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THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE *FOR* EMPLOYMENT & SOCIAL SECURITY

CONTRIBUTORY BENEFIT AND CONTRIBUTION RATES FOR 2023

The States are asked to decide:

Whether, after consideration of the Policy Letter entitled 'Contributory Benefit and Contribution Rates for 2023', dated 12th September 2022, they are of the opinion:

1. To set the contributions limits and rates as set out in Tables 5-7 of the Policy Letter, from 1st January 2023.

2. To set the standard rates of contributory social insurance benefits as set out in Table 8 of the Policy Letter, from 2nd January 2023.

3. To agree that the Social Insurance (Guernsey) Law, 1978 and any necessary legislation under it ("the Law") is amended to make any necessary provision to give the Director of the Revenue Service powers to issue civil sanctions, including civil enforcement, information notices and civil penalty notices, in relation to breaches of requirements under the Law relating to social insurance contributions; and provide for appropriate rights of appeal to the Guernsey Revenue Service Tribunal against decisions of the Director of the Revenue Service in relation to such civil sanctions, as further detailed in paragraphs 3.29 to 3.38 of the Policy Letter.

4. To set the contribution (co-payment) required to be made by the claimant of care benefit, under the Long-term care Insurance Scheme, at £306.46 per week, from 2nd January 2023.

5. To set the weekly long-term care benefit at the rates set out in Table 13 of the Policy Letter, from 2nd January 2023.

6. To set the weekly respite care benefit at the rates set out in Table 14 of the Policy Letter, from 2nd January 2023.

7. To note that the Committee *for* Employment & Social Security intends to investigate the long-term financial implications of a 'double lock' uprating policy, whereby increases to the States Pension and all other contributory benefits, except Long-Term Care benefit, would either be equal to RPIX plus one third of the real increase in median earnings, or to RPIX, whichever is highest, and to

report back to the States in the Committee's Policy Letter on contributory benefits and contribution rates for 2024.

8. To direct the Committee *for* Employment & Social Security to investigate further the option of reducing the maximum age of a child in respect of whom a family allowance credit is awarded from 16 to five, and to report back to the States in the Committee's Policy Letter on contributory benefits and contribution rates for 2024.

9. To direct the preparation of such legislation as may be necessary to give effect to the above decisions.

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE *FOR* EMPLOYMENT & SOCIAL SECURITY

CONTRIBUTORY BENEFIT AND CONTRIBUTION RATES FOR 2023

The Presiding Officer
States of Guernsey
Royal Court House
St Peter Port

12th September 2022

Dear Sir

1. Executive Summary

1.1. This annual Policy Letter contains proposals concerning contributions to, and benefits funded from, the Guernsey Insurance Fund and the Long-term Care Insurance Fund.

1.2. The guideline policy for uprating the States Pension and all other contributory benefits, except long-term care benefit, has, since 2016[1], been RPIX plus one third of the real increase in median earnings. However, this year, RPIX is higher than the increase in median earnings. The same situation occurred in 2018 and 2019 when the decision was taken to instead increase the rate of the States Pension (and other contributory benefits) by RPIX to ensure that the spending power of pensioners and other beneficiaries was maintained.

1.3. This sort of approach can be described as a 'double lock' - the rate of the States Pension being increased annually by RPIX plus one third of the real increase in median earnings, or RPIX, whichever is highest.

1.4. The Committee is minded to propose that the 'double lock' be formally adopted as the guideline policy for uprating the States Pension and all other contributory benefits, except long-term care benefit. However, before doing so, the Committee intends to investigate the long-term financial implications to the Guernsey Insurance Fund of this policy.

1 Benefit and Contribution Rates for 2016 (Billet d'État XVIII of 2015, Article VIII).

1.5. In line with the above, the Committee recommends that contributory benefits funded from the Guernsey Insurance Fund and the Long-term Care Insurance Fund be increased in 2023 by 7.0%, this being the annual rate of 'core' inflation (RPIX) for the year to June 2022, which is higher than the nominal increase in median earnings. The Policy & Resources Committee has confirmed its support for this proposal.

1.6. In its Policy Letter entitled 'Contributory Benefits and Contribution Rates for 2022'[2], the Committee made it clear to the States that contribution rates were insufficient to support the long-term financial sustainability of the Guernsey Insurance Fund and Long-term Care Insurance Fund. The Guernsey Insurance Fund has been running in operational deficit since 2009. Actuarial reviews of the two Funds carried out by the Government Actuary's Department in 2020, covering the period 1st January 2015 to 31st December 2019, showed that the Guernsey Insurance Fund and the Long-term Care Insurance Fund would be exhausted by 2039 and 2053[3] respectively unless measures were taken to address the situation. As a result, the Committee proposed to the States, and the States resolved, that the percentage contribution rates of relevant Classes of contributors to the Guernsey Insurance Fund be gradually increased over a ten-year period and to the Long-term Care Insurance Fund over a four-year period, with the first increase taking effect from 1st January 2022.

1.7. The Committee has reviewed this plan, in consultation with the Policy & Resources Committee, and proposes that the second increase be taken in 2023. The Committee notes that the Tax Review, which is expected to include proposals to significantly change the contributions system, is due to be considered by the States before the end of 2022. However, structural changes of this nature will take at least two years to implement. The Committee is of the view that it is prudent to continue to take steps to improve the financial sustainability of the Funds pending implementation (if approved by the States) of these more substantive changes.

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2 Contributory Benefits and Contribution Rates for 2022 (Billet d'État XX of 2021, Article XI).

3 This projection did not take into account the States' August 2020 decision, in principle, to extend the coverage of the Long-term Care Scheme to cover care delivered in peoples' home. The effect of this policy change was that balance of the Long-term Care Insurance Fund was projected to fall to zero by 2038.

PART I: INTRODUCTION

2. Uprating Policy

2.1. The guideline policy for uprating the States Pension and all other contributory benefits, except Long-Term Care benefit, has, since 2016[4], been RPIX plus one third of the real increase in median earnings - this is referred to below as 'the one third uprating policy'. This guideline policy was reaffirmed by the States in February 2020[5] following consideration of a Policy Letter entitled 'Uprating Policy for States Pension' ('the February 2020 Policy Letter').

2.2. The Quarter 2 RPIX figure is factored into the calculation as this is the latest available figure when the relevant Policy Letters are being prepared. The annual nominal change in median earnings as at Quarter 4 of the previous year is also used.

