THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE *FOR* EMPLOYMENT & SOCIAL SECURITY

INTERIM UPRATING OF CONTRIBUTORY AND NON-CONTRIBUTORY BENEFIT RATES

The States are asked to decide:

Whether, after consideration of the Policy Letter entitled 'Interim Uprating of Contributory and Non-contributory Benefit Rates', dated 13th March 2023, they are of the opinion:

1. To set the:
    a) standard rates of contributory social insurance benefits,
    b) contribution (co-payment) required to be made by the claimant of care benefit,
    c) maximum weekly rates of long-term care benefit and respite care benefit,
    d) income support requirement rates, limits of weekly income, personal allowances, and maximum rent allowances,
    e) rates of family allowance, severe disability benefit and carer's allowance, and
    f) payment tariffs under the Mesothelioma Compensation Scheme,

    as set out in Appendix 1 to the Policy Letter.

2. To note that benefit rates for 2024 will not be impacted by an interim increase to rates between July 2023 to December 2023.

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

The above Propositions have been submitted to His Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1)(c) of the Rules of Procedure of the States of Deliberation and their Committees.

THE STATES OF DELIBERATION
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ISLAND OF GUERNSEY

COMMITTEE *FOR* EMPLOYMENT & SOCIAL SECURITY

INTERIM UPRATING OF CONTRIBUTORY AND NON-CONTRIBUTORY BENEFIT RATES

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

13th March 2023

Dear Sir

1. Executive summary

1.1. The Committee *for* Employment & Social Security ('the Committee') is responsible under its mandate for advising the States in relation to financial and social hardship. In January 2023, it was announced that inflation over the year ending 31st December 2022, as measured using the RPIX[1], was 8.5%[2]. It was also announced that median earnings, as at 30th September 2022, were 0.9% lower in real terms than the year before[3]. These figures demonstrate that the cost of living is increasing faster than usual, and that wage rates have not kept pace with inflation.

1.2. The most recent increase to benefit rates, applied in January 2023, was based on the rate of RPIX inflation as at 30th June 2022 (this being 7.0%) as this was the latest inflation figure available at the relevant time. Therefore, the rates of benefits currently payable do not take account of the 2.9% increase in the price of goods and services experienced from 1st July to 31st December 2022. This is putting additional financial strain on Guernsey and Alderney households, many of which will struggle to meet their needs if benefit rates do not keep pace with inflation.

[1] RPIX is 'core' inflation excluding mortgage interest payments.
[2] Guernsey Quarterly Inflation Bulletin – December 2022.
[3] Guernsey Annual Electronic Census Report.

1.3. The Committee is therefore proposing that benefits and associated limits and rates be increased by 2.9%[4] with effect from early July 2023. This will close some of the gap between the current rates payable and the current cost of essential goods and services.

1.4. The proposals set out in this Policy Letter are for an interim uprating of rates of most benefits funded from the Guernsey Insurance Fund, the Long-term Care Insurance Fund and General Revenue. This includes, but is not limited to, the States Pension, carer's allowance and income support.

1.5. The proposals seek to address the immediate cost of living crisis affecting Islanders. If approved, the new rates will apply from July to December 2023 only and represent a one-off, in-year cost. This will not have any impact on 2024 benefit rates, which will be calculated in the same way regardless of whether the proposals set out in this Policy Letter are approved by the States or not[5]. That is to say, the proposed rates for 2024 will be the same whether or not benefit rates increase from July 2023. The proposals in this Policy Letter simply function as an interim increase to assist Islanders who are reliant on benefits to make ends meet and maintain, rather than increase, their standard of living.

1.6. This Policy Letter does not replace the ordinary, annual uprating of all contributory and non-contributory benefits. The Committee will bring proposals to the States for consideration in respect of contributory and non-contributory benefit rates for 2024 in October and November 2023, respectively. These Policy Letters will set out, in greater detail, the usual information about claim numbers and expenditure.

2. Inflationary pressures in Guernsey

2.1. The rate of core inflation (RPIX) has been increasing over the last year at an exceptional level. In January 2023, it was announced that inflation, as measured using the RPIX ('core' inflation excluding mortgage interest payments), for the year ending 31st December 2022 was 8.5%. This figure is 3.9 percentage points higher than for the year ending 31st December 2021.

2.2. Furthermore, from 2014 to 2020, inflation between July and December has been far lower than current levels, being between -1% and 0%.

