

**THE STATES OF DELIBERATION**  
**of the**  
**ISLAND OF GUERNSEY**

**POLICY & RESOURCES COMMITTEE**

**INDEPENDENT STATES' MEMBERS' PAY REVIEW PANEL – FINAL REPORT 2024**

The States are asked to decide:

Whether, after consideration of the policy letter entitled 'Independent States' Members' Pay Review Panel - Final Report 2024' dated 13<sup>th</sup> January 2025, they are of the opinion:-

1. To note the Independent States' Members' Pay Review Panel's Final Report and that the Policy & Resources Committee whilst recognising the work of the Panel, has decided that, in the post-budget environment, alternative proposals would be more appropriate.
2. To agree that the current pay for States' Members should be reduced by 3% across each band at the beginning of the next political term.
3. To agree that an additional band should be added to create a four-tiered system which reflects the level of responsibility with each role, and which provides a differentiation between Presidents and Members of Committees.
4. To agree that the pay for Alderney Representatives should reflect the structure recommended for Guernsey States' Members with an additional band and a 3% reduction in pay across each band.
5. To agree that RPIX should be adopted as the mechanism of calculating annual pay increases for all States' Members, Alderney Representatives, and Non-States' Members in place of median earnings.
6. To agree that the date of the adjustment for RPIX should be aligned with the start of the political term on 1<sup>st</sup> July by using the RPIX figure at the end of the preceding March.
7. To agree that, in the event that proposition 6 is carried, remuneration for the current term should not be adjusted by median earnings in May 2025, as outlined in the current Rules for Payments to States' Members, Non-States' Members and Former States' Members, and the Rules should be updated accordingly.
8. To agree that the pay for Non-States' Members (both voting and non-voting) should remain the same but with an uplift annually by RPIX.

9. To direct the States' Assembly & Constitution Committee (SACC) clearly to define the role of non-voting Non-States' Members ahead of the commencement of the 2025 political term. Any review of pay for these roles should only take place after this has been completed.
10. To agree that the States' Investment Board (SIB) should be removed from the Rules for Payments to States' Members, Non-States' Members and Former States' Members and be reviewed separately from the other roles covered by the Rules.
11. The remuneration of the States' Investment Board (SIB) should be delegated to the Policy & Resources Committee and the Committee should seek to utilise appropriate knowledge and expertise prior to making any recommendations.
12. To agree that one month's basic salary should be provided, upon application, to States' Members who lose their seats at an election or who have to stand down during a political term owing to ill health.
13. To agree that payment should not be available for States' Members who stand down at the end of a political term.
14. To agree that a further review of loss of office payments should be undertaken by an independent panel established by the Policy & Resources Committee once any implications of the one-month payment are known.
15. To agree that a review of States' Members' pay should occur every eight years unless there is a significant change in the machinery of government or the States' Assembly otherwise deems it necessary to trigger a review.
16. To agree that the 15 per cent pay in lieu of pensions included as part of the remuneration should be continued and this should be made clear to States' Members to encourage its use to make personal pension arrangements.

The above Propositions have been submitted to His 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 2024**

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

13<sup>th</sup> January, 2025

Dear Sir

**1 Executive Summary**

- 1.1 The Policy & Resources Committee ('the Committee') has considered the findings and recommendations of the Independent States' Members' Pay Review Panel ('the Panel'). The Panel made its recommendations at a time when it was not known that an underfunded budget would be agreed by the States' Assembly. It is now incumbent on the States to reduce costs, which has led the Committee to revise the Panel's recommendations so that the cost stays within the maximum payable remuneration under the current system.
- 1.2 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.
- 1.3 Ordinarily, the Committee would not seek to interfere with an independent Panel's recommendation on pay for Deputies and others who serve on States' Committees but, given the current strain on finances, it believes that an adjustment can be made so that the Panel's proposed pay structure can be achieved within the current budget. This involves a reduction in the current pay by 3% for each band, with an additional reduction for the newly proposed Band C.

**2 Background**

- 2.1 On 25<sup>th</sup> September, 2019 (Billet d'État I, Article IX), the States resolved to direct the Policy & Resources Committee to set up an independent review of

remuneration to be paid to States' Members and Non-States' Members for the next political term.

- 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 Richard Hamilton (Chairman)  
Mr Michael Fooks  
Mr Ed Freestone

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

Whether the main principles of remuneration for States' Deputies; Alderney Members and Non-States' Members serving on States' Committees in voting or non-voting capacity remain appropriate;

Whether a different methodology to determine States' Members' remuneration should be introduced in future;

Whether current remuneration levels fairly reflect the nature of the role referenced above, taking into account attendance, role responsibility and workload distribution, including differentiation between Presidents of Committees and Members. Any future changes to those roles agreed by the States as a result of the review carried out by the Policy & Resources Committee's Reshaping Government Sub-Committee should also be considered;

Whether the independent review process should be used in future to set remuneration levels for States' Members without the need for the approval of States' Members.

In carrying out its work the Review Panel will have regard to the work of the Policy & Resources Committees' Reshaping Government Sub-Committee as necessary. Before finalising any recommendations, the Panel will consult:

- The Policy & Resources Committee
- Members of the Assembly: and
- The wider public

- 2.4 The Panel agreed that the main principles, carried over from the previous Review, remained relevant and used them 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.

### **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) the current base salary for States' Members should be maintained;
- b) an additional band should be added to create a four-tiered system which reflects the level of responsibility of each role, and which provides a differentiation between Presidents and Members of Committees;
- c) the pay for Alderney Representatives should be maintained but with an additional band to reflect the structure recommended for Guernsey States' Members' pay;
- d) RPIX should be adopted as the pay mechanism for all States' Members, Alderney Representatives, and Non-States' Members in place of median earnings;
- e) the date of the adjustment for RPIX should be aligned with the start of the political term on 1<sup>st</sup> July by using the March RPIX figure;
- f) the salary rates for Non-States' Members (both voting and non-voting) should remain the same but with an uplift annually by RPIX;
- g) the States' Assembly & Constitution Committee (SACC) should clearly define the role of non-voting Non-States' Members ahead of the commencement of the 2025 political term. Any review of pay should only take place after this has been completed;
- h) the States' Investment Board (SIB) should be removed from the Rules for Payments to States' Members, Non-States' Members and Former States' Members and be reviewed separately from the other States' Members and Non-States' Members' roles. The matter should be delegated to the Policy & Resources Committee and the Committee should seek to utilise appropriate knowledge and expertise prior to making any recommendations;

- i) one month's basic salary should be provided, upon application, to States' Members who lose their seat at an election or who have to stand down during a political term due to ill health;
  - j) payment should not be available for States' Members who stand down at the end of the political term;
  - k) a further review of loss of office payments should be undertaken once the implications of the one-month payment are known;
  - l) the review into States' Members' pay should occur every eight years unless there is a significant change in the machinery of government or the States' Assembly otherwise deems it necessary to trigger a review; and
  - m) the 15 per cent pay in lieu of pensions included as part of the remuneration should be continued and this should be made clear to States' Members to encourage its use to make personal pension arrangements.
- 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 2025 in line with any increase in Guernsey median earnings during 2024).

Table 1: Current system of remuneration

	* Deputy £	*Alderney Representative £
<b>Band A</b> President, Policy & Resources Committee	84,772	55,595
<b>Band B</b> 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	65,135	35,958
<b>Band C</b> All Other Deputies	48,213	-

Alderney Representatives with a seat on a Committee, the Transport Licensing Authority, the Development & Planning Authority or the States' Trading Supervisory Board	-	26,611
All other Alderney Representatives	-	15,745

\* 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 £2,141,861 (assuming that Alderney representatives do not occupy a position as a President or as a Member of the Policy & Resources Committee)

## 4 Resource implications

### Remuneration

4.1 The Panel proposed the following structure of pay which includes an additional Band C to sit midway between Band B and Band D.

