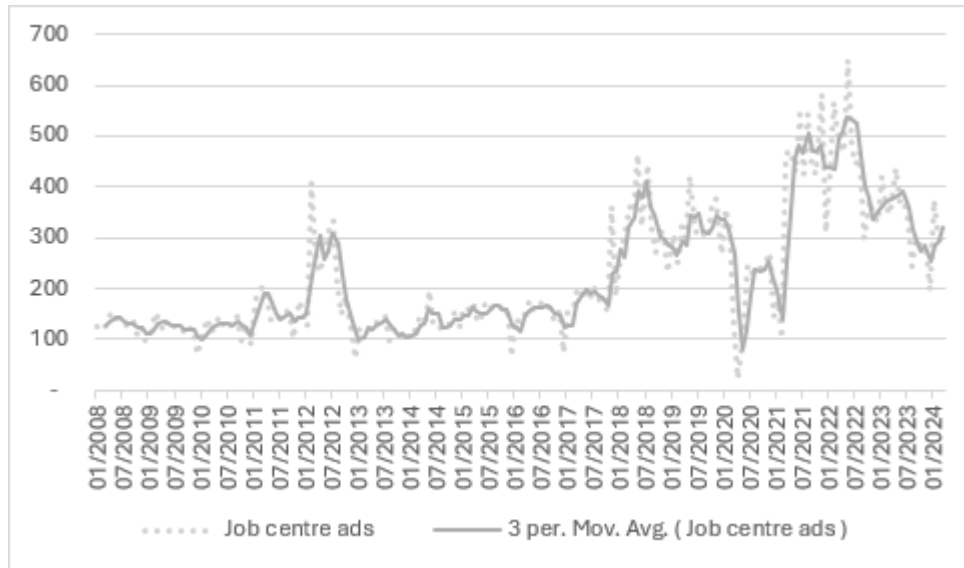
Economic and trading conditions

- 3.14. Local labour market demand conditions continue to be relatively strong. At the end of March 2024 there were 311 people registered as wholly unemployed in Guernsey, just 1% of the workforce. This compares to 278 people a year earlier.
- 3.15. A further 237 people worked during the week, including those in part-time or casual employment, as well as some people who were fully employed but who were eligible for income support on top of their low earnings.
- 3.16. The number of jobs advertised via the Job Centre was exceptionally high through most of 2022, peaking in May with 650 positions advertised. In March 2024, 283 positions were advertised, which compares to 347 positions in March 2023. This is still above the longer-term average, as shown in Graph 1 overleaf.

¹¹ [Additional information for P.98/2021.](#)

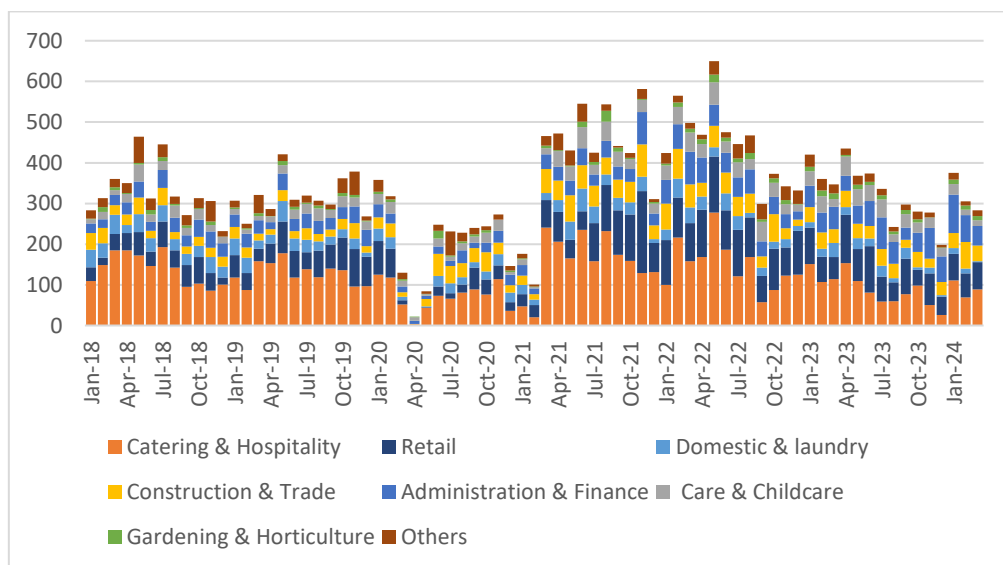
¹² [Employment Forum – Report and Recommendations – Minimum wage and offset rates from 1 January 2024.](#)