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4 The proposed uprating figure is 2.9%, rather than 1.5%. 1.5% is the difference between the published rates of RPIX inflation for the years ending 30th June 2022 and 31st December 2022. 2.9% is the increase in the RPIX from 1st July 2022 to 31st December 2022.

5 Proposed benefit rates for 2024 will be calculated by applying the usual uprating formulas for contributory and non-contributory benefits to the rates payable from January 2023. If an interim increase were applied, it would not have any impact on these calculations.

2.3. Table 1 below sets out a quarter-by-quarter comparison of annual inflation figures from 2017 to 2022 (inclusive). It illustrates that the rates of inflation during 2022 have been exceptionally high.

Table 1 – Comparison of annual inflation (RPIX) figures

	2017	**2018**	**2019**	**2020**	**2021**	**2022**
31st March	2.9%	1.9%	2.1%	2.5%	1.7%	**5.9%**
30th June	2.8%	2.4%	1.9%	2.4%	2.3%	**7.0%**
30th September	2.4%	2.8%	2.0%	2.0%	3.3%	**8.0%**
31st December	2.5%	2.3%	2.4%	1.6%	4.6%	**8.5%**

2.4. In addition to high inflation, median earnings as at 30th September 2022 were 0.9% lower in real terms than the year before. By contrast, in September 2021, they were 2.5% higher in real terms. This reflects the reduced spending power that many Guernsey households are currently experiencing as they attempt to make ends meet.

2.5. Table 2 below sets out a quarter-by-quarter comparison of annual real-terms changes to median earnings. It illustrates that the recent reductions in Islanders' spending power are much greater than those experienced in previous years. Further, previous real-terms decreases in median earnings occurred when inflation was much lower.

Table 2 – Comparison of annual real-terms median earnings changes

	2017	**2018**	**2019**	**2020**	**2021**	**2022**
31st March	+0.6%	-0.5%	+1.3%	+0.9%	+1.7%	**+0.3%**
30th June	-0.1%	+0.3%	+0.4%	+0.6%	+2.9%	**-1.1%**
30th September	-0.2%	+0.4%	+0.7%	+0.5%	+2.5%	**-0.9%**
31st December	-0.5%	+0.8%	+0.6%	+0.6%	+2.1%	**N/A**[6]

2.6. The Committee is mindful of the exceptional impact that the prevailing economic circumstances have had, and continue to have, on Islanders, especially those who are partially or wholly reliant on benefits.

2.7. In particular, the Committee recognises that recipients of benefits have already had to pay inflated prices for several months without this being reflected in the benefits they receive, because current rates were calculated using the rate of inflation as at 30th June 2022[7]. As a result, the Committee is of the view that something needs to be done urgently to address this.

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[6] Figure not available at the time of writing.

[7] This is the standard practice for uprating benefits annually. When inflation is at more 'normal' rates, its effect on prices is not so stark, and the temporal gap generally does not have a marked effect

3. Emergency uprating in October 2022

3.1. In September 2022, the States approved proposals for the emergency uprating of income support rates[8]. Income support requirement rates, the limits of weekly income, and maximum rent allowances were all increased by 5% from 7th October 2022 until 5th January 2023. These uprating figures did not inform 2023 benefit rates; they were interim changes to assist vulnerable households with the increasing cost of living.

3.2. The principle behind this Policy Letter is the same. However, it also seeks to assist people who are in receipt of benefits other than, or in addition to, income support. This includes, but is not limited to, pensioners, carers, and persons with severe disabilities.

3.3. The Committee is strongly of the view that it is necessary to implement interim uprating measures during times of notably high inflation, but it does not intend to routinely propose these exceptional measures when inflation returns to 'normal' levels.

4. Proposals for an interim uplift in benefits and related limits and rates

4.1. The Committee is proposing that benefits and related limits and rates[9] are increased by 2.9% with effect from the first payment date in July 2023. This is in line with inflation between 1st July 2022 and 31st December 2022. However, it should be noted that some of the rates and limits have been adjusted by slightly less or more than this in order to arrive at a rounded figure or to be divisible by seven for those benefits calculated on a daily, rather than weekly, basis, in keeping with standard uprating policy.

4.2. The proposed new rates, to be effective from the first payment dates in July 2023, are set out in Appendix 1 to this Policy Letter.

Budget implications

4.3. The cost of the Committee's proposals is estimated to be in the region of £3.5m for the six months from July to December 2023. The majority of this (approximately £2.25m, or 64%) relates to the States Pension.

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on benefit recipients' standards of living. However, at times when inflation is high, the impact of this delay is felt much more keenly.

