

Remuneration for States Owned Companies and Arms Length Organisations

Background

Public sector remuneration, both for individuals and in total, is high profile. Citizens legitimately expect that:

- remuneration and terms and conditions of employment of those providing public services are transparent and justified to recruit and retain skilled individuals; and
- the total remuneration of Boards and similar bodies is justified.

To achieve these objectives public sector organisations need to establish appropriate overarching arrangements.

The States:

- have a 100% or controlling interest in four 'strategic investments' (Jersey Telecom, Jersey Post, Jersey Electricity, Jersey Water);
- have control over three subsidiary companies the results of which it consolidates in its accounts (Andium Homes, Ports of Jersey and the Jersey Development Company);
- establish or facilitate the establishment of Arms Length Organisations (such as Visit Jersey) and subsequently fund them;
- establish Arms Length Organisations with the power to levy to meet their costs (such as the Jersey Financial Services Commission); and
- substantially funded organisations that are economically dependent on the States.

These bodies have different constitutional forms but generally have both non-executive and executive directors (or the equivalent). The remuneration and numbers of senior non-executive and executive directors (or their equivalent) can vary substantially.

Although the Jersey Appointments Commission oversees the process for appointment of certain States appointees and members of some independent bodies, it has no role in relation to remuneration or terms and conditions of the non-executive and executive members of such bodies. In the absence of a corporate mechanism for oversight, States review and/or approval of remuneration may be addressed by:

- the terms of Memoranda of Understanding and ongoing liaison individual companies; and

- the terms of funding agreements with and ongoing liaison with Arms Length Organisations.

The Functions of the Comptroller and Auditor General (C&AG)

Article 11 of the Comptroller and Auditor General (Jersey) Law 2014 requires the C&AG to:

- provide the States with independent assurance that the public finances of Jersey are being regulated, controlled, supervised and accounted for in accordance with the Public Finances (Jersey) Law 2005;
- consider and report to the States on:
 - the effectiveness of internal controls of the States, States funded bodies and funds;
 - the economy, efficiency and effectiveness in the way the States, States funded bodies and funds use their resources; and
 - the general corporate governance arrangements of the States, States funded bodies and funds; and
- make recommendations to bring about improvement where improvement is needed.

Objectives

The review will:

- establish the total remuneration, individual remuneration and key terms and conditions for non-executive and executive directors (or equivalent) of strategic investments, consolidated companies and the larger Arms Length Organisations;
- evaluate the adequacy of the arrangements that the States has in place to oversee the remuneration and terms and conditions of the non-executive and executive directors (or equivalent) of such bodies;
- evaluate the adequacy of arrangements for securing transparency about the remuneration and terms and conditions of non-executive and executive directors (or equivalent); and
- make recommendations for improvement.



Scope

The review will not extend to:

- the arrangements for grant-funded bodies that are not established by the States or substantially funded by the States;
- the arrangements for staff of companies or Arms Length Organisations who are operating below Board level.

The objectives and/or scope of the review may be amended in the course of the review in the light of emerging findings or other matters arising.

Approach

The review will commence with:

- an initial documentation request. Information will initially be sought from the States but, where information is not held by the States, information will be sought directly from the relevant company or Arms Length Organisation; and
- a review of publicly available information from other jurisdictions.

Subsequently, an affiliate working for the C&AG will:

- review relevant documentation held by the States relating to its oversight of companies and Arms Length Organisations; and
- conduct interviews with relevant States employees and others involved in the oversight of companies and Arms Length Organisations.