Graph 1 – Job advertisements promoted through the Job Centre



- 3.17 Approximately 55% of the jobs advertised through the Job Centre were in catering & hospitality and retail sectors (as shown in Graph 2 below) that tend to offer relatively low wages compared to the labour market as a whole. Higher value jobs tend to be advertised through recruitment agencies.

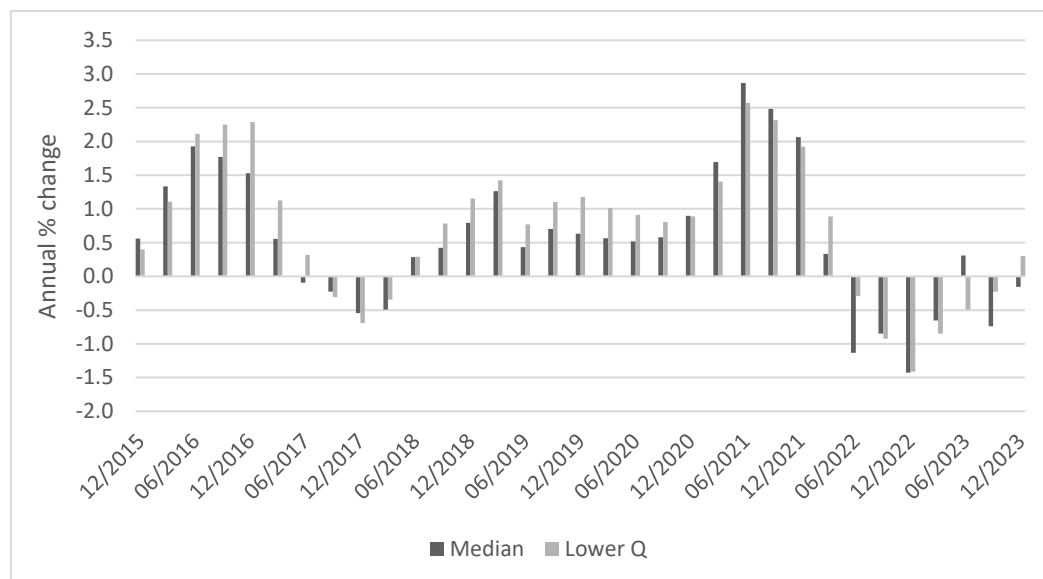
Graph 2- Sector of positions advertised by the Job Centre



- 3.18. All indications are that there is still a shortage of labour in the economy, likely exacerbated by high levels of housing costs which act as a limiting factor on the capacity to recruit from off-island. However, both employment and unemployment data suggest that these conditions have started to ease.

- 3.19. Earnings have increased in nominal terms at both the median and lower quartile levels. However, inflation is still above its long-term average which has suppressed real earnings growth. Between December 2022 and December 2023, median earnings grew in current values by 7.0% but decreased in real terms by 0.2%. At the lower quartile the picture is slightly better, with the current value of earnings increasing by 7.5%, reflecting a small real increase of 0.3%.

Graph 3 - Median and lower quartile earnings growth in real terms



- 3.20. Earnings in those sectors most likely to be impacted by changes in the minimum wage, such as accommodation and food services, retail and other service activities (which includes cleaning services), have shown mixed outcomes. The accommodation and food services sector reported a small increase in median earnings (0.3%). However, the retail and other services sectors have lagged some way behind inflation, showing a real reduction in median earnings (-1.1% and -1.9% respectively) over the year ending 31st December 2023. This likely reflects the specific recruitment pressure experienced by these sectors.