[8] Policy Letter from the Committee *for* Employment & Social Security entitled: 'Emergency Uprating of Income Support Rates' (Billet d'État XIV, Article I).

[9] These proposals do not relate to the Winter Fuel Allowance, school uniform and educational maintenance grants, or the annual limits for severe disability benefit, carer's allowance and family allowance.

4.4. Table 3 below sets out how the total forecasted cost is split between each funding source and benefit type.

Table 3 – Forecast budgetary impact of conducting a mid-year uprating process

Funded from	Benefit	Original 2023 budget (£)	Proposed 2023 budget (£)	Increase (£)
Guernsey Insurance Fund (GIF)	States Pension	154,750,000	156,995,000	2,245,000
	Death grant	500,000	505,000	5,000
	Bereavement benefit	1,550,000	1,570,000	20,000
	Incapacity benefit	11,160,000	11,320,000	160,000
	Sickness benefit	5,755,000	5,840,000	85,000
	Unemployment benefit	1,085,000	1,090,000	5,000
	Parental benefits	2,700,000	2,740,000	40,000
	Industrial injury benefit	260,000	265,000	5,000
	Industrial disablement benefit	560,000	570,000	10,000
	Industrial medical benefit[10]	140,000	140,000	-
	Total GIF	**178,460,000**	**181,035,000**	**2,575,000**
Long-term Care Insurance Fund (LTCIF)	Residential EMI care	5,685,000	5,765,000	80,000
	Residential care	6,975,000	7,075,000	100,000
	Nursing care	11,840,000	12,010,000	170,000
	Total LTCIF	**24,500,000**	**24,850,000**	**350,000**
General Revenue	Carer's allowance	3,100,000	3,145,000	45,000
	Severe disability benefit	5,650,000	5,730,000	80,000
	Family allowance	6,950,000	7,050,000	100,000
	Income support	49,700,000	50,020,000	320,000
	Total General Revenue	**65,400,000**	**65,945,000**	**545,000**
	Total	**268,360,000**	**271,830,000**	**3,470,000**

4.5. The Committee acknowledges that its proposals carry a financial impact, but Members are strongly of the opinion that it is the responsibility of the States

[10] Industrial medical benefit has not been increased because it relates to fees paid to doctors or other medical providers and is not a weekly cash benefit.

to support Islanders during this period of exceptional financial strain. Hardship is usually felt most acutely by the most vulnerable in society. In its Policy Letter entitled 'Non-contributory Benefit Rates for 2023'[11], the Committee highlighted that children were a particularly at-risk group, noting that many families experiencing poverty are often forced to make impossible decisions about which essential purchases to make and which to forgo each week or month. In a 2022 letter to the Committee, the Board of Every Child Our Future highlighted that many families who use the Bright Beginnings Children's Centre struggle to provide fresh food for themselves and their children. They also noted:

> 'Children's shoes are an expensive but essential item […] but some families in work really struggle to afford these.'

These findings were reflected in the focus group of income support recipients conducted by the Committee.

4.6. In a July 2022 report for the Committee, the Guernsey Welfare Service (GWS), which operates a foodbank, noted that, after supporting a fairly static number of households, in 2020 the numbers of Islanders seeking assistance increased drastically. Between the end of 2019 and the July report, claims had risen by 37%. The GWS' report said,

> 'Clearly the pandemic had a major part to play…but increasingly we find general cost of living increases and the high cost of private rentals are the reasons why people come to seek our assistance. Additionally, we have noticed an increase in the number of people in employment who are coming to us for help.'

4.7. In its Policy Letter entitled 'Non-contributory Benefit Rates for 2023', the Committee stated that financial hardship causes deprivation, negative self-image, a loss of opportunities, and an increased reliance on welfare systems. Given the current financial circumstances and high levels of inflation, the Committee considers that these risks to local households have not lessened since that Policy Letter was drafted.

4.8. The Committee also notes that, although median earnings have decreased in real terms by 0.9%, they have increased in nominal terms by 5.3% during the year ending 30th September 2022, and this is reflected in Islanders' social security and income tax payments. It is, therefore, of the opinion that the measures proposed in this Policy Letter are both essential and proportionate.

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[11] Policy Letter from the Committee *for* Employment & Social Security entitled: 'Non-contributory Benefit Rates for 2023' (Billet d'État XIX of 2023, Article II).

5. Consultation with the Policy & Resources Committee

5.1. The Committee has consulted with the Policy & Resources Committee regarding the proposals set out in this Policy Letter.