Table 2: Proposed system of remuneration

	* Deputy £	*Alderney Representative £
<b>Band A</b> President, Policy & Resources Committee	84,772	55,595
<b>Band B</b> 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 Members of P&R Committee	65,135	35,958
<b>Band C</b> President: Development & Planning Authority States' Assembly & Constitution Committee Scrutiny Management Committee Members: 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	56,674	31,284
<b>Band D</b> Members: Development & Planning Authority States' Assembly & Constitution Committee Scrutiny Management Committee	48,213	-



Alderney Representatives with a seat on a Committee, the Transport Licensing Authority, or the Development & Planning Authority	-	26,611
All other Alderney Representatives	-	15,745

- 4.2 The maximum remuneration payable under this system is £2,337,349 (assuming that Alderney Representatives do not occupy a position as a President of a Committee or as a Member of the Policy & Resources Committee).
- 4.3 The Panel's proposed system of remuneration would cost a maximum of £195,488 more per annum than the current system. This would represent a £781,942 increase over the four years of the political term and has been based on the assumption that all Members are appointed to roles in Band A-C, with no Members being paid at the Band D rate. If there were Members who did not have a role in Band C or above, then the increase in cost compared to the current remuneration would be lower.
- 4.4 The Policy & Resources Committee recommends that the Panel's four band structure should be adopted but with an adjustment to the pay attached to each band so that it stays within the existing pay envelope. This would involve a 3% reduction from each band and a further reduction in the rate for Band C to a level that ensures that there is no overall maximum cost increase compared to current remuneration.

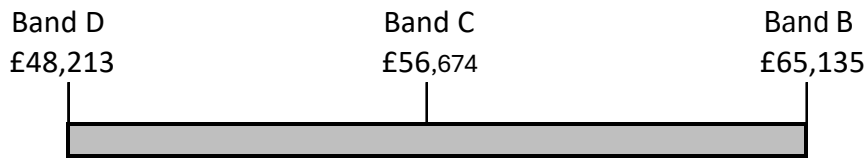
	* Deputy £	*Alderney Representative £
President, Policy & Resources Committee	82,229	53,927
Members of P&R Committee President: Committee <i>for</i> Economic Development Committee <i>for</i> Education, Sport & Culture Committee <i>for</i> Employment & Social Security Committee <i>for the</i> Environment & Infrastructure Committee <i>for</i> Home Affairs Committee <i>for</i> Health & Social Care States' Trading Supervisory Board	63,181	34,879

President: Development & Planning Authority States' Assembly & Constitution Committee Scrutiny Management Committee Members: 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	50,348	27,795
Members: Development & Planning Authority States' Assembly & Constitution Committee Scrutiny Management Committee  All Other Deputies	46,767	-
Alderney Representatives with a seat on a Committee, the Transport Licensing Authority, or the Development & Planning Authority	-	25,813
All other Alderney Representatives	-	15,273

- 4.5 The maximum remuneration payable under this system is £2,141,861 per annum (assuming that Alderney Representatives do not occupy a position as a President of a Committee or as a Member of the Policy & Resources Committee).
- 4.6 Originally Band C was proposed by the Panel as the midpoint between Band B and Band D and was 17.5% higher than the Band D rate. However, under this revised proposal, the Band C rate would be 8% higher than the Band D rate, narrowing the gap between the two bands. A pictorial illustration of the relationships

between these bands compared to the original proposal is shown below (Rates are shown for Guernsey Deputies).

#### **Original Proposal**



#### **Revised proposal**



- 4.7 The Panel has recommended annual increases in line with RPIX rather than median earnings, which could possibly reduce the annual increases compared to what it would be under the existing arrangements, thereby partially offsetting this four-year cost. However, as it is not known whether RPIX will be lower than median earnings this has not been included in the calculations.

#### **Loss of Office Payments**

- 4.8 It is unknown how many Members will stand for election and not get elected in 2029. Illustratively, if this is in line with the 2020 election, 29 Members stood for re-election and 18 were re-elected, with 11 who stood for re-election not being re-elected. A one-month base salary payment for that number of Members (at the weighted average rate of the suggested pay rates) would cost c£44.2k at current rates. Alderney Representatives would not be included in the Loss of Office Payments. The Policy & Resources Committee notes that Loss of Office Payments have not been included in the calculation of the maximum remuneration payable under the proposed system.
- 4.9 It is unknown what the cost might be of the proposed one-month's payment for Members who become unable to fulfil their duties while in post owing to ill health.

## **Affordability**

- 4.10 There would be no additional cost to the Policy & Resources Committee's proposed banding. However, loss of office payments would increase the cost by c£44.2k based on the last election but could be higher or lower depending on how many Members were not re-elected and how many Members became unable to fulfil their duties because of ill health.
- 4.11 It is noted that there was no provision for any increase in States Members' remuneration (other than inflation related increases) in the 2023 Funding and Investment Plan. Therefore, it is advised that total remuneration should stay within the existing limit of £2,141,861 per annum.

## **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):
- a) The Propositions contribute to the States' objectives and policy plans as set out in the Billet d'État I, Article IX, which directed the Policy & Resources Committee to set up an independent review of remuneration to be paid to States' Members and Non-States' Members for the next political term.
  - b) In preparing the propositions, consultation has been undertaken with States' Members, Non-States' Members and the wider public.
  - c) The propositions have been submitted to His Majesty's Procureur for advice on any legal or constitutional implications.
  - d) There are no financial implications to the States of carrying the proposal into effect but there would be an additional cost of c.£44.2k for loss of office payments based on the results of the 2020 Election. This could be higher or lower depending on how many Members are not re-elected and how many Members become unable to fulfil their duties due to ill health.
- 5.3 In accordance with Rule 4(2):
- a) The propositions relate to the Committee's purpose and policy responsibilities "to advise the States and to develop and implement policies and programmes relating to fiscal policy, economic affairs and the financial and other resources of the States,"

b) The propositions have the unanimous support of the Committee.

Yours faithfully

L Trott OBE  
President

H Soulsby MBE  
Vice-President

J Le Tocq  
B Murray  
J Gollop

**INDEPENDENT STATES' MEMBERS' PAY REVIEW PANEL**  
**REVIEW OF STATES' MEMBERS AND NON-STATES' MEMBERS' REMUNERATION REPORT**  
**TO THE POLICY & RESOURCES COMMITTEE**  
25<sup>th</sup> October, 2024

**1 EXECUTIVE SUMMARY**

Each political term, an independent pay review panel is established by the Policy & Resources Committee to review the remuneration of States' Members for the following political term, there being a well-established protocol that a sitting Assembly does not review its own remuneration. To amend the level of remuneration that any role attracts, and the mechanism for any changes, the Rules for Payments to States' Members ('the Rules') must be changed. The Rules are agreed by the States' Assembly, as there is no delegated authority or similar ability for the Committee to amend the Rules. A Policy Letter is required to be submitted by the Policy & Resources Committee to then be debated by the States' Assembly before changes to the remuneration are approved.

The States' Members' Pay Review Panel ('the Panel') was recruited via open application and met for the first time in January 2024. It carried out consultation with States' Members, Non-States' Members and the public to determine their views on the guiding principles for the review, the element of service expected in the role, and current remuneration.

After considering all the feedback received, the Panel has recommended annual increases in line with RPIX rather than median earnings.

The Panel felt that using the RPIX figure from March each year would be simpler for the public to understand and provided more consistency with the system that is applied to other salaries and benefits.

During the consultation, the Panel considered the status of States' Members being treated as self-employed for Social Security but employed for tax purposes. This had been questioned by some States' Members and clarity had been requested to whether they should be entitled to expenses. As established by previous reviews, States' Members are not employed by the States of Guernsey, and they receive a sum for expenses and pension within their remuneration. The Panel concluded that these sums should remain as part of their remuneration and, in line with the recommendation for uplifts to remuneration, they should be adjusted annually by RPIX.