2.3. The June 2022 RPIX figure (7.0%) is higher than the nominal increase in median earnings as at December 2021 (4.9%). In this instance, the application of the one third uprating policy would result in a below-inflation increase to the rate of the States Pension.

$$(4.9\% - 7.0\%) \div 3 + 7.0\% = 6.3\%$$

2.4. The same situation occurred in 2018 and 2019 when the decision was taken to instead increase the rate of the States Pension (and other contributory benefits) by RPIX to ensure that the spending power of pensioners was maintained.

2.5. This sort of approach can be described as a 'double lock' - the rate of the States Pension being increased annually by RPIX plus one third of the real increase in median earnings, or RPIX, whichever is highest.

2.6. The February 2020 Policy Letter stated:

> "After reviewing a variety of options and their potential impact on the longevity of the Guernsey Insurance Fund ("the Fund"), the Committee for Employment & Social Security ("the Committee") is proposing that the guideline uprating policy will be annual increases of RPIX + ⅓ of the difference between RPIX and the annual change in median earnings (hereafter referred to as "the ⅓ uprating policy"). In the event that the median

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4 Benefit and Contribution Rates for 2016 (Billet d'État XVIII of 2015, Article VIII).

5 Uprating Policy for States Pension (Billet d'État V of 2020, Article IX).

earnings increase is less than the RPIX increase, then RPIX alone would be used."

2.7. Despite being referenced in the Executive Summary of the February 2020 Policy Letter, this double lock policy was not included as a Proposition for approval by the States.

2.8. Given that it has already been employed in 2018 and 2019, the Committee is minded to propose that the 'double lock' be formally endorsed through a Resolution of the States. However, before doing so, the Committee intends to examine the potential long-term financial implications to the Guernsey Insurance Fund of the 'double lock' policy.

2.9. In the meantime, the Committee recommends that contributory benefits funded from the Guernsey Insurance Fund be increased in 2023 by 7.0%, this being the annual rate of 'core' inflation (RPIX) for the year to June 2022. The Policy & Resources Committee has confirmed its support for this proposal.

PART II: INCOME

3. Contributions

Proposed contribution rates for 2023

3.1. In October 2021, following consideration of a Policy Letter entitled 'Contributory Benefits and Contribution Rates for 2022'[6], the States approved a ten-year plan to increase the percentage contribution rates to the Guernsey Insurance Fund and the Long-term Care Insurance Fund. The first year's increase was applied in 2022, the first such increase since 2017.

3.2. The plan was proposed by the Committee to address the findings of the actuarial reviews of the Guernsey Insurance Fund and the Long-term Care Insurance Fund, undertaken by the Government Actuary's Department (GAD), covering the period 1st January 2015 to 31st December 2019.

3.3. GAD projected that the Guernsey Insurance Fund would be exhausted by 2039 if no measures were taken to address the matter. GAD calculated that the Class 1 contribution rate (which represents the combined contribution of employers and employees to the Guernsey Insurance Fund) would need to increase to 11.3% from January 2022 to target a balance of twice annual expenditure in 2080. This represented an increase of 1.75%.

6 Contributory Benefits and Contribution Rates for 2022 (Billet d'État XX of 2021, Article XI).

3.4. GAD projected that the Long-term Care Insurance Fund would be exhausted by 2053, or by 2038 when taking into account the States' August 2020 decision, in principle, to extend the coverage of the Long-Term Care Insurance Scheme to cover care delivered in people's home. GAD calculated that, if the Long-term Care Insurance Scheme was extended to cover the provision of care delivered at home, the percentage contribution rates would need to increase by 1% to make the Long-term Care Insurance Fund sustainable in the long-term. Based on the current model of long-term care funding (i.e. excluding the provision of care at home), the actuarial review projected that a contribution rate increase of approximately 0.4% would be adequate to target a fund balance of at least twice annual expenditure in 2080.

3.5. As a result, the States resolved on 14th October, 2021:

> "To increase the percentage contribution rate for employers and employees into the Guernsey Insurance Fund in increments of 0.1% each per year over ten years, and for self-employed persons, and non-employed persons under pension age in increments of 0.2% per year over ten years, with effect from 1st January 2022, as set out in paragraph 3.11 of that Policy Letter"

and:

> "To increase the percentage contribution rate for employees, self-employed persons, and non-employed persons under and over pension age, into the Long-term Care Insurance Fund in increments of 0.1% per year over four years, with effect from 1st January 2022, as set out in paragraph 3.18 of that Policy Letter".

3.6. Table 1 overleaf outlines current and future contribution rates for all Classes of contributors under the approved ten-year plan.

Table 1 – Current and future contribution rates for 2022 to 2031

	2022	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Class 1	**13.5%**	**13.8%**	**14.1%**	**14.4%**	**14.6%**	**14.8%**	**15.0%**	**15.2%**	**15.4%**	**15.6%**
Employer	6.7%	6.8%	6.9%	7.0%	7.1%	7.2%	7.3%	7.4%	7.5%	7.6%
Employee	6.8%	7.0%	7.2%	7.4%	7.5%	7.6%	7.7%	7.8%	7.9%	8.0%
Class 2										
Self-employed	11.3%	11.6%	11.9%	12.2%	12.4%	12.6%	12.8%	13.0%	13.2%	13.4%
Class 3: Non-employed										
under pension age	10.7%	11.0%	11.3%	11.6%	11.8%	12.0%	12.2%	12.4%	12.6%	12.8%
over pension age	3.5%	3.6%	3.7%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%

3.7. When setting out its proposals to gradually increase contribution rates to address the sustainability of the funds, the Committee noted that its plans would need to align with the outcome of the debate on the Tax Review. However, it was noted that the Committee was of the view that implementing a small increase in contribution rates in the meantime would represent a positive step in the right direction, regardless of the outcome of that debate. As such, the Committee proposed, and the States resolved, to:

> "direct the Committee for Employment & Social Security to:
>
> a) review, in consultation with the Policy & Resources Committee, its ten year plan for increasing contributions each year, and
>
> b) report to the States each year, in its annual Policy Letter on contributory benefits and contribution rates, on whether to pursue or to adjust the plan, particularly in light of the resolutions following the debate on the Tax Review, the economic circumstances of the Island and other relevant factors at the time."