Rate of inflation

- 3.21. Rates of inflation have begun to fall but they remain higher than typical, with RPIX having fallen from a peak of 8.5% in December 2022 to 5.0% in March 2024. RPIX is expected to fall further in the coming quarters, but at a slower pace than previously projected. Central forecasts project RPIX of 4.8% in June 2024 and 3.7% in December 2024.

4. Consultation in respect of minimum wage rates to apply from 1st October 2024

4.1. Section 5 of the Law requires the Committee to:

“...consult such organisations, or associations of organisations, representative of employers and employees in Guernsey, and such other organisations and bodies, as appear to the Committee to be appropriate.”

4.2. In May 2024, the President of the Committee wrote to the main employer/industry representative organisations (which included, but was not limited to, groups representing the retail, hospitality, construction, care and finance sectors), unions and relevant civil society groups. They were invited to provide feedback on the Committee’s proposal for the final step of the medium-term plan.

4.3. As at 31st December 2023, median earnings were £41,564 per annum, which was 8.0% higher in nominal terms and 0.2% lower in real terms compared with a year earlier. 60% of this figure is £24,938, which would equate to an hourly rate of £12.00 based on a 40-hour working week. As this would be the final step in the Committee’s medium-term plan for the Adult Minimum Wage Rate to equal 60% of median earnings, the Committee sought consultees’ views on a proposal to increase minimum wage rates to £12.00 per hour for adults and £10.80 per hour for 16- and 17-year-olds (i.e. in line with the States’ approved objective that this should be set at a rate equivalent to 90% of the proposed Adult Minimum Wage Rate), with effect from 1st October 2024.

4.4. The Committee wrote to twenty organisations and received six responses – two from employer/industry representative organisations, plus responses from a civil society group, a trade union, the Committee *for* Economic Development and the Policy & Resources Committee in its capacity as the employer of States’ employees. The Committee is very grateful to the organisations and Committees that responded to the consultation.

4.5. With two notable exceptions, respondents supported, or did not register any objections to, the Committee’s proposal to complete the implementation of the medium-term plan for minimum wage rates and were content with the proposed rates. One employer/industry representative organisation noted that a number of employers calculate wages with greater regard to local market conditions than minimum wage rates, with some industries paying higher wages to attract and retain staff in the face of labour shortages. In some cases, increases to minimum wage rates mean that employers adjust their overall wage structure to ensure parity for employees whose wages are higher than the minimum wage. However, the Committee notes that employers could

potentially adjust their wage structures to reduce the differential between the minimum wage and the hourly rate paid to their lowest paid staff, if necessary.

- 4.6. The same organisation noted that many employers are facing increased business costs while introducing secondary pensions schemes. There was some concern that, if wages were also to increase, this may be reflected in the prices some businesses charge for goods and services.
- 4.7. A trade union welcomed the proposal to increase the Adult Minimum Wage Rate by 12.7% but noted concerns about Guernsey's minimum wage rates falling behind other comparable jurisdictions in recent years. The trade union noted that calculated living wages in other jurisdictions exceed minimum wage rates.
- 4.8. The Policy & Resources Committee (P&RC) recommended that:
- 'the Committee for Employment & Social Security considers the potential benefits to the economy of deferring matching the 60% target in full for another year (i.e. until October 2025).'*
- 4.9. Similarly, the Committee for Economic Development (CfED)¹³ advised that:
- 'it is unsupportive of the proposed increases to the rates of Minimum Wage and associated rates for implementation on 1st October 2024. However, the Committee is in favour of a more modest increase to the rates, for example the rate of inflation (5.5%, RPIX).'*
- 4.10. CfED noted, in its consultation response, that the proposed increase to the Adult Minimum Wage Rate was higher than the rate of inflation. The CfED also expressed concerns about the impact to some businesses of increasing operating costs and contribution rates, at the same time as the introduction of Secondary Pensions.
- 4.11. While the Committee is grateful for the feedback received from P&RC and CfED, it is unable to support a further delay in reaching the target of the medium-term plan. As set out in Paragraph 2.3, the intention at the outset of the medium-term plan was for minimum wage rates to be equal to 60% of median earnings in Guernsey by 1 January 2023. If the States is minded to support the Committee's proposals, the target will be reached on 1 October 2024, almost two years later than originally planned.
- 4.12. In respect of the Young Persons' Minimum Wage Rate, two employer/industry organisations noted that the rate should be lower than the Adult Minimum

¹³ With the exception of Deputy Falla who, being a Member of the Committee for Employment & Social Security, recused himself from CfED's discussions on this matter.