The Panel also concluded that commenting on the employment status of States' Members fell outside the remit of its responsibilities.

The Panel proposes the introduction of an additional pay band for States' Members and Non-States' Members to better reflect the responsibility held by Members and

## Presidents of Committees.

It recommends that the role of a Non-States' Member should be more clearly defined to allow a more accurate assessment of the levels of remuneration attached to the role. It also recommends that the remuneration of the States' Investment Board (SIB) should be removed from the list of those covered in the Rules for Payments to States' Members, Non-States' Members and Former States' Members as it is not a political Board and is not comparable with the role of a States' Member or other Non-States' Members. It sits within the Policy & Resources Committee mandate and its function is not to support government policy but to oversee the investment management and administration of investment funds. It had been advised by Treasury that this role may benefit from a salary that is comparable with the market rate to facilitate the recruitment of professionals with appropriate expertise.

In contrast to the recommendations made by the Panel in 2019, the Panel decided not to fix the level of remuneration for the four-year term of the next States of Deliberation, taking the view that this was unfair given the variations in RPIX, etc. experienced in the previous term. The Panel felt this approach supports the principles of fairness and transparency referenced throughout the process.

The proposed remuneration structure recommended by the Panel has a maximum cost which is £170,000 per annum more than the maximum cost of the current system (based on current pay rates). This assumes that Alderney Representatives do not occupy a position in Band A or B (i.e. President of Policy & Resources, President of STSB or a Principal Committee or a member of the Policy & Resources Committee). Therefore, there is a potential increase in cost of £680,000 over the four-year political term. The introduction of RPIX as the mechanism to calculate pay uplifts could possibly reduce the annual increases compared to what they would be under the existing arrangements, thereby offsetting this four-year cost. However, as it is not known whether RPIX will be lower than median earnings this is not calculated in the figure of the projected cost.

## 2 INTRODUCTION AND TERMS OF REFERENCE

In 2019 the States resolved to direct the Policy & Resources Committee to set up an independent review of pay for the next political term.

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 Richard Hamilton
2. Mr Michael Fooks
3. Mr Ed Freestone

The Committee appointed Mr Hamilton as Chairman.

The terms of reference of the Panel were:

- *Whether the main principles of remuneration for States' Deputies, Alderney Members and Non-States' Members serving on States' Committees in voting or non-voting capacity remain appropriate;*
- *Whether a different methodology to determine States' Members' remuneration should be introduced in future;*
- *Whether current remuneration levels fairly reflect the nature of the roles referenced above, taking into account attendance, role responsibility and workload distribution, including differentiation between Presidents of Committees and Members. Any future changes to those roles agreed by the States as a result of the review carried out by the Policy & Resources Committee's Reshaping Government Sub-Committee should also be considered;*
- *Whether the independent review process should be used in future to set remuneration levels for States' Members without the need for the approval of States' Members.*

The Panel worked closely to the Terms of Reference provided and concluded the following:

***Whether the main principles of remuneration for States' Deputies, Alderney Members and Non-States' Members serving on States' Committees in voting or non-voting capacity remain appropriate***

Following the public consultation process, together with meetings with States' Members past and present, as well as other interested parties, the Panel concluded the principles of remuneration for States' Deputies, Alderney Members and Non-States' Members serving on States' Committees in a voting or non-voting capacity remain appropriate.



However, the Panel was mindful of the impact of potential changes to the structure of the States in the future and as a result, the Panel has made some suggestions with regard to future methodologies for establishing appropriate levels of remuneration across the States' Assembly.

***Whether a different methodology to determine States' Members' remuneration should be introduced in future***

The Panel considered the current methodology of adjusting remuneration annually by the change in median earnings and concluded that using the mechanism of RPIX would be simpler for the public to understand and provided more consistency with the basis of any uplifts applied to States' employees' salaries and Social Security benefits in Guernsey.

***Whether current remuneration levels fairly reflect the nature of the roles referenced above, taking into account attendance, role responsibility and workload distribution, including differentiation between Presidents of Committees and Members. Any future changes to those roles agreed by the States as a result of the review carried out by the Policy & Resources Committee's Reshaping Government Sub-Committee should also be considered;***

The Panel took on board the feedback from the consultation which showed support for aligning the structure of pay with the level of responsibility of each role. It therefore recommends the creation of a four-tiered pay band structure which places Members and Presidents of Committees in separate bands. The Panel felt that this would more fairly reflect the role responsibility, workload distribution and differentiation between Presidents, Members and Deputies without Committee roles.

It also felt that serious consideration should be given to the future process of establishing remuneration levels in light of and prior to the implementation of any changes to the structure of the States, Committees and responsibilities with the States' Committee structures.

***Whether the independent review process should be used in future to set remuneration levels for States' Members without the need for the approval of States' Members.***

The Panel concluded that the process of establishing a voluntary independent panel to consider levels of remuneration across the States should not be continued in its current form.

Following the introduction of an additional band, the Panel recommends that the review process be moved to every eight years unless significant changes are made to the machinery of government, or the States deem it necessary to trigger a review outside of the eight-year cycle. The structure of States' Members' pay has remained largely the same since 2016 so the Panel felt that the system was appropriate, and this was

reflected in the conversations with States' Members. Therefore, extending the period between reviews minimises the resources and administration required but ensures that checks and balances remain in place. The Panel also felt that there may be significant changes that happen after eight years which may have not occurred within the four-year term.

If future changes to the machinery of government are proposed, the Panel suggests that greater consideration should be given to the ability to measure the performance and application of Members during the political term.

### **3. CONSULTATION**

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, the element of service expected in the role, and the current level of pay.

These consultations ran over several weeks and the public consultation was publicised in local and social media to try to encourage as much participation and engagement as possible.

The Panel also ran three community drop-ins for the public to collect paper copies of the survey and ask questions about the review.

The Panel notes that there was good engagement with both consultations. The States' Members' survey received 35 responses from States' Members and Non-States' Members, and the Panel conducted 21 interviews. In the case of the public consultation, the Panel received 377 responses. Appendix 1 provides a summary of the responses from the public survey.

A wide variety of views was shared in the survey but most agreed that States' Members should receive some amount of pay as compensation for their time and to ensure the principle relating to widespread participation is met.

The majority agreed that pay should be based on level of responsibility but there were also suggestions for time commitment and performance to be determining factors.

There were split views in terms of the approach to attracting high quality candidates to stand for election, with some feeling that increasing the pay would help attract qualified and highly skilled people from the private sector and others of the opinion that reducing or removing it completely would attract only those who want to serve the island.

With regard to the States' Members' survey, most Deputies felt that the current remuneration was broadly acceptable. Almost all Members emphasised how important it was to factor in the time commitment, level of responsibility and workload of States'

Members and Non-States' Members.

#### **4 PRINCIPLES**

The six guiding principles, carried over from the previous Review in 2019, 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.

The consultation responses received by the Panel showed that the majority agreed with the guiding principles. The Panel concluded the principles were appropriate to guide the review.

#### **5 OPTIONS IDENTIFIED FOR THE REMUNERATION OF STATES MEMBERS**

The panel identified a range of options as a result of the feedback received directly from Deputies, former Deputies and members of the public.

The Panel identified the strengths of alternative options but concluded that the weaknesses outweighed them so decided to recommend a different approach. The Panel has summarised its key considerations of these options.

##### Pay Freeze

The Panel considered freezing States' Members' pay without an annual uplift for median earnings. It felt this would provide a low-cost option that would meet the principle of being administratively simple. The Panel thought it would be politically non-controversial and would avoid the perception that Deputies are being rewarded for perceived failures during the political term.

Nevertheless, it ultimately decided that this option would not be preferred because it would reduce remuneration in real terms through an inflationary drag which had the potential to impact widespread participation by dissuading less wealthy people from standing. This real term decrease could also result in additional reliance on external work which the Panel felt had the potential to distract from States' Members' duties and dilute the effectiveness of the Assembly.