3.8. The Committee notes that the Tax Review, which is expected to include proposals to significantly change the contributions system, is due to be considered by the States before the end of 2022. However, structural changes of this nature will take a least two years to implement. The Policy & Resources Committee has advised the Committee that provisional transition planning for the Tax Review assumes that the plan to raise contributions will continue and will then be 'wrapped up' in any structural change of contributions, meaning that the headline rate of contribution increase at that time will not be as large. Therefore, the Committee is proposing that the second step in the ten-year plan be implemented in 2023.

3.9. The effect, from 1st January 2023, will be to take the current contribution rates from 6.7% to 6.8% for employers, 6.8% to 7.0% for employees (i.e. a combined class 1 contribution rate of 13.8%), 11.3% to 11.6% for self-employed people, 10.7% to 11.0% for non-employed people under pension age, and 3.5% to 3.6% for non-employed people over pension age.

3.10. The percentage contribution rates proposed for 2023 are set out in Tables 2, 3, and 4 overleaf, compared to the rates for 2022. These tables also show how the contribution income from each class will be split between the Guernsey Insurance Fund, the Guernsey Health Service Allocation and the Long-term Care Insurance Fund.

3.11. The estimated cost to General Revenue of increasing the employers' contribution rate by 0.1% in 2023 is £225,000-£250,000. However, it is noted that the proposed increases in contribution rates will raise additional revenues of approximately £4.6m per annum.

Table 2 – Current contribution rates, proposed contribution rates for 2023, and the proportions of income split between the funds for employed persons (Class 1)

Employed persons (Class 1)	2022	2023
Employer	**6.70%**	**6.80%**
Guernsey Insurance Fund	6.70%	6.80%
Guernsey Health Service Allocation	-	-
Long-term Care Insurance Fund	-	-
Employee	**6.80%**	**7.00%**
Guernsey Insurance Fund	3.05%	3.15%
Guernsey Health Service Allocation	1.85%	1.85%
Long-term Care Insurance Fund	1.90%	2.00%
Combined	**13.50%**	**13.80%**
Guernsey Insurance Fund	9.75%	9.95%
Guernsey Health Service Allocation	1.85%	1.85%
Long-term Care Insurance Fund	1.90%	2.00%

Table 3 – Current contribution rates, proposed contribution rates for 2023, and the proportions of income split between the funds for self-employed persons (Class 2)

Self-employed persons (Class 2)	2022	2023
Totals	**11.30%**	**11.60%**
Guernsey Insurance Fund	7.55%	7.75%
Guernsey Health Service Allocation	1.85%	1.85%
Long-term Care Insurance Fund	1.90%	2.00%

Table 4 – Current contribution rates, proposed contribution rates for 2023, and the proportions of income split between the funds for non-employed persons (Class 3)

Non-employed persons (Class 3)	2022	2023
Under pension age	**10.70%**	**11.00%**
Guernsey Insurance Fund	6.80%	7.00%
Guernsey Health Service Allocation	1.90%	1.90%
Long-term Care Insurance Fund	2.00%	2.10%
Over pension age	**3.50%**	**3.60%**
Guernsey Insurance Fund	-	-
Guernsey Health Service Allocation	1.30%	1.30%
Long-term Care Insurance Fund	2.20%	2.30%

Proposed contribution earnings and income limits, non-employed income allowance and voluntary contribution rates for 2023

3.12. The Committee is recommending that all contribution earnings and income limits, the non-employed income allowance, and the overseas voluntary contribution rates for self-employed and employed persons are increased by approximately 7.0%, this being RPIX for June 2022. Tables 5, 6, and 7 below and overleaf show the effects of this increase for all contributor classes, compared with current (2022) limits and rates.

Table 5 – Class 1 contribution limits and rates for 2023 compared to 2022

Class 1 – Employed persons	**2022**	**2023**
Employer/employee	6.7% / 6.8%	6.8% / 7.0%
Upper Earnings Limit: Weekly Monthly	 £3,027.00 £13,117.00	 £3,240.00 £14,040.00
Lower Earnings Limit: Weekly Monthly	 £152.00 £658.67	 £163.00 £706.33
Weekly full rate (employee): Maximum Minimum	 £205.84 £10.34	 £226.80 £11.41
Weekly full rate (employer): Maximum Minimum	 £202.81 £10.18	 £220.32 £11.08

Table 6 – Class 2 contribution limits and rates for 2023 compared to 2022

Class 2 – Self-employed persons	**2022**	**2023**
	11.3%	11.6%
Annual Earnings Limit: Upper Lower	 £157,404.00 £7,904.00	 £168,480.00 £8,476.00
Weekly rate: Maximum Minimum	 £342.05 £17.18	 £375.84 £18.91
Overseas contribution (weekly)	£114.37	£122.38

Table 7 – Class 3 contribution limits and rates for 2023 compared to 2022

Class 3 – Non-employed persons	2022	2023
Under pension age Over pension age	10.7% 3.5%	11% 3.6%
Annual Income Limit: Upper Lower	 £157,404.00 £19,760.00	 £168,480.00 £21,190.00
Allowance (under and over pension age)	£8,904.00	£9,527.00
Weekly rate (under pension age): Maximum Minimum	 £305.57 £22.34	 £336.25 £24.67
Weekly full rate (over pension age): Maximum Minimum	 £99.95 £7.31	 £110.04 £8.07
Overseas contribution (weekly)	£103.45	£110.69
Voluntary contribution (weekly)	£22.34	£24.67
Special rate non-employed (weekly)	£22.34	£24.67

3.13. Employers, employees, and self-employed persons whose earnings are at or above the lower earnings limit, will be liable to pay contributions on all of their earnings (unless the allowance referred to in Table 7 above applies) up to the relevant upper earnings limit, at the percentage rates set out in Tables 5 to 7.

3.14. Self-employed and non-employed contributors are liable to pay contributions at the maximum rate, unless an application is made to pay earnings-related contributions (if self-employed) or income-related contributions (if non-employed). People with income at some point between the upper and lower earnings/income limits (as appropriate) pay pro-rata.

3.15. There are two categories of non-employed contributions:

- Non-employed adults under pension age are liable to pay full percentage rate contributions to cover social insurance, health service and long-term care liabilities, based on their personal income.
- Non-employed people over pension age are liable to pay a lower rate of contributions which go towards funding various health services, through the Health Service Allocation, and the long-term care insurance scheme.