Wage Rate to reflect that additional training and supervision is generally required for younger workers. By contrast, a trade union expressed concern that the Young Persons' Minimum Wage Rate was not equal to the Adult Minimum Wage Rate, noting that it was not only young workers, but most new employees regardless of age, who required training and supervision.

- 4.13. CfED recommended that a differential of 80% of the adult rate would be more appropriate than the current 90%.
- 4.14. No other respondents raised any objections in respect of the proposal to increase the Young Persons' Minimum Wage Rate to £10.80 per hour.

5. Proposed rates and offsets to apply from 1st October 2024

Minimum Wage Rates

- 5.1. Having carefully considered all relevant factors, along with the feedback received from the targeted consultation, the Committee has prescribed by Regulation (as set out in Appendix 1 to this Policy Letter) that the Adult Minimum Wage Rate be £12.00 per hour and that the Young Persons' Minimum Wage Rate be £10.80 per hour, with effect from 1st October 2024. Under section 31(3) of the Law, these Regulations do not have effect until approved by a Resolution of the States.
- 5.2. Some (but by no means all) low paid employees require additional means-tested support from the States by way of income support, and a higher minimum wage is intended to facilitate greater financial independence.
- 5.3. The Committee notes that an above-inflation increase in the minimum wage is not without some risk. Typically, staff wages represent a significant share of the day-to-day operating costs of businesses. For those businesses which currently pay below the proposed new Adult Minimum Wage Rate, or which would seek to maintain the differential between the minimum wage and the hourly rate paid to their staff, an increase would represent an increase in costs. There are a limited number of ways that such a business might respond to such an increase. They could:
- take less profit from the business reducing the income of shareholders and/or the resources available to reinvest in the business;
 - flatten or adjust wage structures to reduce the differential between the minimum wage and the hourly rate paid to their lowest paid staff;
 - reduce non-pay costs to the extent that this is feasible within the business model;
 - reduce or not expand the number of staff hours they utilise meaning fewer people will be employed (or employed for fewer hours); or
 - pass this cost on to their customers by way of increased prices.

- 5.4. It should be noted that it is unknown how many people in Guernsey are employed at or close to the minimum wage rates and the behavioural response is difficult to predict. This makes the extent of the impact of the above inflation increase in the minimum wage difficult to quantify with any certainty. If, as indicated above, some businesses were to respond to the increased minimum wage rates with higher retail prices, then this could slow the fall of inflation rates, keeping RPIX above average levels for longer. This would in turn have an impact on future wage negotiations and, as such, any potential impacts on inflation could then persist.
- 5.5. Taking all of this into account, the Committee believes that it is necessary to increase the Adult Minimum Wage Rate to £12.00 per hour. The Committee does not consider that the proposed rate is unduly burdensome on employers because, among other reasons, current workforce pressures have an impact on wage levels. These pressures mean that employers across the full spectrum of the employment market are likely required to ensure their wage scales are sufficiently attractive to recruit and retain workers. Further, the Committee notes that this increase is required in order to achieve the target of 60% of median earnings within the timeframe approved by the States.

Accommodation and food offsets

- 5.6. The accommodation and food offsets are the maximum amount that an employer is permitted to deduct from an employee's wage in compensation for providing meals and/or accommodation. These offsets were introduced to ensure that employees paid at Minimum Wage levels who were contracted under an arrangement where their food and/or accommodation was provided did not have an unreasonable amount of their wage deducted for these provisions.
- 5.7. During the period of the medium-term plan, the accommodation and food offsets have increased by the same percentage as that applied to the Adult Minimum Wage Rate. However, this year, the Committee has decided that the offsets be increased by the rate of 'core' inflation (RPIX) for the year ending 31st December 2023 (i.e. 5.5%), with effect from 1st October 2024, as set out below:
- Accommodation and food offset: £152 per week (currently £144)
 - Accommodation only offset: £109 per week (currently £103)
- 5.8. The rationale for this change of approach is that the offsets, being for the provision of food and/or accommodation, are much more closely aligned with inflationary forces than the movement in median earnings.
- 5.9. The CfED has indicated its support for the proposed increases to the accommodation and food offsets.