It felt that this could result in a dated remuneration model which would require greater modification in the next political term as it would not address the issues raised in the consultation, particularly in relation to structuring pay around the level of responsibility

of the role.

Based on the feedback received in the consultation with Deputies, the Panel was concerned that not making any changes would enable those who can afford it to make political points about not wanting to be paid (even though there is no obligation to collect their stipend). While those who need the income to support themselves and their families could be placed at a potential political disadvantage.

#### Remove Remuneration for States' Members

The Panel felt that this option would provide a significant cost saving and would be administratively simple to implement. It would address the concern of people standing for election for the remuneration alone and reflects the review of some that participation should be motivated by service to the community. Given the financial struggles experienced in the current political term, it may be received well by the public as a necessary and appropriate sacrifice.

However, the Panel thought it was important to uphold the principle of widespread participation and by removing the remuneration completely it would exclude a section of the population who could not afford to live without an element of financial contribution. This would limit the diversity of the States and could further the perceived disconnect between Deputies and the community.

The Panel acknowledged that this option would also not be perceived as fair or appropriate by the Assembly as there would be no financial recognition for the time and effort dedicated to the States. This could in turn diminish the perceived value and credibility of the role of a Deputy if it became seen as a role unworthy of a salary which could impact the dedication and professionalism of the role. The Panel was also concerned that removing remuneration could potentially encourage overt or covert incentives to play a much bigger part in States' deliberations, despite declarations of interest and other forms of scrutiny.

#### Pay the Equivalent of Minimum Wage or Pension

The Panel considered the suggestion, that a few members of the public raised in the consultation, to set the remuneration at the same rate as those who receive minimum wage or the pension. This would use widely published figures so it would be simple to implement the indexation. The Panel acknowledged that this option would be viewed as equitable by some members of the community and would provide a significant cost saving but it felt this would be administratively complex to implement because minimum wage is based on an hourly measurement method which could result in unproductive time being remunerated or Members sitting on multiple Committees for the purpose of generating more income.

The Panel believed that linking to minimum wage or the pension would prevent some

members from standing, especially professionals who would be taking a significant drop in salary to become a Deputy. The purpose of the minimum wage is to set a floor rate to prevent the exploitation of workers and the pension is intended to support people after they stop working, therefore it is not considered appropriate or transferable to the work conducted by States' Members. The Panel also flagged the conflict of interest of using these rates of pay given they are set by the States. As a result, the Panel decided that this option was not feasible and proved to be too much of a departure from the current system which most people, both States' Members and members of the public, largely agreed with. It determined that it was not warranted to scrap the whole system and it was more appropriate to tweak the current set up into a more representative structure.

#### Remuneration based on Civil Service/Public Service Pay Scales

This option would be administratively simple and transparent as the rates and indexation are established for public sector workers and are publicly accessible. This would mirror the UK system for MPs' remuneration and aligns the increases with the perception of what the States can afford. It would mean that States' Members' remuneration was tied to other pay groups and that, as a consequence, Deputies would share the same challenges as those employed by the States.

Nevertheless, the Panel believed a major flaw of this option is that Deputies are involved in the setting of these rates by negotiation, and they are agreed by the Policy & Resources Committee which is why linking to an existing local pay structure has been avoided historically. This option could lead to the favouring of a particular pay group to influence what Deputies receive in pay, but the Panel recognised that the number of Deputies involved in the pay negotiations is relatively few. The Panel also acknowledged that establishing which pay structure to use as a framework could become politically complicated and controversial. This option was not suggested during the consultation with States' Members or the public as a preferred system to determine pay, so the Panel concluded there was no appetite to explore this option further.

#### Index the current rate of remuneration

The option of maintaining the current rate of remuneration but with an index applied for either median earnings or another mechanism had the major advantage politically of being in line with States' policies. The Panel believed this would continue to attract a cross section of the community to stand for election and had the advantage of being politically neutral and administratively simple given there would not be any significant changes made. It prevented changing the structure of pay when changes to the machinery of government had not been made and demonstrated a positive step in the recognition of the value of States' Members and their participation. The Panel felt that major changes to remuneration should not be implemented without a full review into machinery of government.

In reviewing this option, the Panel felt that there were challenges to using median

earnings as the mechanism to index remuneration because they do not account for many who do not work full-time, and they are often misunderstood. It questioned whether median earnings are possibly skewed by well-paid sectors which may not reflect the reality of the wider economy.

## 6 REMUNERATION AND LEVELS OF RESPONSIBILITY, ETC

The current system of remuneration is structured around three bands: Band A, comprising the President of the Policy & Resources Committee only, is the highest band; Band B, comprising the six Principal Committee Presidents, the Presidents of the 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.

The current rates of remuneration for these different bands are set out in the table below. This is based on the 2024/2025 remuneration rates and, excludes Alderney Representatives. The uplift for Social Security (i.e. the difference between the contribution rates of employed and self-employed persons) is not payable to Members aged over the States' pension age.

Table 1: Current Remuneration

	<b>Basic Remuneration</b>	<b>*Uplift for Social Security</b>	<b>Total per person</b>
<b>Band A</b>  President, Policy & Resources Committee	£80,967	£3,805	£84,772
<b>Band B</b>  Presidents, Principal Committees  President, Scrutiny Management Committee (SMC)  President, States Assembly & Constitution Committee (SACC)  Members, Policy & Resources Committee	£62,211	£2,924	£65,135
<b>Band C</b>  All Other Deputies	£46,049	£2,164	£48, 213
The maximum total annual remuneration of the current system is <b>£2,141,861</b> .			

## **Additional/ Changes to Bandings**

Based on the feedback received in the consultation which showed support for aligning pay more closely to responsibility, the Panel considered changing the pay structure which includes the introduction of an additional band. In the States' Members' survey, just under 43 per cent of respondents thought that the President of the States' Trading Supervisory Board (STSB) is paid too little, and the responsibility of the role received an average rating of 3.54 out of five which is similar to the ratings of the Principal Committees.

Several States' Members said during interviews that the President of the STSB should receive an uplift because of the demands of the role and it was perceived as more work and responsibility than the Presidents of SACC and the Scrutiny Management Committee (SMC). In the 2019 review, the Panel proposed the inclusion of the President of the STSB within Band B with the Presidents of the Principal Committees.

The proposal to create an extra tier recognises that Members of Principal Committees, the STSB and Presidents of the SMC, SACC, and the Development and Planning Agency (DPA) have responsibilities above those of a Deputy who does not have a seat on any Principal Committee. The banding system outlined above provides a cascading tiered structure where Presidents receive higher pay than the Members of their Committees, which seems fair in light of the difference in their respective responsibilities, which is especially evident in respect of the larger Committees but can occur at any time if a Committee comes under intense scrutiny for some reason.

This means that Members of the SMC, SACC and DPA will be grouped in Band D and will receive the same remuneration as Deputies without Committee positions. This reflects the fact that none of these Committees has a significant policy mandate, and neither do they oversee significant operational delivery. The contrast with Members on, for example, the Committee *for* Education, Sport & Culture or the Committee *for* Home Affairs is considerable.

The Panel agreed to keep the six Principal Committees in the same band and that the President of SACC should be in a lower band than them because it felt the role and responsibility of the President of SACC was not as demanding as a Principal Committee President. It had been reflected in the feedback received from States' Members that the SACC mandate could not be considered comparable to that of a Principal Committee. It was agreed that the new Band C would include the Presidents of SACC, the SMC and the DPA.

The Panel decided that the newly created Band C should be the mid-point between Bands B and D. The creation of a four-tiered banding system reflects the level of responsibility associated with each role and provides differentiation between Presidents and Members of Committees.

