

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

**THE SOCIAL INSURANCE (RATES OF CONTRIBUTIONS AND BENEFITS ETC.)
ORDINANCE, 2021**

The States are asked to decide:-

Whether they are of the opinion to approve the draft Ordinance entitled "The Social Insurance (Rates of Contributions and Benefits etc.) Ordinance, 2021", and to direct that the same shall have effect as an Ordinance of the States.

EXPLANATORY MEMORANDUM

Section 1 of the Ordinance amends section 8(4) of the Social Insurance (Guernsey) Law, 1978 to change the formula for calculating voluntary class 3 social insurance contributions, so that the figure is aligned with the minimum weekly amount payable by a non-employed person under pension age. This was necessary to avoid a situation where the current means of calculating the rate in section 8(4), as a result of the changes approved in 2019 to the allocations of social insurance contributions into the various funds and the proposed increases in the rates, would have resulted in an inappropriately high figure for the voluntary contribution for non-employed persons.

This Ordinance sets the percentage contribution rates of Class 1 to 3 social insurance contributions for 2022. The rates of contributions into the Guernsey Insurance Fund are increased by 0.1% for employers and employees and by 0.2% for self-employed and non-employed persons under pension age. The rates of contributions into the Long-term Care Insurance Fund are increased by 0.1% for employees, self-employed persons and non-employed persons under and over pension age.

It also sets the upper and lower income limits, amounts of contributions and the Class 3 income allowance and increases the amounts of contributory social insurance benefits set out in the First Schedule. All limits and benefits are increased by 2.4%. The Ordinance prescribes the percentages for the Guernsey Health Service Allocation and the Long-term Care Insurance Fund Allocation which have been adjusted to reflect the changes that were approved by the States in June, 2019, following the debate on health care funding, with further adjustments to reflect increases in contribution rates proposed for 2022. All provisions set rates and benefits for 2022 under the Social Insurance (Guernsey) Law, 1978.

As well as the usual repeal of last year's rates Ordinance and another Ordinance where all of the provisions are superseded or spent, the Ordinance also repeals a 2016 Ordinance as the only part of it still in force will not be required from 1st January, 2022 as it relates to the setting of the percentage by reference to which the States' grant into

the Guernsey Insurance Fund is calculated. The States resolved in June, 2019 that no grant be paid to the Guernsey Insurance Fund and the relevant section in the Social Insurance Law relating to the grant will be repealed when the Health Service Benefit (Amendment and Miscellaneous Provisions) (Guernsey) Law, 2021 comes into force which is planned to be 1st January, 2022.

The benefit rates are increased from 3rd January, 2022 and the rest of the Ordinance comes into force on the 1st January, 2022.

The Social Insurance (Rates of Contributions and Benefits, etc.) Ordinance, 2021

THE STATES, in pursuance of their Resolutions of the 13th June, 2019^a and the ** October, 2021^b, and in exercise of the powers conferred upon them by sections 5, 6, 8, 11A, 17(2), 19, 48(2), 49(4), 61, 101, 101A, 115A and 116 of the Social Insurance (Guernsey) Law, 1978^c, and all other powers enabling them in that behalf, hereby order:-

Amendment of the Social Insurance (Guernsey) Law, 1978.

1. (1) Section 8 (Class 3 contributions payable by non-employed persons) of the Law is amended as follows.

(2) In subsection (4), for all the words after the second reference to "a Class 3 contribution" to the end of the subsection, substitute -

^a Article VII of Billet d'État No. X of 2019.

^b Article ** of Billet d'État No. ** of 2021.

^c Ordres en Conseil Vol. XXVI, p. 292; amended by Ordres en Conseil Vol. XXVII, pp. 238, 307 and 392; Vol. XXIX, pp. 24, 148 and 422; Vol XXXI, p. 278; Vol. XXXII, p. 59; Vol. XXXIV, p. 510; Vol. XXXV(1), p. 161; Vol. XXXVI, pp. 123 and 343; Vol. XXXVIII, p. 59; Vol. XXXIX, p. 107; Order in Council No. X of 2000; No. IX of 2001; No. XXIII of 2002; No. XXIV of 2003; No. XI of 2004; No. XVIII of 2007; No. V of 2012; No. IV of 2014; No. III of 2016; No. IV of 2018 and No. XIII of 2019; Recueil d'Ordonnances Vol. XXV, p. 148; Vol XXVI, p. 177; Ordinance No. XXXIII of 2003; No. XLIV of 2007; Nos. VII and XLII of 2009; No. XVII of 2011; No. XXXVIII of 2012; No. XXX of 2013; Nos. IX, XXX and XLI of 2016; Nos. XIII and XXIII of 2017; No. XXVII of 2018; No. XXXVI of 2019; No. XVI of 2020; No. V of 2021; No. XXVII of 2021; Alderney Ordinance No. VIII of 2018; and prospectively amended by the Health Service (Amendment and Miscellaneous Provisions) (Guernsey) Law, 2021.

