STATES OF DELIBERATION

29th September, 2010

Billet d'État No. XX
Article 5

AMENDMENT

Proposed by: Deputy M H Dorey
Seconded by: Deputy A H Brouard

Social Security Department

Benefit and Contribution Rates for 2011

In Proposition 8, to delete the amount “£912,884” and to substitute therefor “£91,884”.

Explanatory Note

The purpose of this amendment is to correct a typographic error in the Proposition when compared with recommendation (viii) in the Department’s Report (see page 1466).

STATES OF DELIBERATION

29th September, 2010

Billet d'État No. XX
Article 5

AMENDMENT

Proposed by: Deputy T J Stephens
Seconded by: Deputy M P J Hadley

Social Security Department

Benefit and Contribution Rates for 2011

To insert at the end of the words in Proposition 3: ", but subject to the modification that for the amount of "£158.90" in respect of Invalidity Benefit for 2011 there shall be substituted the amount of "£161.04"".

Explanatory Note

The purpose of this amendment is to equalise the percentage increase for Invalidity Benefit from the 1.5% proposed by the Social Security Department upwards to the 2.9% proposed by the Department for the other contributory (contribution based) social insurance benefits. The Department's Report offers insufficient justification for penalising recipients of Invalidity Benefit in this way and to do so before completion of the promised investigation of how to introduce a single incapacity benefit (see paragraph 23 of the Department's Report) is premature.

The consequence for the Guernsey Insurance Fund would be that approximately an additional £91,000 would be expended in 2011. This amount represents the extra £2.14 each week that would be paid in Invalidity Benefit to 820 claimants, representing 90% of the 911 claimants stated to be in receipt of Invalidity Benefit and assuming that each such recipient would be paid this Benefit throughout 2011 (see paragraphs 17 and 18 of the Report) receiving it at the full rate (ie, 820 claimants). As a result, the estimated operating deficit on the Fund would increase from around £9.37m (see paragraph 58 of the Report) to £9.46m.

STATES OF DELIBERATION

29th September, 2010

Billet d'État No. XX
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AMENDMENT

Proposed by: Deputy B L Brehaut
Seconded by: Deputy J Kuttelwascher

Social Security Department

Benefit and Contribution Rates for 2011

To insert at the end of the words in Proposition 19: ", but subject to the modification that for the amount of "£65.03" in respect of both long-term and short-term supplementary benefit for 16- and 17-year-old non-householders for 2011 there shall be substituted the amount of "£81.20"".

Information incorporated pursuant to Rule 15(2)(a):

(i) The estimated increase in revenue expenditure occasioned by this amendment is £19,339. This amount is based on there being 23 non-employed jobseekers aged 16 or 17 (see paragraph 116 of the Department's Report) who would receive £16.17 each week more than the Department's proposals.

(ii) This increase in expenditure could be funded through the budget allocated to the Social Security Department for 2011.

(iii) Any effect on the States Fiscal and Economic Policy Plan, and in particular the policy of the States that there be a "real term freeze on aggregate States revenue expenditure" (see the Treasury and Resources Department's letter of comment at page 1470), will be no different from the effect produced by the Social Security Department's proposals to increase the other non-contributory benefits by 2.4%. Extra spending here will only have a tiny impact on the amount available to be allocated to other Department through their cash limits.

Explanatory Note

This amendment proposes that in 2011 the weekly sum payable to non-householders aged 16 and 17 years shall be increased in line with the increases which the Social Security Department is recommending for all other categories of claimants of non-contributory benefits (i.e. 2.4%).

STATES OF DELIBERATION

29th September, 2010

Billet d'État No. XX
Article 5

AMENDMENT

Proposed by: Deputy M J Fallaize
Seconded by: Deputy S J McManus

Social Security Department – Benefit and Contribution Rates for 2011

1. To delete Proposition 4 and substitute therefor:

"4. That, with effect from 1st January 2011, for employed persons, the upper weekly earnings limit, the upper monthly earnings limit and the annual upper earnings limit shall be £2,325, £10,075 and £120,900 respectively.".

2. To delete Proposition 7 and substitute therefor:

"7. That, with effect from 1st January 2011, for self-employed persons, the upper earnings limit and lower earnings limit shall be £120,900 per year and £6,084 per year respectively.".

3. To delete Proposition 8 and substitute therefor:

"8. That, with effect from 1st January 2011, for non-employed persons the upper and lower annual income limits shall be £120,900 per year and £15,210 per year respectively.".

4. To insert further propositions, between Propositions 8 and 9, as follows:

"8A. To rescind Resolution 2 on Article X of Billet d'État No. XXI of 2009.

"8B. That, with effect from 1st January 2011, the grants from States general revenue to the contributory funds in respect of contributions falling due from 1st January 2011, shall be as follows:

Guernsey Insurance Fund	13% of contribution income
Guernsey Health Service Fund	10% of contribution income".

"8C. To direct the Treasury and Resources Department, as part of its Budget Report of 2011 (to be debated in December, 2010), to present to the States of Deliberation proposals to allocate in 2011, whether to new service developments and/or to reducing the budget deficit of the States, the sum of money realised by reducing the grants from States general revenue in the manner laid out in Proposition 8B above.".

EXPLANATORY NOTE

The effect of this amendment is to raise the upper earnings limit or upper income limit for employed persons, self-employed persons and non-employed persons to make them equal to the upper earnings limit for employers; and to reduce the grants from States general revenue accordingly.

In accordance with Resolution 2 on Article X of Billet d'État No. XXI of 2009, the Social Security Department is planning to equalise these limits over a five-year period up to 2014. This amendment proposes that they should be equalised with effect from 2011 instead.

The amendment is revenue-neutral for funds under the management of the Social Security Department. But it represents a saving to States general revenue of approximately £2.0m. in 2011, £2.1m. in 2012 and £2.2m. in 2013 – a saving towards new service developments and/or reducing the budget deficit of the States by approximately £6.3m. in total.

The amendment does not prescribe where those savings should be directed, but rather, in recognising the competing priorities of funding essential new service developments at the same time as reducing the annual budget deficit of the States, proposes that the Treasury and Resources Department should make recommendations later this year on the use of such savings.