3.16. Where a non-employed person's annual income is below the lower income limit, that person will be exempt from the payment of contributions. However, this could affect States Pension entitlement. A voluntary contribution, which counts towards the States Pension, can be paid by, or on behalf of, non-employed people resident in Guernsey and under pension age with personal income below the lower income limit. For self-employed and non-employed people living outside of Guernsey and Alderney, a voluntary contribution may be paid in order to maintain their entitlement to the States Pension. This is charged at an overseas rate.

3.17. A special rate non-employed contribution is payable by insured people who would normally rely upon their employee contribution record for their contribution credit. The rate of this contribution is aligned with the voluntary contribution rate.

Class 3 contribution credits for persons in receipt of family allowance

3.18. Family allowance is a weekly benefit, funded from General Revenue, payable to people living in Guernsey, Alderney, Herm and Jethou who are bringing up a child/children and who meet eligibility criteria. Until 2 January 2022, this was a universal benefit. From 3 January 2022, an annual household income cap of £120,000 has applied, thereby creating savings to General Revenue which have been reallocated to fund various health and educational subsidies/services. Family allowance is available until such time as a child leaves school, or until they turn 18, whichever is the sooner.

3.19. Non-employed persons who are excepted from liability to pay Class 3 (non-employed) contributions are awarded a Class 3 contribution credit (for the purposes of death grant, survivor's benefits and States pension only) in respect of any week in which a family allowance is payable for a child under the age of 16. For the avoidance of doubt, these 'family allowance credits' are not awarded to people who are liable to pay a social insurance contribution through employment, self-employment or having sufficient un-earned income.

3.20. This type of credit was introduced with effect from 1 January 2004 as part of a wide-ranging package of reforms to the Social Insurance Scheme ('the Scheme') to address gender inequalities that existed in the Scheme at that time. These reforms sought to individualise social insurance benefit entitlements so that all contributors would have clearly defined entitlements under the Law, without reference to gender, marital status or family circumstances. One of the significant changes approved and subsequently implemented was the abolition of the derived right of a 'married woman's pension'[7]. The former Guernsey Social Security Authority noted in its Policy Letter entitled 'Revision of Social Insurance Scheme for Gender Equality'[8]:

> "The Authority considers that substituting a system of family allowance credits for the derived right of a married woman's pension could work very well. It would provide mothers with substantial levels of social protection in respect of child care. It would also mean that any contributions paid on re-entry to the labour market would continue the improvement of their individualised insurance record rather than being diluted by the effects of a gap in their insurance record."

3.21. The intention of the family allowance credit was to safeguard the contribution record of non-working parents (regardless of gender) with childcare responsibilities. The policy also sought to support lower income households for whom a voluntary contribution "…would probably be both unaffordable, and the lowest item in the family's priorities…". The current cost of a voluntary contribution is £22.34 per week (2022 rate).

3.22. Separately, since 1 December 2014 it has been a requirement of eligibility for income support (named 'supplementary benefit' at that time) that the person claiming the benefit (if under pensionable age) and any relevant dependants[9] of any claimant are in full-time remunerative work[10], or are acting in compliance with 'work requirements'. Work requirements are measures determined by the Administrator for the purpose of facilitating or enabling an individual to become, or continue to be, engaged in full-time remunerative work (e.g. attending regular work-focussed meetings with an Employment Advisor or attending a work or training placement). In practice, single parents or, in respect of a couple, the person who is primarily responsible for the care of a child, are not expected to work and have very light work requirements applied, aimed at preparing a person for work, until such time as their youngest child reaches the age of five and is able to attend school. At this point in time, they are expected to work part-time (at least 20 hours per

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7 The 'married woman's pension' allowed a married woman to receive a reduced rate pension based on her husband's contribution record, regardless of whether she had paid any contributions in her own right or not. Since 1 January 2004, all pensions have been calculated based on a person's own individual contribution record, with the exception of women who were married as at 31st December 2003 who, under transitional rules, can still use 62% of their husband's contribution record, for a period up to 31 December 2003, if that provides a more favourable pension entitlement.

8 Revision of Social Insurance Scheme for Gender Equality, Guernsey Social Security Authority (Billet d'État V of 2003, pages 773-815).

9 "Relevant dependant" means a dependant who has not attained pensionable age, but who is over school leaving age and no longer in full-time education.

10 A person is engaged in full-time remunerative work if the person works for a minimum of 35 hours a week and is remunerated at a rate that is at least equal to the minimum wage.

week), with the number of hours of work expected gradually to increase as their youngest child gets older. Many work more hours than the minimum expected.

3.23. As such, differential expectations in relation to work appear to be applied to different groups - lower income parents are required to work and pay social insurance contributions when their youngest child reaches the age of five, while middle- and higher-income parents, who can presumably afford not to work while raising their family, are awarded family allowance credits, potentially until their youngest child turns 16, which saves them £1,162 per annum if they were to remain non-employed (i.e. the cost of a Class 3 voluntary contribution x 52) or a minimum of £538 per annum if they were to enter employment (i.e. the cost of a Class 1 contribution for a person with earnings at the lower earnings limit x 52).

3.24. While the rationale for the introduction of the family allowance credit was sound at the time it was introduced when fewer mothers worked, and in the context of the gender equality reforms referred to in paragraphs 3.20 to 3.21 which abolished or phased out various preferential options for married women and widows, the Committee is of the view that the award of these credits beyond the point at which a family's youngest child turns five (and is, therefore, in full-time education) is excessively generous and can no longer be justified in the context of societal changes.

3.25. Very many, perhaps the vast majority of, parents (both male and female) now work. They, along with other employed, self-employed and non-employed persons with earnings/income at or above the lower earnings/income limit, are liable to pay social insurance contributions. A ten-year plan to increase the rates of those contributions, in order to put the Guernsey Insurance Fund on a sustainable financial footing, was approved by the States in October 2021 and the first annual increase was applied in January 2022. Therefore, the fairness of the awarding of family allowance credits must be viewed in the context of the wider population of contributors who are bearing higher contribution rates. Fairness must also be assessed against income support's work-focussed approach. The Committee's view is that it is unfair and inequitable to award family allowance credits to non-employed persons until their youngest child turns 16 while requiring parents of school-aged children in receipt of income support to work (and, therefore, pay social insurance contributions).

3.26. The Committee intends to further investigate the option of reducing the maximum age of a child in respect of whom a family allowance credit is awarded from 16 to five, in line with the income support policy set out in paragraph 3.22 above. Contribution credits would continue to be available in respect of child-care responsibilities up to the point at which children reach compulsory school age. This change may also have some effect in increasing the number of economically active people. In mooting this policy change, the Committee would like to stress that it considers it a very valid personal choice for parents, who can support themselves financially, not to work.