### Proposed Remuneration System

The Panel discussed the results of the public consultation including the suggestion that pay should be determined by performance and time commitment. It felt that the most appropriate course of action would be to recommend minor changes within the current structure but to provide a recommendation for further review if significant changes to the system of government were made in future.

The Panel was of the view that there was a danger of incentivising participation on a Committee as it could lead to participation for remuneration alone but it was also mindful not to create a system where a Member is penalised for not being successfully elected to a Committee position through no fault of their own.

Some of the public feedback indicated that higher pay was needed to attract higher quality candidates, but the Panel did not share that view and thought it could lead to people standing who were motivated only by the level of pay.

Conversely, the Panel was of the view that reducing the current level of pay would have the potential to attract only candidates with existing wealth, and that to successfully diversify the States a change in culture would be required as the underrepresentation of certain groups in the States could not be resolved by changing the pay alone.

The Panel reflected upon the composition of the current States of Deliberation and felt that it was fair to say that the current remuneration levels and structure had not adversely affected the composition of the States from a diversity perspective and were therefore minded not to make changes that could manifestly affect the principle of encouraging participation.

The Panel identified the fact that there were challenges with regard to making recommendations within the parameters of the current system which did not have accountability for performance and participation built into it. This was one of the drivers for the Panel's recommendation for a thorough review of the options in preparation for the possible future changes to the machinery of government.

Should the recommendation to move to a four-tier banding be implemented, the newly proposed remuneration system would be re-banded as follows, based on the 2024 rates of remuneration:

Table 2: Proposed Remuneration

	<b>Basic Remuneration</b>	<b>*Uplift for Social Security</b>	<b>Total per person</b>
<b>Band A</b>	£80,967	£3,805	£84,772
President, Policy & Resources Committee			



<b>Band B</b>  Presidents, Principal Committees  President, States' Trading Supervisory Board (STSB)  Members, Policy & Resources Committee	£62,211	£2,924	£65,135
<b>Band C</b>  President, Scrutiny Management Committee (SMC) President, States' Assembly and Constitution Committee (SACC) President, Development and Planning Authority (DPA)  Members, Policy & Resources Committee  Member, States' Trading Supervisory Board (STSB)	£54,130	£2,544	£56,674
<b>Band D</b>  Members, Scrutiny Management Committee (SMC) Members, States' Assembly and Constitution Committee (SACC) Members, Development and Planning Authority (DPA)  All Other Deputies	£46,049	£2,164	£48,213

### **Alderney Representatives**

The Panel received limited representations in respect of the remuneration of the Alderney Representatives. The Panel therefore proposes that the pay for Alderney Representatives should remain the same but that an RPIX adjustment should be applied annually.

It is also recommended that any Alderney Representatives who sit on the STSB are put in the same band as Members of the Principal Committees.

This proposed structure moves Alderney Representatives with a seat on the STSB into the newly created band which aligns it with the States' Members' structure. Band D continues to include representatives with a seat on SACC, the SMC, the DPA or the Transport Licensing Authority (TLA). This structure continues the uplift that has been established for Alderney Representatives who have responsibility outside of States' Meetings.

Table 3: Proposed Remuneration for Alderney Representatives

	Total
<b>Band A</b> President, Policy & Resources Committee	£55,595
<b>Band B</b> Presidents, Principal Committees President, States' Trading Supervisory Board (STSB) Members, P&R Committee	£35,958
<b>Band C</b> President, Scrutiny Management Committee (SMC) President, States' Assembly & Constitution Committee (SACC) President, Development & Planning Authority (DPA) Members, Principal Committees Members, States' Trading Supervisory Board (STSB)	£31,284
<b>Band D</b> With a seat on Committee, the Transport Licensing Authority, the Development & Planning Authority.	£26,611
<b>Band E</b> All other Alderney Representatives	£15,745

The maximum total remuneration of the proposed system for States' Members and Alderney Representatives is **£2,337,349** (assuming that Alderney Representatives do not occupy a position as a President of a Committee or as a Member of the Policy & Resources Committee).

### Financial Implications

The proposed remuneration structure recommended by the Panel has a maximum cost of £195,488 per annum more than the maximum cost of the current system (based on the current pay rates). This assumes that Alderney Representatives do not occupy a

position in Band A or B (i.e. President of Policy & Resources, President of STSB or a Principal Committee or a member of Policy & Resources Committee). Therefore, there is a potential increase in cost of £781,952 over the four-year political term.

The increase in cost is primarily owing to pay increases for Members of the Principal Committees (up to 24 members) and the STSB (up to 2 members) whose pay would increase from £48,213 currently (the lowest band) to £56,674 (Band C) under the proposals.

If the two Alderney Representatives were also appointed as Members of the Principal Committees there would increase from £26,611 currently to £31,284 (Band C) under the proposals.

It is also noted that the proposal aligns the pay rates for the Presidents of the SMC, President of SACC and President of the DPA in Band C with remuneration of £56,674. Currently, two of these roles (SMC and SACC) are in Band B and one is paid at the current lowest band (DPA). Across these roles the proposal would result in an £8,461 decrease to current remuneration.

The estimated increase of £195,000 per annum would however be reduced if Members hold multiple Committee positions.

### **Pay Mechanism**

Remuneration is currently benchmarked against median earnings in Guernsey, changing year-on-year alongside any upward percentage change in median earnings. The graph in Appendix 2 demonstrates the impact RPIX would have had on States' Members' salary since 2012 in comparison with median earnings.

The Panel has recommended annual increases in line with RPIX rather than median earnings, which could possibly reduce the annual increases compared to the existing arrangements, thereby partially offsetting the four-year cost. However, as it is not known whether RPIX will be lower than median earnings this is not calculated in the figure.

Increase in RPIX reflects the general increase in prices experienced by households and is generally considered the baseline for most negotiations and considerations regarding increases in pay and benefits.

This is the policy typically applied to increases in non-contributory benefits like income support (with a reassessment of the levels against minimum income standards approximately every five years). It also tends to be the basis from which public sector wage negotiations begin.

The advantage of this policy is that it maintains the real value of the payment and that, on average, the recipient will be able to buy the same amount of goods and services

over time and it is a commonly used metric.

The disadvantage of this is that it tends to increase at a slightly slower pace than median earnings, which means that increased on this basis the value of the pay will become less relative to median earnings over time.

The Panel felt that using RPIX would be simpler for the public to understand and provide more consistency with the system that is applied to other salaries and benefits. It agreed that RPIX would be the best mechanism to use for determining annual adjustments in pay.

### **Effective date of uplift**

The automatic adjustment for any percentage change in median earnings happens on 1<sup>st</sup> May each year. This date was established when States' terms commenced on 1<sup>st</sup> May following an April election. The Panel recommends that the date of the adjustment for RPIX should be aligned with the start of the political term on 1<sup>st</sup> July by using the March RPIX figure.

### **Non-States Members**

The consultation with States' Members confirmed that Non-States' Members are seen as valuable members of the Committees they sit on, and it was noted that their contribution is similar to States' Members in terms of the reading of papers and participating in Committee meetings. They do not, however, share any accountability for the political decisions made by the Committees in question.

Some Members felt that Non-States' Members are not appropriately remunerated for their time commitment and contribution and there was a wide range of suggestions for the appropriate amount of remuneration.

However, in the consultation with States' Members and Non-States' Members, it was also pointed out that many Non-States' Members do not undertake the role for the remuneration and are not reliant on it. The Panel understood that most Non-States' Members' motivation for undertaking the role is to share their expertise as an act of service. Therefore, the remuneration is not viewed, or expected to be, an accurate reflection of the demands of the role.

The Panel recognises that if the best possible people are required to support Committees, it is essential that they are appropriately remunerated both in terms of their expertise and their time commitment.

The Panel did not agree with the previous panel's view that there were no recruitment challenges in respect of Non-States' Members, hence its recommendation is for the roles to be clearly defined and standardised going forward, potentially by SACC. Any review

of pay should only take place after this has been completed. The Panel recommends that the level of remuneration for non-voting Non-States' Members is retained but with an annual adjustment by RPIX until this review takes place.

