

**Response to a Question Pursuant to Rule 14  
of The Rules of Procedure of the States of Deliberation and their Committees**

**Subject:** Tax Review

**States' Member:** Deputy John Dyke

**Date received:** 13<sup>th</sup> September 2021

**Date acknowledged:** 13<sup>th</sup> September 2021

**Date of reply:** 28<sup>th</sup> September 2021

**Preface**

In its green paper entitled "The Tax Review", section 3.2, the Committee refers to the following "**The costs to achieve greater parity in terms and conditions across different public sector staff groups (£35-40m per annum)**", which is the largest committed annual expenditure on which the tax review appears to be based, accounting for half of the estimated requirement for additional taxation.

**Response**

For the avoidance of any doubt, Section 3.2 of the policy letter is referencing long-term expenditure pressures which were detailed in the January 2020 policy letter concerning the Fiscal Policy Framework (Billet d'État I, Jan 2020). I can confirm that the expenditure projections included within the Funding & Investment Plan and the Tax Review do not include any provision for increased expenditure to achieve greater parity in terms and conditions.

**Question and Responses**

1. Please explain what "*greater parity in terms and conditions*" means and what benefit, if any, this provides to the Guernsey taxpayer given it represents a 14% increase in the costs of the public sector for no apparent improvement in efficiency, productivity or reduction in baseline cost.

**Response**

The term 'greater parity in terms and conditions' relates to the work associated with analysing the terms and conditions of staff and identifying where there is opportunity to make this more equivalent. For example, where there is a difference in annual leave entitlement or maternity provision across different staff groups.

In general, the benefits relate to a more flexible and stable workforce with which to deliver public services.

**2. Upon what resolution of the States is the Policy & Resources committee mandated to expend these very significant amounts on increasing public sector benefits?**

The mandate of the Policy & Resources Committee includes *"the role of the States as an employer"*.

Following consideration of the 2020 Budget Report, the States resolved *"To direct the Policy & Resources Committee to submit a policy letter to the States for consideration no later than March 2020 reporting on the findings of the review of the terms and conditions of public sector workers, together with any recommendations in respect of the remuneration of employees based on the principles of fair and equal pay including, if appropriate, a timeframe for their implementation."*

However, as set out above, the Policy & Resources Committee is not currently proposing that £35-40m per annum is expended on achieving *"greater parity in terms and conditions"*. If the Policy & Resources Committee wishes to recommend such a proposal in the future, it would submit an appropriately detailed policy letter, setting out the full case, including the financial cost and benefits and seeking States' approval for the necessary budget provision.

**3. Is there any legal or contractual compulsion on the States of Guernsey as an employer to "achieve greater parity in terms and conditions" in relation to public sector staff?**

**Response**

No, but as set out in the response to question 1, The States of Guernsey (as an employer) endeavours to achieve fair and equal pay for its employees, by ensuring that pay rates relate to the job, not the person, and that systems and processes (such as job evaluation frameworks) provide the necessary governance.

- 4. If there is no mandate or resolution of the States, nor any contractual or legal obligation, given the very significant costs concerned, will the Policy & Resources Committee produce formal recommendations for approval by the States Assembly before it commits to spending such substantial annual sums on increasing public sector benefits?**

As set out above, the Policy & Resources Committee is not currently proposing that £35-40m per annum is expended on achieving "*greater parity in terms and conditions*". If the Policy & Resources Committee wishes to recommend such a proposal in the future, it would submit an appropriately detailed policy letter, setting out the full case, including the financial cost and benefits and seeking States' approval for the necessary budget provision.

- 5. Do the estimated costs of achieving parity in terms and conditions include the likely increased annual costs of pensions to public sector staff?**

#### **Response**

The estimated ongoing costs include provision for annual pension contributions but do not incorporate any impact on the past service liability if any changes affect the remuneration paid to staff who have pension entitlement in the final salary defined benefit scheme.

- 6. Given its mandated role to provide leadership, will the Policy & Resources Committee, if mandated to do so by debate on its green paper, or otherwise, consider urgent withdrawal, suspension or delay to these proposals and thereby save the public purse 35-40m per annum immediately, roughly half of the predicted expense on which the increases in taxation are militated?**

#### **Response**

As set out above, the Policy & Resources Committee is not currently proposing that £35-40m per annum is expended on achieving "*greater parity in terms and conditions*".

- 7. Please explain the relationship between the £35-£40per annum figure in paragraph 3.2 of the Tax Review for "The costs to achieve greater parity in terms and conditions across different public sector staff groups" with the estimate of £50m per annum in the unpublished Kojima Report. This figure has been mentioned publicly by certain Deputies who have seen the Report.**

#### **Response**

The figures included within the January 2020 policy letter represented the best available estimates at the time of their presentation. As set out above, the Policy &

Resources Committee is not currently proposing that £35-40m per annum is expended on achieving "*greater parity in terms and conditions*". However, If the Policy & Resources Committee wishes to recommend such a proposal in the future, it would, at that time, calculate the revised anticipated cost and then submit an appropriately detailed policy letter, setting out the full case, including the financial cost and benefits and seeking States' approval for the necessary budget provision.

**8. How many additional civil servants would be required to administer these proposals?**

**Response**

As set out above, the Policy & Resources Committee is not currently proposing that £35-40m per annum is expended on achieving "*greater parity in terms and conditions*".