3.27. Subject to States approval of this policy direction, the Committee intends to carry out financial modelling in respect of this potential change and give consideration to special measures that may be required to protect any groups of people who may be unfairly adversely affected; although it is expected that the majority of those that would be impacted would be middle to higher-income households with the means of supporting a non-working parent.

3.28. Although this change can be introduced under powers already available to the Committee under existing provisions of the Social Insurance (Guernsey) Law, 1978[11], changes will only be implemented after receiving the agreement of the States. It is proposed that the Committee be directed to bring back firm proposals in respect of this matter in the Committee's Policy Letter on contributory benefits and contribution rates for 2024.

Penalties for late submission of contribution returns

3.29. Since its inception in 2018, the Revenue Service has undertaken to align the collection of social insurance contributions and income tax, working within the provisions of the Social Insurance (Guernsey) Law, 1978 ('the Social Insurance Law') and the Income Tax (Guernsey) Law, 1975. At present, the powers of compliance and enforcement, as set out in these Laws, differ, and as such the Revenue Service must employ different methods when seeking to collect outstanding social insurance contributions and income tax.

3.30. Currently the Social Insurance Law, for example, mainly allows for enforcement by way of criminal offences. It is an offence where persons fail to pay social insurance contributions for which the penalty is a fine, on summary conviction. There is also a standard offence where someone makes or produces a false statement, representation or document. The Social Insurance Law also provides for Regulations under it to provide for the recovery of penalties for offences of contravening Regulations made under the Social Insurance Law such as those relating to social insurance contributions.

3.31. In addition, if an employer fails to pay a contribution which he is liable to pay by the prescribed date, the Law provides for a penalty of 2.5% of the contribution, and interest of 2.5% per month on the outstanding sum from the due date until the debt is paid.

[11] The Social Insurance (Guernsey) Law, 1978.

3.32. At present, around 2,600 employers file social insurance contribution schedules in respect of their employees, usually on a quarterly basis. Of these, approximately 9% do not meet the deadline to file these schedules, creating an undue administrative burden on the Revenue Service to collect outstanding submissions. If these efforts are unsuccessful, further costly, lengthy, and intensive administrative processes must be taken to obtain conviction for a criminal offence and payment of the resulting fine. Steps to take criminal proceedings may not always provide a proportionate approach for the breach in question and may also be undesirable for routine breaches due to the resource requirements they place not only upon the Revenue Service, but also other services such as Law Enforcement and the Law Officers.

3.33. A similar process must also be undertaken when individuals do not furnish the Revenue Service with the information required to determine their liability or classification for social insurance purposes.

3.34. The Committee therefore proposes that the Social Insurance Law and any necessary legislation under it be further amended to allow for provisions, by regulations of the Committee or otherwise, to be made that would better align the Revenue Service’s civil enforcement powers for social security contributions and income tax.

3.35. This would instead allow civil penalties to be imposed by the Director of the Revenue Service ('the Director') for failure to comply with requirements relating to contributions, including adding a power enabling the Director to issue civil notices - information notices, compliance notices, third party compliance notices, unpaid contributions notices and civil penalty notices. Use of civil penalties and notices would provide a more proportionate means of enforcement for certain breaches and be more efficient in terms of officer time. Such civil penalty notices would include a fixed element and an escalating element which would apply until compliance is achieved. It is proposed that civil penalties would be recoverable by the Director as a civil debt.

3.36. Where an employer has failed to submit quarterly schedules, for example, it is proposed that an initial penalty of up to £300, with ongoing penalties of up to £50 a day, could be imposed, to encourage more timely filing of schedules. Similar civil compliance and enforcement measures may also be introduced where the prompt provision of information is required to determine an individual’s classification or liability. It is proposed that the Committee have the power to increase the level of civil penalties imposed by regulations.

3.37. Secondly, an amendment to the Law would be made to provide for appropriate rights of appeal against the new civil sanctions including against compliance notices and civil penalties. These appeals would be considered by the Guernsey Revenue Service Tribunal.

3.38. These changes would create a compliance and enforcement framework for social insurance contributions which is much closer to that set out in the Income Tax (Guernsey) 1975 Law, allowing for a much more unified and consistent enforcement process.

PART III: EXPENDITURE – CONTRIBUTORY BENEFITS

4. Expenditure financed by the Guernsey Insurance Fund

4.1. As set out in paragraph 2.9, the Committee is recommending that the rates of the States Pension and other social insurance benefits are increased by 7.0%, in line with RPIX as at the end of June 2022.

4.2. The proposed new weekly rates of benefits and grants, to be effective from 2nd January 2023, are set out in Table 8 overleaf. These rates of benefits and grants apply to persons who have fully satisfied the relevant contribution conditions. Reduced rates of benefit are payable on incomplete contribution records, down to threshold levels, after which, no benefit is payable.

Table 8 – Proposed rates of contributory social insurance benefits for 2023

Weekly paid benefits	2022 (actual)	2023 (proposed)
States Pension		
Insured person	£233.85	**£250.22**
Increase for dependant wife[12]	£117.14	**£125.34**
Total	£350.99	**£375.56**
Survivor's Benefits		
Widowed Parent's Allowance	£245.92	**£263.13**
Bereavement Allowance[13]	£211.46	**£226.26**
Maternal Health Allowance, Newborn Care Allowance, and Parental Allowance	£234.29	**£250.67**
Unemployment Benefit, Sickness Benefit, and Industrial Injury Benefit	£172.13	**£184.17**
Incapacity Benefit	£206.78	**£221.27**
Industrial Disablement Benefit (100%)[14]	£188.45	**£201.64**
One off grants:		
Maternity Grant and Adoption Grant	£431.00	**£461.00**
Death Grant	£673.00	**£720.00**
Bereavement Payment	£2,124.00	**£2,273.00**

4.3. If the proposals for benefit rates are approved, the 2023 estimated expenditure from the Guernsey Insurance Fund will be £183.1m (2022 Forecast: £169.8m), as shown in Table 9 overleaf.

4.4. This estimate includes:

- the proposed 7.0% increase in the general rate of benefit (2022: +2.4%),
- an anticipated increase in the number of pension claims as a result of the aging demographic,
- other policy decisions previously approved by the States, such as increasing pension age,
- estimated administration costs for 2023 of £5.0m (2022 forecast: £4.9m).