The Panel considered whether there was a disconnect between the pay of voting Non-States' Members on the STSB and the non-executive directors on States owned incorporated entities with regard to personal liability.

It was established the States, acting through the STSB, is the legal controlling entity of the unincorporated businesses and hold the equivalent fiduciary duties. The Panel therefore decided to keep the remuneration the same for Non-States' Members on the STSB, as the pay was considered appropriate for the duties and responsibility involved.

The Panel felt that the States' Investment Board (SIB) should not be grouped with the other Non-States' Members and the recommendation for this is addressed separately in the report.

#### Proposed Remuneration for Non-States' Members

The current remuneration for Non-States' Members is shown in the table below. The Panel recommends that these should be adjusted annually by RPIX but that no other changes should be implemented until the roles of non-voting Non-States' Members have been clearly defined.

Table 4: Proposed Remuneration for Non-States' Members

	Total per person
States' Trading Supervisory Board	£10,221 + RPIX
Six Principal Committees, the Scrutiny Management Committee (including the Legislation Review Panel), the Transport Licensing Authority, the Development Planning Authority and the Seafront Enhancement Committee	£2,556 + RPIX

## **7 INCOME TAX AND SOCIAL SECURITY**

During the consultation, the Panel considered the status of States' Members being treated as self-employed for Social Security but employed for tax purposes. This had been questioned by some States' Members and clarity had been requested to whether they should be entitled to expenses. As established by previous reviews, States' Members are not employed by the States of Guernsey and they receive a sum for expenses and pension within their remuneration. The Panel concluded that these sums should remain as part of their remuneration and, in line with the recommendation for uplifts to remuneration, they should be adjusted annually by RPIX.

While the Panel concluded that commenting on the employment status of States' Members fell outside the remit of its responsibilities, it strongly suggests that the States should consider this anomaly and provide clarity to Members.

## **8 PENSIONS AND LOSS OF OFFICE PAYMENTS**

### **Pensions**

During the consultation with States' Members there had been requests to reinstate the pension and it became clear that many were not aware of the 15 per cent payments included in their pay that replaced the pension. This intention of this addition to the remuneration was to allow for Members to make their own pension arrangements if they wish. As States' Members are self-employed, they are not included in the States of Guernsey employee pension scheme and are not covered in secondary pensions. Therefore, the Panel, recommend the continuation of the 15 per cent payment in lieu of pensions and recommend that it is made clear to States' Members that this is included in their monthly salary and that they are encouraged to make use of it to make personal pension arrangements.

### **Loss of Office Payments**

Loss of office payments had been mentioned by some Deputies during the consultation and the Panel felt they were equivalent to a notice period and would provide time to find alternative employment.

The feedback from States' Members in the consultation was that Members who had served two terms or more had reduced employment prospects so the Panel felt it could justify introducing a payment for those who had stood for election and lost their seats, to assist them financially whilst they sought alternative employment.

The Panel therefore decided to recommend providing one month's basic salary as a loss of office payment, to be paid on application, for those who lose their seats in an election. It would not be automatically added to final salaries. The Panel also decided that States' Members who have to stand down during a term because of ill health should also be entitled to a loss of office payment of one month.

The Panel was also unanimous that the payment should not be available for States' Members who stood down at the end of a term.

The Panel recommended a further review into the one-month provision as part of any future Remuneration Review, once the implications of the payment were known.

Appendix 3 contains financial information which supports the decision of the Panel.

Using the figure of 11 Deputies who lost their seats in the 2020 Election, the cost in 2024 terms for a one-month scheme would be £44.2k.

The calculations have been provided with the assumption that the current basic rate of pay (£48,213) will remain unchanged and that all eligible individuals will attract the uplift for Social Security, being £2,164 of the £48,213. States' Members over pensionable age are not eligible for the social security uplift. It is assumed that the payment will take the form of an ex-gratia payment, therefore not attracting employer Social Security contributions.

## **9 STATES' INVESTMENT BOARD (SIB)**

The SIB was created in 2021 and the remuneration of its members had been aligned with the remuneration of the Non-States' Members on the States' Trading Supervisory Board. When the rate was initially being decided, there was a strong case for setting it at a commercial rate to attract applicants with the specialised skills required to do the role, but it was ultimately decided that this had the potential to divert focus towards cost instead of the importance of SIB's role. A couple of Deputies raised in the consultation that the rate was not competitive in relation to industry standards which might impact the ability to attract highly skilled candidates.

The Panel considered whether the SIB salary was too low for the expertise required for making investment decisions. It had been advised by Treasury that this role may benefit from a salary that is comparable with the market rate to facilitate the recruitment of professionals with expertise. The Panel felt that the SIB is a professional Committee which should be treated separately from States' Members and Non-States' Members as it is not a political Board and that the decision on the appropriate level of remuneration should not be made by the Panel.

The Panel felt that it would not be appropriate to recommend a banding figure for the SIB but instead it recommends that the SIB should be removed from the list of those covered in the Rules for Payments to States' Members, Non-States' Members and Former States' Members and that the matter should be delegated to the Policy & Resources Committee to determine an appropriate rate that will attract the right calibre of candidate to the role. The Committee should seek to utilise appropriate knowledge and expertise prior to making any recommendations.

## **10 FUTURE REVIEWS OF STATES' MEMBERS' PAY**

The Panel considered the process for future reviews of States' Members' pay and concluded that it is appropriate for the States Assembly to approve the remuneration levels given the financial implications of these. However, it was noted that the structure of States' Members' pay has remained largely the same since 2016 so the Panel felt that there was not a need to conduct a review as frequently as every term given the minimal changes that have occurred.

Therefore, the Panel proposes that following the introduction of an additional band, the States' Members' pay review should occur every eight years (or two political terms) unless the States trigger an earlier review, or the Machinery of Government changes. This would provide more consistency and removes the requirement to review a system that has already been established as appropriate, thus saving time and resources. Additionally, maintaining the review process ensures that the checks and balances remain in place.

As discussed in the previous section, the Panel recommend that the SIB be removed from the list of those covered in the Rules for Payments to States' Members, Non-States' Members and Former States' Members and that the matter should be delegated to the Policy & Resources Committee to utilise appropriate knowledge and expertise prior to making any recommendations.

## **11 RECOMMENDATIONS**

In summary, the Panel recommends:

- i. the current base salary for States' Members should be maintained;
- ii. an additional band should be added to create a four-tiered system which reflects the level of responsibility of each role, and which provides a differentiation between Presidents and Members of Committees;
- iii. the pay for Alderney Representatives should be maintained but with an additional band to reflect the structure recommended for Guernsey States' Members' pay;
- iv. RPIX should be adopted as the pay mechanism for all States' Members, Alderney Representatives, and Non-States Members in place of median earnings;
- v. the date of the adjustment for RPIX should be aligned with the start of the political term on 1<sup>st</sup> July by using the March RPIX figure;
- vi. the salary rates for Non-States' Members (both non-voting and voting) should remain the same but with an uplift annually by RPIX;
- vii. the States Assembly & Constitution Committee (SACC) should clearly define the role of non-voting Non-States' Members ahead of the commencement of the 2025 political term. Any review of pay should only take place after this has been completed;
- viii. the States' Investment Board (SIB) should be removed from the Rules for Payments to States' Members, Non-States' Members and Former States' Members and be reviewed separately from the other States' Members and Non-States' Members'



roles. The matter should be delegated to the Policy & Resources Committee and the Committee should seek to utilise appropriate knowledge and expertise prior to making any recommendations;

- ix. one month's basic salary should be provided, upon application, to States' Members who lose their seat at an election or who have to stand down during a political term due to ill health;
- x. payment should not be available for States' Members who stand down at the end of the political term;
- xi. a further review of loss of office payments should be undertaken once the implications of the one-month payment are known;
- xii. the review into States' Members' pay should occur every eight years unless there is a significant change in the machinery of government or the States' Assembly otherwise deems it necessary to trigger a review;
- xiii. the 15 per cent pay in lieu of pensions included as part of the remuneration should be continued and this should be made clear to States' Members to encourage its use to make personal pension arrangements.