5.2. The President of the Policy & Resources Committee has advised that while understanding the motivation for the proposals, his Committee is not able to support such measures at this time due to the level of unplanned expenditure, the current States financial pressures and concern centred on the beneficiaries of all the proposed uplifts. The Policy & Resources Committee's full consultation response is appended to this Policy Letter (see Appendix 2).

5.3. The Committee notes that the Policy & Resources Committee has expressed concern that 'many of the proposed uplifts are untargeted' and will not directly aid low-income households. The President of the Policy & Resources Committee said:

> 'The Policy & Resources Committee is concerned that many of the proposed uplifts are untargeted although you have stated the reason for the proposed uplift is that the unusually high levels of inflation are affecting the cost of living and most severely impacting the poorest households in the community. While we accept this argument in relation to income support, the Committee feels much of this very considerable expense will not reach low-income households, and in some cases will not benefit households at all.
>
> For example, the [Policy & Resources] Committee notes that the proposed increase in the States Pension is by far the most significant expense at £2.2m. Appreciating that the States Pension is an entitlement based on contribution and not means tested, an increase would benefit many for whom their pension is a small part of their retirement income. The Rolling Electronic Census data suggests the pension represents less than half of total income for 58% of pensioner households and less than a quarter for 34%. Most of these households will be free of mortgage and rental costs. Further, considering that up to 15% of pension payments are made to people who no longer live in Guernsey, it is evident that a significant proportion of the cost [of the proposals] will be directed to those for whom there is not a demonstrable need.'

5.4. The Committee is strongly of the opinion that this is not the case. Although low-income households, including pensioner households, can apply for income support, they may fall just outside of entitlement for income support due to having modest savings, or weekly income slightly above their assessed level of need. For such households, the impact of high inflation is still being keenly felt. Proposals for an extraordinary increase to benefit rates which only encompass means-tested benefits would not acknowledge that many Islanders who do not qualify for income support are also struggling to make ends meet.

5.5. Further, although a key consideration when preparing these proposals was to assist low-income households during the cost of living crisis, the Committee also notes in Paragraph 2.7 that inflated prices are not currently reflected in benefit rates, because the current rates were calculated using inflation figures as at 30th June 2022. Therefore, an equally important reason for bringing forward these proposals is to maintain pace with inflation at a time when it is exceptionally high.

5.6. The Committee considers that it is crucial to acknowledge that high inflation has an impact across Guernsey and Alderney, including for employers, care homes, and benefit recipients. This may also be true for pensioners who have emigrated and may be facing inflationary pressures wherever they live. The Committee does not consider it acceptable to propose that only certain benefits and rates are brought into line with inflation as at 31st December 2022 while others are not. As stated in Paragraph 3.3, the Committee does not intend to routinely propose emergency or interim increases to benefit rates when inflation returns to 'normal'.

5.7. The Committee also notes that the Policy & Resources Committee could not support its proposals due to 'current financial constraints and the additional in-year pressure that this proposal would put on the States finances.' The Committee is acutely aware of the pressure public finances are under and the need to find an acceptable solution to the long-term sustainability of those public finances. However, in the meantime it must also be recognised that this has been an extraordinary period of increased costs for those islanders who were already struggling. The additional support proposed by the Committee is very badly and urgently needed. The Committee would like to stress that the estimated additional cost of its proposals to General Revenue is approximately £0.5 million.

5.8. Although earnings have not kept pace with inflation over recent months, leading to reduced spending power for Islanders, the nominal median earnings figure, as at 30th September 2022, was 5.9% higher than at the same time in 2021. Consequently, social security contributions for the year ending 31st December 2022 were approximately £9 million higher than budgeted. Of this figure, the contributions allocated to the GIF in 2022 were approximately £6.5 million higher than expected. The projected financial impact to the GIF of the proposals in this Policy Letter is around £2.6 million.

5.9. The Committee considers it fair and reasonable to propose that contributory benefit rates be increased in line with inflation, especially given that contribution income in 2022 exceeded budgeted levels by £9 million as a result of higher than anticipated earnings levels. Given that the Social Insurance Scheme and the Long-term Care Insurance Scheme are essentially 'pay as you go' schemes, it is appropriate that the first call on contributions should be this year's benefit payments.