4.5. Benefits paid from the Guernsey Insurance Fund are statutory entitlements based, almost wholly, on the number of contributions paid. States pension expenditure accounts for over 85% of the total benefit expenditure of the

12 For people whose marriages took place before 1st January 2004, and who reached pension age before 1st January 2014.

13 Widow's pension is also payable at this rate, new applications cannot be made but there are still historic cases continuing.

14 Lower rates are payable based on degree of disability.

Fund. As of 1st July 2022, there were 18,727 people in receipt of a pension from Guernsey (1st July 2021: also 18,727).

4.6. Pension expenditure is increasing due to larger numbers of people reaching pension age, but it is also affected by lower mortality rates, meaning that people are enjoying longer retirements, with many more people living into and beyond their 80s. Increasing the States pension age, which started from 1st January 2020, will have the effect of slowing this increase in expenditure. Pension age is increasing by two months every ten months, until it reaches age 70 by 2049.

4.7. Table 9 below shows annual benefit and administration expenditure for the Guernsey Insurance Fund for the years 2019 to 2021, the budget forecast for 2022 and projected expenditure for 2023.

Table 9 – Summary of expenditure from the Guernsey Insurance Fund

	2019 Actual £m	**2020 Actual £m**	**2021 Actual £m**	**2022 Forecast £m**	**2023 Budget £m**
Pension	128.7	133.9	138.4	143.2	154.8
Incapacity	8.8	9.5	10.3	10.4	11.1
Sickness	4.5	4.7	4.7	5.4	5.8
Parental	2.5	2.6	2.5	2.5	2.7
Travelling Allowance Grant[15]	2.5	2.5	3.3	-	-
Bereavement	1.8	1.7	1.9	1.9	2.0
Unemployment	0.9	2.1	1.0	0.6	0.7
Industrial	1.0	0.9	0.9	0.9	1.0
Total benefit expenditure	**150.7**	**157.9**	**163.0**	**164.9**	**178.1**
Administration	4.4	4.3	4.1	4.9	5.0
Total expenditure	**155.1**	**162.2**	**167.1**	**169.8**	**183.1**

5. Expenditure financed by the Long-term Care Insurance Fund

5.1. The Long-term Care Insurance Scheme pays benefits to assist with fees in private residential and nursing homes.

Co-payment (personal contribution) from person in care

5.2. Under the Long-term Care Insurance Scheme, it is a condition of entitlement to benefit that the person in care should make a co-payment.

15 The Travelling Allowance Grant has transferred to the Committee *for* Health & Social Care (see section 7 for further information).

5.3. On 19th August 2020, the States debated a Policy Letter from the Committee entitled 'Supported Living and Ageing Well Strategy: Extending the Life of the Long-term Care Insurance Scheme'[16]. This set out a package of proposals intended to address some very significant challenges facing the Long-term Care Insurance Scheme in Guernsey.

5.4. One of these challenges was to address the financial sustainability of the care home sector, with the very real risk that several care homes would be forced to close if income was not increased. It was acknowledged that the minimum amount paid for a bed under the Long-term Care Insurance Scheme was too low to sustain the market. In order to address this, the States agreed that the rates of long-term care benefit and the co-payment paid by individuals towards the costs of their accommodation, daily living costs, and care, needed to increase.

5.5. The States agreed that the total of the co-payment aggregated with the long-term care benefit rate for the provision of residential care beds, residential dementia care beds and nursing beds should be increased to the mid-point indicated by the LaingBuisson benchmarking[17] by 2023 with allowance made for inflation (RPIX) in the intervening period. The States also agreed that the co-payment should be increased by £20.00 to £229.37 with effect from October 2020 and that the co-payment should increase further to £280.00 (in 2020 terms) by January 2023, that being the lower end of the estimated cost of living expenses and accommodation.

5.6. A further Policy Letter entitled 'Implementation of Approved Rate of Long-term Care Co-payment'[18] ('the March 2021 Policy Letter'), considered by the States in March 2021, outlined proposals for the increments and timeframe within which the co-payment would be increased to £280.00 (in 2020 terms). An increment was approved with effect from 5th July 2021, taking the co-payment to £242.06 per week; proposals for further increments, due every six months in January and July, taking into account annual inflationary changes, were outlined in the March 2021 Policy Letter, with the target being reached in January 2023. Approval was not sought at the time for the later increments as they would each be adjusted at a later date to allow for inflation.

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16 Supported Living and Ageing Well Strategy: Extending the Life of the Long-term Care Insurance Scheme (Billet d'État XVI of 2020, Article V)

17 The LaingBuisson toolkit is a market standard toolkit used for calculating a fair market price for care.

18 Implementation of approved rate of Long-term Care co-payment (Billet d'État VIII of 2021, Article X).

5.7. Based on the June 2022 RPIX figure of 7.0%, the target amount of the co-payment, to be reached in January 2023, has been adjusted to £306.49 per week. The previous, current and proposed co-payment rate with effect from 2nd January 2023 are set out in Table 10 below, along with an explanation of how the target of £280.00 has been uplifted to account for inflation.

Table 10 – Previous, current and proposed co-payment rates

Co-payment increment dates	Target	Rate of co-payment	Increment
6th January 2020	-	£209.29	Q2 2019 RPIX
5th October 2020	£280.00	£229.37	£20.08
5th July 2021	£280.00	£242.06	£12.69
3rd January 2022	£286.44[19]	£256.83	£14.77
4th July 2022 (current rate)	£286.44	£271.67	£14.84
2nd January 2023 (proposed)	£306.49[20]	£306.46[21]	£34.79

5.8. In addition to the long-term care benefit payment and the personal contribution by the individual, many people in private care homes will be required to pay additional fees set by the homes. These 'top-up fees' are paid by approximately two thirds of those in care. Any beds available without the need to pay a top-up are known as 'States-rates beds'. Table 11 below explains the breakdown of funding for long-term care in private residential and nursing homes, for information.