"of an amount equal to the minimum weekly amount payable by a non-employed person determined in accordance with the following formula:

$$A = \frac{(L - C) \times D}{52}$$

52

where –

"A" is the amount of the contribution (hereinafter called a "**voluntary Class 3 contribution**"),

"L" is such lower annual income limit for non-employed persons as is determined under subsection (6A),

"C" is the Class 3 income allowance, and

"D" is the Class 3 rate."

(3) After subsection (6) insert -

"(6A) The States shall from time to time by Ordinance determine the lower annual income limit applicable to non-employed persons."

Percentage rates of primary and secondary Class 1 contributions.

2. For the purposes of the Law -

(a) the percentage rate of a primary Class 1 contribution shall be 6.8%, and

- (b) the percentage rate of a secondary Class 1 contribution shall be 6.7%.

Upper weekly and upper monthly earnings limits for the purpose of Class 1 contributions.

3. For the purposes of the Law -

- (a) the upper weekly earnings limit for primary and secondary Class 1 contributions shall be £3,027, and
- (b) the upper monthly earnings limit for primary and secondary Class 1 contributions shall be £13,117.

Lower income limit.

4. For the purposes of the Law, the lower income limit for Class 3 contributions shall be £19,760 per annum.

Percentage rate and amount of Class 2 contributions.

5. For the purposes of the Law -

- (a) the percentage rate of a Class 2 contribution shall be, in respect of any person other than a person to whom the following paragraph of this section applies, 11.3%, and
- (b) the amount of a Class 2 contribution shall be, in respect of an overseas voluntary contributor, being a person who is not resident in Guernsey and who, satisfying prescribed conditions, is desirous of paying Class 2

contributions under the Law, £114.37 per week.

Percentage rates and amount of Class 3 contributions.

6. (1) For the purposes of the Law –

- (a) the amount of a Class 3 contribution shall be in respect of a voluntary contributor, being a person who is not liable to pay a Class 3 contribution but, satisfying prescribed conditions, is desirous of paying contributions in accordance with section 8(4) of the Law, £22.34 per week,
- (b) the percentage rates of a Class 3 contribution shall be -
 - (i) in respect of a person who has attained pensionable age, 3.5%, and
 - (ii) in respect of all other persons, 10.7%, and
- (c) the amount of a Class 3 contribution shall be, in respect of an overseas voluntary contributor, being a person who is not resident in Guernsey and who, satisfying prescribed conditions, is desirous of paying Class 3 contributions under the Law, £103.45 per week.

(2) The percentage of a minimum Class 3 contribution payable in accordance with section 8(5) of the Law by a person who is normally in employed contributor's employment shall be 100%.

Amount of the Class 3 income allowance.

7. For the purposes of the Law, the amount of the Class 3 income allowance shall be £8,904.

Rates and amounts of benefits.

8. (1) For the purposes of the Law, the weekly rate of each description of benefit set out in column 1 of Part I of the first schedule to this Ordinance shall be the rate specified in relation thereto in column 2, and the amounts by which that rate may be increased in respect of an adult dependant shall be the amount specified in column 3.

(2) For the purposes of the Law, where the extent of the disablement is assessed for the period to be taken into account as amounting to 20% or more, industrial disablement benefit shall be payable for that period at the appropriate weekly rate specified in Part II of the first schedule to this Ordinance.

(3) For the purposes of the Law, the amounts of death grant, maternity grant, adoption grant and bereavement payment shall be the appropriate amounts specified in relation thereto in Part III of the first schedule to this Ordinance.

Guernsey Health Service Allocation and Long-term Care Insurance Fund Allocation.