6. Consideration of a new Minimum Wage medium-term plan

- 6.1. Subject to States approval of the Committee's proposition, the target of the Minimum Wage medium-term plan will be met. Therefore, the Committee has considered whether to propose setting a new medium-term plan, including a new minimum wage target.
- 6.2. The Committee carried out an open public consultation from mid-February to early April 2024, seeking feedback on a proposal to increase the Adult Minimum Wage Rate by 2030 to 66% of median earnings, based on a 40-hour working week (i.e. increasing the Minimum Wage Rate as a percentage of median earnings by 1% per annum - 61% of median earnings in 2025, 62% in 2026, and so on). This would align with targets in the UK and Jersey.
- 6.3. There were some consistent messages that emerged from the consultation responses. There was a general acknowledgement of the need for a minimum wage, and for the rate to keep pace with living costs. However, a number of concerns were expressed regarding the cost to businesses of an increase to 66% of median earnings (especially when combined with the implementation of Secondary Pensions and the phased increase in Social Security contribution rates), and how this may result in an inflationary impact as businesses increase their prices/charges to cover additional staff expenditure.
- 6.4. Taking this feedback into account, the Committee has decided not to propose a new medium-term plan, including a new minimum wage target, at this time. Instead, it suggests that new rates to apply in 2025 and 2026 are proposed following consideration of all relevant factors, as set out in section 3 of this Policy Letter. However, the Committee will recommend in its handover report to the new Committee that the Adult Minimum Wage Rate in 2026 be set at a level that would equate to no less than 60% of median earnings (based on a 40-hour working week).
- 6.5. It is anticipated that during 2026, data will be available regarding the number of hours worked by islanders (this will be collected as part of the implementation of the Secondary Pensions workstream). This will, amongst other things, give a clear indication of how many islanders are paid at the minimum wage. The data will also enable the Data & Analysis Team to adjust the methodology it uses to calculate Guernsey's median earnings figure¹⁴. Once this important data is collected and analysed, the Committee will be in a better position to consider developing a new medium-term plan to potentially commence in 2027.

¹⁴ Median earnings is currently calculated using both full-time and part-time earnings because data on working hours is not yet available. When the data becomes available, it will be possible to exclude part-time earnings from median earnings calculations.

- 6.6. In addition to requesting feedback on the Committee's proposed new medium-term plan, feedback was sought on a number of other policy issues pertaining to the minimum wage and associated rates, including the month when the uplift should be applied each year. As a result of the feedback received, the Committee intends to recommend in its handover report to the new Committee that this be moved back to 1st January from 2026 onwards. Consultation feedback indicated that this would better align with the fiscal years of most local businesses that responded, and also with Jersey's annual date of uplift.
- 6.7. If the new Committee were minded to adopt this change, the next uplift in the Minimum Wage Rates will take place on 1st January 2026, 15 months after the increase proposed in this Policy Letter.

7. Compliance with Rule 4 of the Rules of Procedure

- 7.1. 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, propositions laid before the States.
- 7.2. In accordance with Rule 4(1)(b), the Committee has consulted in the development of these proposals (see section 4 for further information).
- 7.3. In accordance with Rule 4(1)(c), the proposition has been submitted to His Majesty's Procureur for advice on any legal or constitutional implications.
- 7.4. In accordance with Rule 4(1)(d), it is confirmed that there will be a very minimal additional cost to the States of Guernsey's payroll of increasing the Adult Minimum Wage Rate to £12.00 per hour as there are a very small number of casual staff whose hourly rates of pay are slightly below this rate.
- 7.5. In this Policy Letter, the Committee has set out its proposals for increasing the minimum wage and associated rates with effect from 1st October 2024. In accordance with Rule 4(2)(a), it is confirmed that the proposition accords with the Committee's purpose:

"To foster a compassionate, cohesive and aspirational society in which responsibility is encouraged and individuals and families are supported through schemes of social protection relating to pensions, other contributory and non-contributory benefits, social housing, employment, re-employment and labour market legislation."