Table 11 – Overview of weekly long-term care benefit and fees (from 4th July 2022)

Element of funding		Cost	Paid by
Type of care	Residential	£532.98	Long-term Care Insurance Fund
	Residential (dementia/EMI)	£696.64	
	Private nursing home	£961.59	
Personal contribution (co-payment)		£271.67	Resident (or Income Support)
Top-up fees (homes may charge top-up fees above the States approved rate)		Discretionary	Resident

<u>Long-term care benefit rates</u>

5.9. As explained in paragraph 5.5, the States agreed that the co-payment aggregated with the long-term care benefit rate should be increased to the

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19 Target uplifted by 2.3% (i.e. Q2 2021 RPIX) to 2022 terms.
20 Target uplifted by 7.0% (i.e. Q2 2022 RPIX) to 2023 terms.
21 The co-payment needs to be divisible by 7, hence it is slightly different to the target.

mid-point indicated by the LaingBuisson benchmarking by 2023, taking into account inflation (RPIX) in the intervening period. The mid-points in 2020 and 2023 are set out in Table 12 below:

Table 12 – Target weekly rates of long-term care benefit aggregated with the co-payment

	2020 target	2023 target[22]
Residential care benefit	£801.00	£876.75
Residential – dementia (Elderly mentally infirm)	£961.00	£1,051.89
Nursing care benefit	£1,220.00	£1,335.39

5.10. The Committee recommends that the rates of long-term care benefit be increased by 7.0%, this being the rate of RPIX to June 2022, with effect from 2nd January 2023. This will meet the above stated target. The proposed rates are set out in Table 13 below.

Table 13 – Weekly rates of long-term care benefit

	2022	**Proposed rates (w.e.f. 2nd January 2023)**
Residential care benefit	£532.98	**£570.29**
Residential – dementia (Elderly mentally infirm)	£696.64	**£745.43**
Nursing care benefit	£961.59	**£1,028.93**

5.11. Subject to States approval of the recommended rates of the co-payment and long-term care benefit for 2023, the resolution of the States referred to in paragraph 5.5 above, will have been discharged.

Respite care benefit

5.12. People needing respite care in private sector residential or nursing homes are not required to pay a co-payment. The Long-term Care Insurance Fund pays instead. This is to acknowledge the value of occasional investment in respite care in order to allow the person concerned to remain in their own home for as long as practicable. It also acknowledges that people having respite care continue to bear the majority of their own household expenditure at the same time. The respite care benefits therefore, are the sum of the co-payment and the residential care benefit with or without residential-dementia care, or nursing care benefit, as appropriate.

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22 Long-term care benefit must be divisible by 7.

5.13. The Committee recommends that the rates of respite care benefit are set as shown in Table 14 below, with effect from 2nd January 2023. These amounts reflect the aggregated total of the proposed co-payment and proposed rates of long-term care benefit.

Table 14 – Weekly rates of respite care benefit

	Current rate (w.e.f. 4th July 2022)	**Proposed rates (w.e.f. 2nd January 2023)**
Residential care respite benefit	£804.65	**£876.75**
Residential- dementia respite benefit	£968.31	**£1,051.89**
Nursing care respite benefit	£1,233.26	**£1,335.39**

Summary of expenditure financed by the Long-term Care Insurance Fund

5.14. Table 15 below summarises the impact of the proposed benefit rates on projected expenditure from the Long-term Care Insurance Fund for 2023, along with the 2022 revised forecast at the time of writing, compared with the actual expenditure figures for 2019 to 2021.

Table 15 – Summary of expenditure from the Long-term Care Insurance Fund

	2019 Actual £m	**2020 Actual £m**	**2021 Actual £m**	**2022 Forecast £m**	**2023 Budget £m**
Residential care	10.7	10.4	11.9	11.1	12.7
Nursing care	9.7	10.0	10.8	11.0	11.8
	20.4	**20.4**	**22.7**	**22.1**	**24.5**
Administration	0.4	0.4	0.4	0.3	0.4
	20.8	**20.8**	**23.1**	**22.4**	**24.9**

6. Review of the residency conditions for long-term care benefit

6.1. The Committee has started to look further into the idea of a sliding scale of long-term care benefit based on length of residency in Guernsey, Alderney, Herm and/or Jethou, raised in last year's uprating report. However, it will involve a significant amount of further work to determine if the change will achieve its objectives without unintended undesirable consequences. It has also become clear that this issue cannot be looked at in isolation from wider issues surrounding the Supported Living and Ageing Well Strategy (SLAWS), especially the issue of whether or not the asset of the family home may be taken into consideration in the income support means test if someone does not meet the eligibility criteria for the full amount of long-term care benefit and is otherwise unable to meet their care costs (which the Assembly also directed the Committee to explore) and how this may be achieved and administered in a fair and efficient way. The Committee has, therefore, decided not to progress this in isolation but will continue to consider the merits of this proposal alongside the wider piece of work on SLAWS, which was identified as a top ten priority action in the Government Work Plan 2022.

7. Expenditure financed by the Guernsey Health Service Allocation

7.1. Most matters concerning benefits under the Guernsey Health Service Fund have, since 1st June 2020, been the responsibility of the Committee *for* Health & Social Care. This followed the entry into force of The Machinery of Government (Transfer of Functions Ordinance), 2020[23]. The legislative changes that enabled the final processes of the transfer were implemented from 1st January 2022, following the entry into force of The Health Service Benefit (Amendment and Miscellaneous Provisions) (Guernsey) Law, 2021[24]. This enabled the closure of the Guernsey Health Service Fund, the repeal of provisions in the Health Service (Benefit) (Guernsey) Law, 1990 relating to Medical Benefit and other benefits, and the transfer of the balance of the Guernsey Health Service Fund to be ring-fenced within General Revenue where it is held as the Guernsey Health Reserve.

PART IV: FINANCIAL POSITION

8. Financial position of the Guernsey Insurance Fund

8.1. The recent financial performance of the Guernsey Insurance Fund is shown in Table 16 overleaf. It is estimated that the operating deficit will be £25.8m in 2023 (2022 forecast: £25.8m deficit). The Fund has now been in deficit, before investment returns are taken into account, since 2009.

8.2. The operating deficit arises when expenditure on benefits and administration exceeds contribution income. This shortfall is met by drawing down the Fund's reserves and, although the drawdown has been planned, it results in the number of years' expenditure cover remaining in the Fund reducing. It also reduces the extent to which investment income can contribute to the financing of the scheme.

8.3. During 2021, unemployment figures fell compared to the previous year. As a result, Unemployment Benefit payments reduced to levels close to those seen before the COVID-19 pandemic. However, Incapacity Benefit payments

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23 The Machinery of Government (Transfer of Functions) Ordinance, 2020.