9. The percentages determined in respect of the contribution year for the purposes of sections 101 (the Guernsey Health Service Allocation) and 101A (the Long-term Care Insurance Fund Allocation) of the Law are those specified in columns 2 and 3 of the second schedule to this Ordinance of the aggregate amount paid in respect of each of the classes of contribution specified in column 1 of that schedule.

Repeals.

10. The Social Insurance (Rates of Contributions and Benefits, etc.)

(Amendment) Ordinance, 2007^d, the Social Insurance (Rates of Contributions and Benefits, etc.) Ordinance, 2016^e and the Social Insurance (Rates of Contributions and Benefits, etc.) Ordinance, 2020^f are repealed.

Interpretation.

11. In this Ordinance –

"**the Law**" means the Social Insurance (Guernsey) Law, 1978, and

"**prescribed conditions**" means conditions prescribed by Regulations under the Law.

Citation.

12. This Ordinance may be cited as the Social Insurance (Rates of Contributions and Benefits, etc.) Ordinance, 2021.

Extent.

13. This Ordinance shall have effect in the Islands of Guernsey, Alderney, Herm and Jethou.

Commencement.

14. (1) Section 8 of this Ordinance shall come into force on the 3rd January, 2022.

^d Ordinance No. XLIV of 2007; as amended by Ordinance No. XLVI of 2008.

^e Ordinance No. XLI of 2016; amended by Ordinance No. XXXIV of 2017.

^f Ordinance No. XXXIX of 2020.

(2) All other sections of this Ordinance shall come into force on the 1st January, 2022.

FIRST SCHEDULE

Section 8

RATES AND AMOUNTS OF BENEFITS

PART I

**Benefit, other than industrial disablement benefit, death grant,
maternity grant, adoption grant and bereavement payment**

Description of Benefit (1)	Weekly rate (2)	Increase for adult dependant (where payable) (3)
1. Industrial injury benefit	£172.13	Nil
2. Incapacity benefit	£206.78	Nil
3. Maternal health allowance	£234.29	
4. Newborn care allowance	£234.29	
5. Parental allowance	£234.29	
6. Old age pension: (a) payable to a woman by virtue of her husband's insurance while he is alive (b) in any other case	£117.14 £233.85	- £117.14
7. Sickness benefit	£172.13	Nil
8. Unemployment benefit	£172.13	Nil
9. Widowed parent's allowance	£245.92	-
10. Widow's pension/Bereavement allowance	£211.46	-

PART II

Industrial disablement benefit

Degree of disablement	Weekly rate
100%	£188.45
90%	£169.60
80%	£150.76
70%	£131.92
60%	£113.07
50%	£94.22
40%	£75.38
30%	£56.54
20%	£37.69

PART III

Death grant, maternity grant, adoption grant and bereavement payment

Description of grant	Amount
1. Death grant	£673
2. Maternity grant	£431
3. Adoption grant	£431
4. Bereavement payment	£2,124

SECOND SCHEDULE

Section 9

GUERNSEY HEALTH SERVICE ALLOCATION AND LONG-TERM CARE
INSURANCE FUND ALLOCATION

<p>Class and sub-class of contribution (1)</p>	<p>Health Service Allocation (2)</p>	<p>Long-term Care Insurance Fund Allocation (3)</p>
<p>Class 1 primary contributions (6.8%)</p>	<p>27.21%</p>	<p>27.94%</p>
<p>Class 1 secondary contributions (6.7%)</p>	<p>Nil</p>	<p>Nil</p>
<p>Class 2 contributions paid in respect of overseas voluntary contributors</p>	<p>Nil</p>	<p>Nil</p>
<p>Class 2 contributions other than those referred to above (11.3%)</p>	<p>16.37%</p>	<p>16.81%</p>
<p>Class 3 contributions paid in respect of voluntary contributors (6.8%)</p>	<p>Nil</p>	<p>Nil</p>
<p>Class 3 contributions paid in respect of overseas voluntary contributors</p>	<p>Nil</p>	<p>Nil</p>
<p>Class 3 contributions paid by persons over pensionable age (3.5%)</p>	<p>37.14%</p>	<p>62.86%</p>
<p>Class 3 contributions other than those referred to above (10.7%)</p>	<p>17.76%</p>	<p>18.69%</p>