7.6. In particular, the proposition relates to the Committee's mandated responsibilities:

"To advise the States and to develop and implement policies on matters relating to its purpose, including...labour market legislation and practices"

7.7. In accordance with Rule 4(2)(b), it is confirmed that proposition 1a. has the unanimous support of the Committee. It is further confirmed that proposition 1b. is supported by all members of the Committee except for Deputy Bury who is of the view that the Young Person's Minimum Wage Rate should be equal to the Adult Minimum Wage Rate.

Yours faithfully

P J Roffey
President

H L de Sausmarez
Vice-President

T L Bury
S J Falla
L C Queripel

R J Le Brun
Non-States Member

M R Thompson
Non-States Member

APPENDIX 1

GUERNSEY STATUTORY INSTRUMENT

2024 No. 55

The Minimum Wage (Prescribed Rates and Qualifications) (Guernsey) (Amendment) Regulations, 2024

Made

26th June, 2024

Coming into operation

1st October, 2024

Laid before the States

, 2024

THE COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY, in exercise of the powers conferred on it by sections 1(3), 3(1) and 31 of the Minimum Wage (Guernsey) Law, 2009¹⁵, and all other powers enabling it in that behalf, hereby makes the following Regulations:-

Substitution of Schedule to principal Regulations.

1. The principal Regulations are amended by substituting, for the Schedule to those Regulations, the schedule contained in the Schedule to these Regulations.

Interpretation.

2. In these Regulations, "**the principal Regulations**" means the Minimum Wage (Prescribed Rates and Qualifications) (Guernsey) Regulations, 2012^b.

¹⁵ Order in Council No. I of 2010; this enactment has been amended.

^b G.S.I. No. 40 of 2012; this enactment has been amended.

Transitional and savings provisions.

3. (1) These Regulations do not have effect in relation to any worker and his or her work until the first day of the first pay reference period of the worker in respect of that work.

(2) For the avoidance of doubt, before the first day of the first pay reference period of the worker in respect of that work, the principal Regulations have effect in relation to that worker and that work as if these Regulations had not been made.

(3) In this regulation, "**the first pay reference period**", in relation to a worker and his or her work, means the first pay reference period of the worker, in respect of that work, beginning on or after the date specified in regulation 4 for these Regulations to come into force.

Citation and commencement.

4. These Regulations may be cited as the Minimum Wage (Prescribed Rates and Qualifications) (Guernsey) (Amendment) Regulations, 2024, and come into force on the 1st October, 2024.

Dated this 26th day of June, 2024

A handwritten signature in dark ink, appearing to read 'P. J. Roffey', with a stylized flourish at the end.

P. J. ROFFEY

President of the Committee for Employment & Social Security

For and on behalf of the Committee

SCHEDULE

Regulation 1

SCHEDULE TO BE SUBSTITUTED FOR THE SCHEDULE TO THE PRINCIPAL REGULATIONS

"SCHEDULE MINIMUM WAGE RATES

Regulations 1(1) and 2(1)

Adult Minimum Wage Rate	£12.00 per hour.
Young Persons' Minimum Wage Rate	£10.80 per hour."

EXPLANATORY NOTE

(This note is not part of the Regulations)

These regulations replace the minimum wage rates for adults and young persons with the new rates of £12.00 per hour and £10.80 per hour, respectively, for the purposes of the Minimum Wage (Guernsey) Law, 2009 ("**the Law**").

Under section 31(3) of the Law, these Regulations do not have effect until approved by a Resolution of the States. If so approved, these regulations will come into force on the 1st October, 2024. The new rates will then take effect on and from the first day of the first pay reference period (as defined in regulation 3) of each worker in respect of any particular work.