## **12        THANKS**

The Panel wished to formally thank the support staff who have provided assistance and advice with the review into States' Members' pay. The Panel was also grateful for the engagement from States' Members, Non-States' Members, and the public for their participation in the consultation and the support from venues who provided space for the drop-ins: Guille-Allès Library; St Martin's Community Centre and the Salvation Army Community Centre.

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Richard Hamilton, Chair

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Michael Fooks

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Ed Freestone

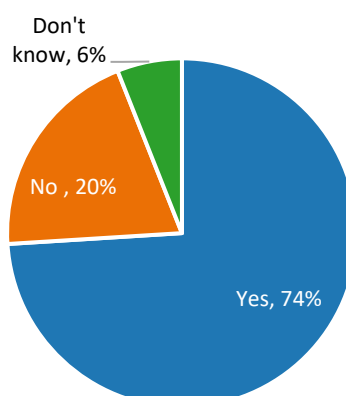
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## **APPENDIX 1: Public Survey Results**

The Panel issued a public consultation on the issue of States' Members' remuneration on 23<sup>rd</sup> April, 2024. This consultation ran for several weeks, closing on 26<sup>th</sup> May, 2024. It was reported on and publicised in the local and social media, as well as online. In total, the Panel received 377 responses from members of the public.

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

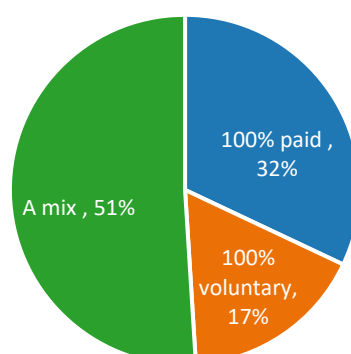
### **1. Do you consider these guiding principles appropriate?**



Graph 1

As demonstrated in the above graph, most respondents considered the guiding principles to be appropriate. Some respondents commented that they thought time commitment and performance should be determining factors, but it was concluded by the Panel that time spent does not equate to effectiveness in the role and that it would be challenging to measure performance given the variable nature of being a Deputy.

### **2. Do you think a States' Member's role should be considered a paid professional or voluntary service?**

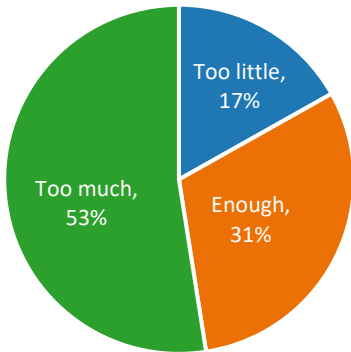


Graph 2

There were a mix of views shared with 51 per cent of respondents selecting a mix of paid professional and voluntary service; 32 per cent paid professional; and 17 per cent

voluntary service. Most respondents recognized that the role should have some financial reward to compensate for the time committed and to ensure that Deputies can afford to live on the island. It was also considered important that Deputies are motivated by serving the community rather than for the pay.

3. What is your opinion on the current pay for Deputies?

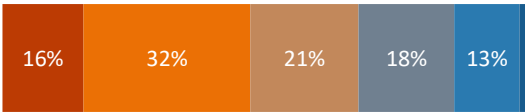


Graph 3

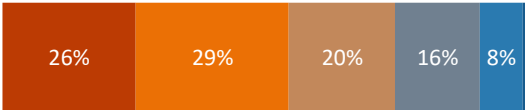
More than half (53 per cent) of respondents thought that the current pay for Deputies was too much; 31 per cent thought it was enough and 17 per cent thought that it was too little. There were mixed views on the current pay with some respondents thinking the pay should be increased to attract higher quality and experienced candidates from diverse backgrounds, and others who believed the pay should be reduced to ensure only those committed to the island became Deputies.

4. To what extent do you agree or disagree with the following statements?

“The current level of pay encourages a wide range of individuals to put themselves forward for election.”



“The current level of pay is a significant incentive for candidates to stand for election.”



“States’ Members’ pay should be based on the level of responsibility attached to each role.”

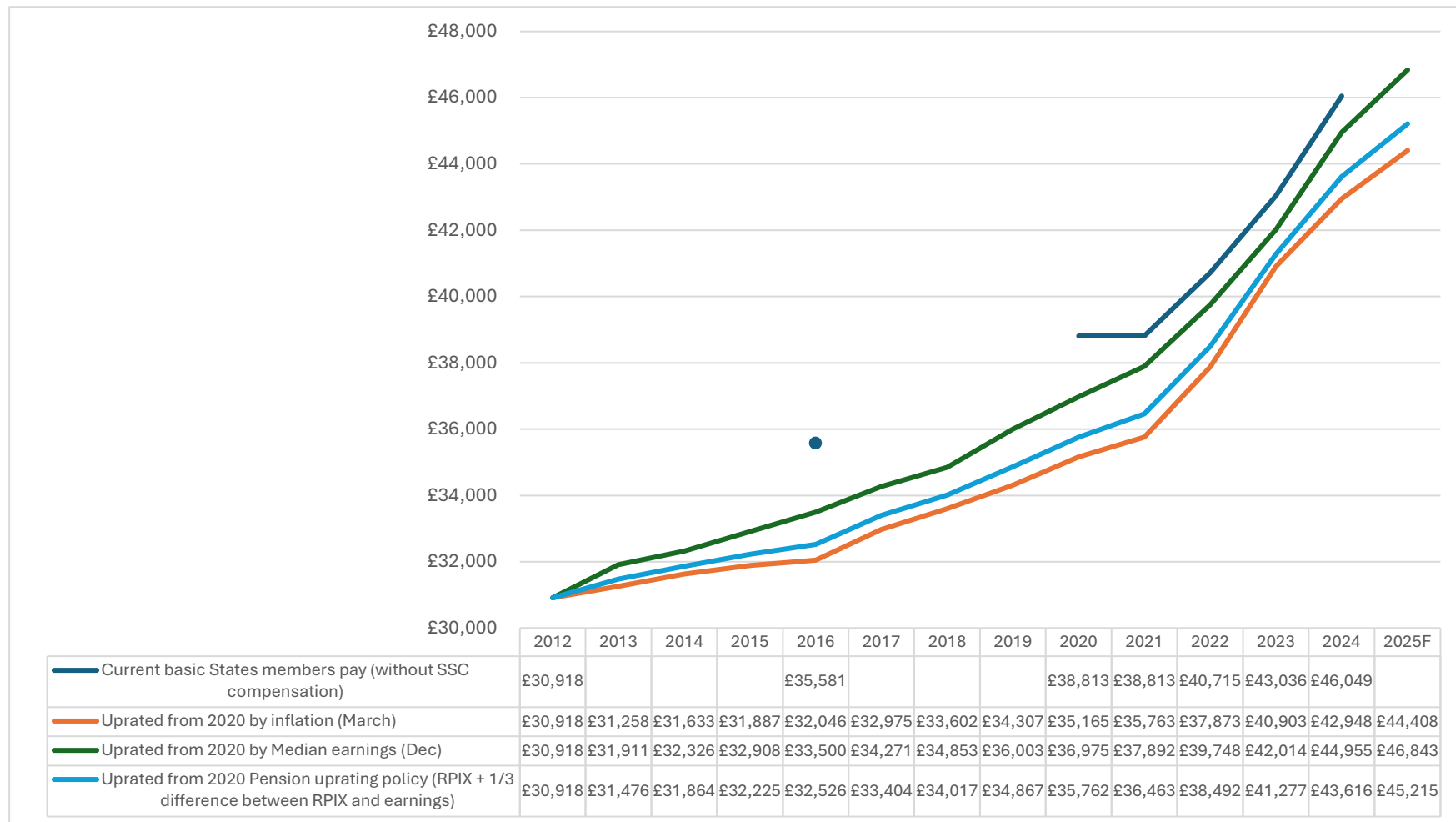


- Strongly agree
- Agree
- Neither
- Disagree
- Strongly disagree
- Don't know

Graph 4

The majority agreed or strongly agreed that the current level of pay encourages a wide range of individuals to put themselves forward for election; the current level of pay is a significant incentive for candidates to stand for election; and States' Members' pay should be based on the level of responsibility attached to each role. However, nearly one third of respondents disagreed or strongly disagreed that the current level of pay encourages a wide range of individuals to put themselves forward.

