



## Policy & Resources Committee

ASCL – Michael Kidd  
BMA – Frank Minal  
NAHT – Elizabeth Salisbury  
NASUWT – Victoria Wallace & Wayne Bates  
NEU – Connie Armstrong & Ian McCann  
Prospect – Ben Middleton & Stephen Langford  
RCN – Jacqueline Carr  
UCU – Scott Alexander  
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15 June 2022

Dear All

Thank you for your letter dated 10<sup>th</sup> June 2022 concerning recent pay discussions.

I note your comments about aspects of the three-year deal that concern you but, as has already been explained to some groups, the Employer is not prepared to move on these issues at this time. In order to ensure that the employer's position, and the reasons for it, have been shared with all parties, I will repeat below the reasoning for that stance.

With regard to the below inflation figure to be used for 2024, this cannot be taken in isolation as it is only one part of the bigger picture. In the context of the overall deal, your members' pay will, over the three-year period, exceed inflation. The offer has been "front-loaded" to ensure that maximum benefit is gained by your members, with the highest award – which is 2.7% above the relevant RPIX figure as at June 2021 – coming in year one, plus of course the £500 consolidated payment, increasing this above-inflation award even more.

The States switched to RPIX as its default inflation indicator in 2009/2010, largely because it was less volatile than RPI. Whilst changes have been made to address that volatility, it is worth noting that the Bank of England specifically manipulates interest rates to manage inflation and increasing interest rates should therefore bring inflation down. The application of RPIX (which excludes mortgage interest) is therefore a better measure of "core" inflation pressures. Again, the Committee does not consider that this decision has created or will create any significant disadvantage, as RPI has averaged 2.9% since the year 2000, whereas RPIX has averaged 2.8% over the same period.

Turning now to your third point, the June RPIX figure is being used as the basis of the calculation of future pay awards for several reasons, including the fact that using the June date means that it is far more likely that pay awards can be implemented for all pay groups by the effective date of 1<sup>st</sup> January. Given that the September figure would not be known before late October, it is not likely to be feasible to conclude all negotiations in time for the implementation date.

It also means that both sides have greater certainty during negotiations, as the relevant figure is known in advance of the commencement of pay talks. The employer does not consider that use of the June figure disadvantages any pay group. Notwithstanding that, as some groups have been advised, the Committee is willing to discuss this but if any changes are agreed they will not be implemented before 2025, as all calculations and projections in respect of the current offer have been based on a June RPIX figure and indeed some groups have already accepted the deal on this basis.

Given that the employer's stance on these matters is as set out above, I am not sure that, in the circumstances, a meeting would be helpful as I appreciate that everyone's time is at a premium and, whilst I am happy to meet if required, it may not be best use of all of our time to attend a meeting in order for the above points to be reiterated.

As it has now been several weeks since the pay talks commenced, and the employer's position has been made very clear, the Committee is keen to communicate the offer to staff via an all-user email from the Chief Executive, mindful of its obligations to those employees who are not members of Unions. I know that some groups have convened meetings for the purpose of sharing details of the offer and canvassing member opinion, and in order to give the opportunity to others to do the same, the employer intends to issue its message on 24<sup>th</sup> June. The Committee believes that the talks have reached a stage where the next logical step would be for all Unions to ballot their members, even if you feel unable to recommend the offer, and I would therefore ask you all to consider this.

If you still believe a meeting would be of benefit, please let me know.

Yours sincerely

A handwritten signature in black ink, appearing to be 'D. Mahoney', written in a cursive style.

Deputy David Mahoney  
Member