24 The Health Service Benefit (Amendment and Miscellaneous Provisions) (Guernsey) Law, 2021.

remained higher than pre-pandemic levels. Overall, contributory income levels recovered. This recovery is expected to continue in 2022, although it is not anticipated that incapacity benefit expenditure will fall to pre-2020 levels as yet.

Table 16 – Financial performance of the Guernsey Insurance Fund

	2019 Actual £m	2020 Actual £m	2021 Actual £m	2022 Forecast £m	2023 Budget £m
Income	130.6	127.6	135.5	144.0	157.3
Expenditure	(155.1)	(162.2)	(167.1)	(169.8)	(183.1)
Operating deficit	(24.5)	(34.6)	(31.6)	(25.8)	(25.8)
Investment returns	52.8	(3.6)	75.8	19.5	31.0
Net surplus/(deficit) for the year	28.3	(38.2)	44.2	(6.3)	5.2
Net assets at 1st January	715.2	743.5	705.3	749.4	743.1
Net assets at 31st December	743.5	705.3	749.4	743.1	748.3
Expenditure cover in years	4.8	4.3	4.5	4.4	4.1

9. Financial position of the Long-Term Care Insurance Fund

9.1. The financial performance of the Long-term Care Insurance Fund is shown in Table 17 below. The 2023 budget estimates that the operating surplus will be £7.0m (2022 forecast: £9.4m surplus).

Table 17 – Financial performance of the Long-term Care Insurance Fund

	2019 Actual £m	2020 Actual £m	2021 Actual £m	2022 Forecast £m	2023 Budget £m
Income	28.2	28.1	29.2	32.5	36.4
Expenditure	(20.8)	(20.8)	(23.1)	(22.4)	(24.9)
Operating surplus	7.4	7.3	6.1	10.1	11.5
Investing activities	6.1	-	11.3	2.6	5.6
Net surplus/(deficit) for the year	13.5	7.3	17.4	12.7	17.1
Net assets at 1st January	80.2	93.7	101.0	118.4	130.4
Net assets at 31st December	93.7	101.0	118.4	131.1	147.5
Expenditure cover in years	4.5	4.9	5.1	5.8	5.9

10. Investment returns

10.1. On 15th July 2021, the Machinery of Government (Transfer of Functions) Ordinance, 2021[25], came into force, transferring the responsibility for the management of the Common Investment Fund from the Committee to the Policy & Resources Committee. The management is carried out by the States' Investment Board sub-Committee of the Policy & Resources Committee . The Common Investment Fund now comprises the Guernsey Insurance Fund and the Long-Term Care Insurance Fund.

10.2. The expected return of the investments on a 10 year forward view is LIBOR plus 3.7%. Actual performance in the calendar year 2021 was 11.5%. For the period January to June 2022, there has been a negative return of 9.9%.

PART V: RULES OF PROCEDURE

11. Compliance with Rule 4 of the Rules of Procedure

11.1. Rule 4 of the Rules of Procedure of the States of Deliberation and their Committees sets out the information which must be included in, or appended to, propositions laid before the States.

11.2. In accordance with Rule 4(1)(a), it is confirmed that proposition 1, in respect of increasing contribution rates to the Guernsey Insurance Fund and the Long-term Care Insurance Fund, align with the priority set out in the Government Work Plan[26] to 'sustain government finances' under the 'reshaping government' workstream.

11.3. In accordance with Rule 4(1)(b), it is confirmed that the Committee has engaged with the Policy & Resources Committee throughout the preparation of this Policy Letter. The Policy & Resources Committee has advised that it is supportive of the Committee's proposal to increase contribution rates, as set out in Part II this Policy Letter, and to increase the rates of contributory benefits by 7.0%, as set out in Part III of the Policy Letter.

11.4. In accordance with Rule 4(1)(c), the Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications.

11.5. In accordance with Rule 4(1)(d), estimates of the financial implications to the States of carrying the proposals into effect are set out in paragraph 3.11 and sections 8 and 9 of this Policy Letter.

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25 The Machinery of Government (Transfer of Functions) Ordinance, 2021.

26 The Government Work Plan 2021 – 2025 (Billet d'État XV of 2021, Article I).

11.6. In this Policy Letter, the Committee has set out its proposals for benefit rates and contribution rates and limits for 2023. In accordance with Rule 4(2)(a), it is confirmed that the propositions accord with the Committee's purpose:

> "To foster a compassionate, cohesive and aspirational society in which responsibility is encouraged and individuals and families are supported through schemes of social protection relating to pensions, other contributory and non-contributory benefits, social housing, employment, re-employment and labour market legislation."

11.7. In accordance with Rule 4(2)(b) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the propositions have the unanimous support of the Committee.

Yours faithfully

P J Roffey
President

H L de Sausmarez
Vice-President

T L Bury
S J Falla
J A B Gollop

M R Thompson
Non-States Member

R J Le Brun
Non-States Member

APPENDIX 1

Historic pension uprating policies approved by the States

Year of increase	Percentage increase	Policy
2020	2.3%	RPIX + ⅓ of real median earnings Increase
2019	2.4%	RPIX only (median earnings increase was less than RPIX)
2018	2.8%	RPIX only (median earnings increase was less than RPIX)
2017	0.8%*	RPIX + ⅓ of real median earnings increase
2016	1.7%	RPIX + ⅓ of real median earnings increase
2015	2.1%	RPIX only
2014	2.1%	RPIX only
2013	3.6%	RPIX + 0.5%
2012	3.6%	RPIX + ½ the projected long term real median earnings increase
2011	2.9%	RPIX + 0.5% - this was lower than the policy of RPIX + ½ of projected long term real median earnings increase, which was the approved policy at the time.
2010	2.0%	0.7% under RPIX** but 3.3% above RPI, the measure used until that point. The less generous uprating was based on the economic conditions of the time.
2009	6.5%	RPI +1.0%
2008	6.0%	RPI +1.3%
2007	3.4%	RPI only – in light of economic concerns
2006	5.4%	RPI+ 0.8% - reduced from previous years in light of economic circumstances and draw down of the fund
2005	7.0%	RPI +2.5% - due to concerns about pensioner poverty
2004	7.4%	RPI +3.1% - due to concerns about pensioner poverty
2003	7.5%	RPI +4.2% - due to concerns about pensioner poverty

* 2017 benefit rates were later restated to a 1% increase, this was to reflect a change in the methodology for calculating median earnings. This was implemented through an uplift from 2018 onwards and was not backdated.

** From 2010, the States-approved measure of inflation used for uprating changed from RPI to RPIX.