## APPENDIX 2: Progression of States members pay from 2012 under different policy assumptions

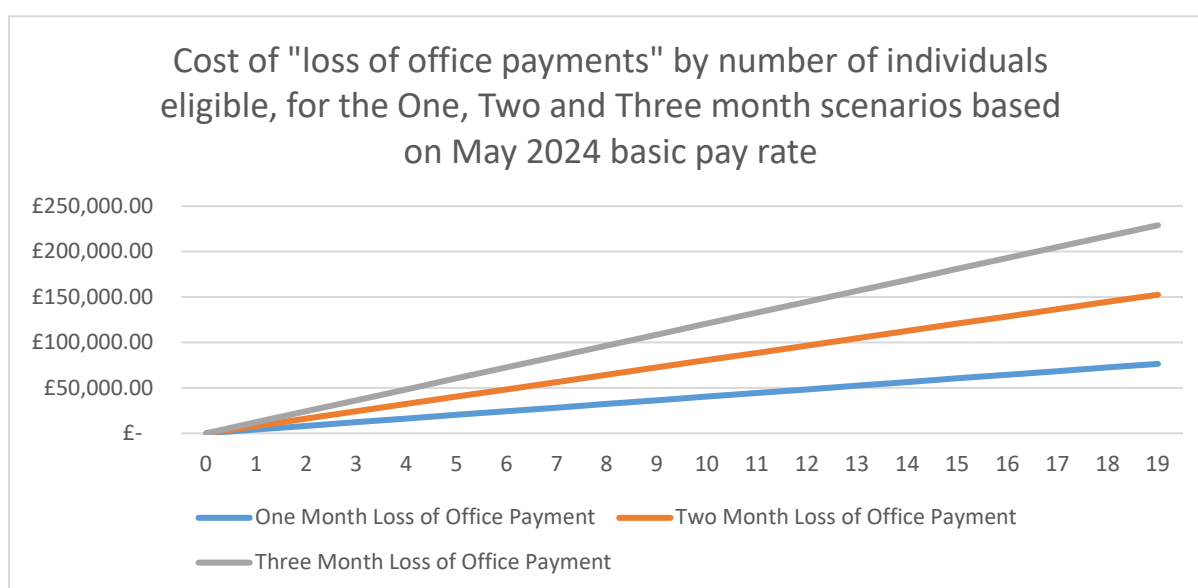


Graph 5

### **APPENDIX 3: Loss of Office Payments Financial Information**

The Senior Finance Manager has calculated the estimated cost of introducing loss of office payments based on the current basic level of salary for States' Members which is £48,213 per annum. The calculations provided are subject to change in May 2025, so it is not possible to give the exact figure for the basic pay rate on the date of the next election.

The three lines represent the three different scenarios (blue - one month; orange - two months; and grey - three months) plotted across a range of individuals eligible for the payment scheme, up to 19 being half of the incumbent Deputies.



Graph 6

Using the figure of eleven deputies who lost their seats in the 2020 Election, the cost in 2024 terms for a one-month scheme would be £44.2k; a two-month scheme would cost £88.4k; and a three-month scheme would cost £132.6k.

For reference, the largest number of seats lost was 12 in the 2012 Election, meaning a three-month loss of office payment scheme in 2024 terms would cost £144.6k.

The calculations have been provided with the assumption that the current basic rate of pay (£48,213) will remain unchanged and that all eligible individuals will attract the uplift for social security, being £2,164 of the £48,213. States' Members over the pensionable age are not eligible for the social security uplift. It is also assumed that the payment will take the form of an ex-gratia payment, therefore not attracting employer social security or pension costs.

The number of Deputies to lose their seat in each election varies: 2004 – 9; 2008 – 2; 2012 – 12; 2016 – 8; and 2020 – 11. As there have been a broad range of Deputies to lose

their seats and the 2020 Election was the first election under the Island-Wide system, there is insufficient data to give assurance on the number of Deputies who may lose their seats in the 2025 Election, meaning confidence in a specific cost is low.

The purpose of loss of office payments is to give an income for a short amount of time to Members who lose their seat at an election to support them in their transition back to employment. The payment also allows Members time to adjust to a change of circumstances during what could be an emotional or distressing time for some who had not anticipated leaving their role in government. Re-entering employment after being away for a number of years can be a challenge and, without recent experience, it might prove difficult to return to a similar salary. In particular, those with a young family and mortgage payments may be deterred from standing because they cannot afford to take a potential loss of income if they are not re-elected. This presents a barrier for participation which loss of office payments could help remove.

Many similar jurisdictions to Guernsey, including the UK, Jersey and Isle of Man, have a payment system in place for existing Members who are not successful in the Election, but the amount provided and eligibility to receive it varies.

A report entitled 'Transitions to Life After Parliament' demonstrated the impact losing office has on politicians in Australia including experiencing feelings of grief and increased mental health difficulties. It highlighted that providing support for exiting Members is as equally important as minimising barriers to entry. The report recommends the introduction of a parliamentary career support programme which includes building relationships with executive recruitment agencies and providing outgoing MPs with a testimonial of their career in parliament. This provides a holistic approach to supporting exiting Members that goes beyond financial support by tackling different barriers to employment.

The consultation with States' Members found that there was a perception that the role makes Members unemployable outside of the States and that the longer they serve the more difficult it is to reintegrate back into the workforce. Nevertheless, it is important to consider the Guernsey system of government and context of the island where parliamentary duties only make up a fraction of a States' Member's role, which differs from jurisdictions such as the UK and Australia. Being a States' Member is not a full-time commitment in Guernsey so Members have the opportunity to undertake employment alongside their States' duties which could help them to adjust back into life outside the States without the need for a continuation of income. It is also worth noting that Guernsey does not have statutory redundancy payment for employees so the introduction of a loss of office payment for States' Members will likely not be received well by the public who do not receive an equitable offering.

Both the 2016 and 2019 Panel considered loss of office payments but concluded not to recommend them owing to the fact that individuals seeking election are aware that it is a fixed term role with no guarantee of extension so they should be prepared for it to



come to an end. The 2019 report argued that it was important to be mindful of the electorate who have decided to not elect a Member so would not want to see them continue to be paid after losing their seat. The 2024 public consultation found that the majority thought that States' Members are paid enough or too much, so adding an extra payment for those who lose their seat might be received critically by the electorate.

The Panel have recommended that one month loss of office payment is made to Deputies who stand for re-election but are unsuccessful. They have also recommended that this payment can be made to Members who become unable to fulfil their duties while in post because of ill health.

It is unknown how many Members will stand for election and not get elected in 2029. Illustratively, if this is in line with the 2020 election, 29 members stood for re-election and 18 were re-elected, with 11 who stood for re-election not being re-elected. A one-month payment for that numbers of Members (at the weighted average rate of the suggested pay rates) would cost c£54,000 at current rates. It is assumed that Alderney Representatives would not be included in the Loss of Office Payments.

It is noted that there was no provision for any increase in States Members' remuneration (other than inflation related increases) in the 2023 Funding and Investment Plan.