5.10. Nevertheless, the Committee is keen to stress that it would be pleased to engage with any Members of the Policy & Resources Committee, or indeed any States Members, who may wish to submit an amendment to the proposals in this Policy Letter in order to limit the increase in benefit rates to income support only, noting that the Policy & Resources Committee has acknowledged that 'unusually high levels of inflation are affecting the cost of living and most severely impacting the poorest households in the community'. Such an amendment would take the following benefits and associated rates out of scope for an interim uplift:

- The States Pension,
- Survivor's benefits and grants,
- Parental benefits and grants,
- Unemployment benefit,
- Sickness and incapacity benefits,
- Industrial injury benefits,
- Long-term care benefit,
- Family allowance,
- Carer's allowance, and
- Severe disability benefit.

6. Compliance with Rule 4 of the Rules of Procedure

6.1. 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.

6.2. In accordance with Rule 4(1)(a), the Committee confirms that its proposal to increase benefit rates from mid-2023 to reflect the increasing cost of living aligns with one of the top ten priorities set out in the Government Work Plan 2022[12] - 'to improve living standards'.

6.3. In accordance with Rule 4(1)(b), and as set out in section 5 of this Policy Letter, the Committee confirms that it has consulted with the Policy &

[12] Policy Letter from the Policy & Resources Committee entitled: 'The Government Work Plan 2022' (Billet d'État X of 2022, Volume 1, Article I).

Resources Committee regarding its proposals for a mid-year uprating of contributory and non-contributory benefits.

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

6.5. In accordance with Rule 4(1)(d), estimates of the financial implications of carrying the proposals into effect are set out in section 4 of this Policy Letter.

6.6. In this Policy Letter, the Committee has set out proposals for an urgent uplift in benefit rates, to apply from the first week of July 2023. In line with Rule 4(2)(a), it is confirmed that the propositions align 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.'

6.7. In accordance with Rule 4(2)(b), 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

Proposed weekly rates of contributory and non-contributory benefits and income support limits of weekly income, personal allowances and maximum rent allowances

Benefit	Current rates	Proposed rates	Proposed rates with effect from	Funded from
States Pension			3rd July 2023	Guernsey Insurance Fund[2]
Insured person	£250.22	**£257.48**		
Increase for dependant wife[1]	£125.34	**£128.97**		
Total	£375.56	**£386.45**		
Survivor's Benefits				
Widowed Parent's Allowance	£263.13	**£270.76**		
Bereavement Allowance[3]	£226.26	**£232.82**		
Maternal Health Allowance, Newborn Care Allowance, and Parental Allowance	£250.67	**£257.95**		
Unemployment Benefit, Sickness Benefit, and Industrial Injury Benefit	£184.17	**£189.49**		
Incapacity Benefit	£221.27	**£227.71**		
Industrial Disablement Benefit (100%)[4]	£201.64	**£207.49**		
One off grants:				
Maternity Grant and Adoption Grant	£461.00	**£474.00**		
Death Grant	£720.00	**£741.00**		

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

[2] Benefits funded from the Guernsey Insurance Fund 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.

[3] Widow's pension is also payable at this rate. New applications cannot be made but there are still historic cases continuing.

[4] Lower rates are payable based on degree of disability.

Benefit	Current rates	Proposed rates	Proposed rates with effect from	Funded from
Bereavement Payment	£2,273.00	**£2,339.00**		
Residential care benefit	£570.29	**£586.81**	3rd July 2023	Long-term Care Insurance Fund
Residential – dementia (elderly mentally infirm)	£745.43	**£767.06**		
Nursing care benefit	£1,028.93	**£1,058.75**		
Residential care respite benefit	£876.75	**£902.16**		
Residential – dementia (elderly mentally infirm) respite benefit	£1,051.89	**£1,082.41**		
Nursing care respite benefit	£1,335.39	**£1,374.10**		
Long-term care co-payment	£306.46	£315.35		N/A[5]
Income support			7th July 2023	General Revenue
Short-term rates – up to 6 months				
Householders:				
Single householder	£145.55	**£149.77**		
Cohabiting/married couple	£242.80	**£249.84**		
Non-householder:				
18 or over	£111.09	**£114.31**		
Rent allowance	£86.00	**£88.50**		
Member of a household:				
Aged 11 and over	£106.57	**£109.66**		
Aged 5–10	£83.41	**£85.83**		
Aged under 5	£68.39	**£70.37**		

[5] The co-payment is the personal contribution funded either by the person in care, or through income support, or a combination of both.

Benefit	Current rates	Proposed rates	Proposed rates with effect from	Funded from
Income support *Long-term rates – over 6 months* Householders: Single householder Cohabiting/married couple Non-householder: 18 or over Rent allowance Member of a household: Aged 11 and over Aged 5–10 Aged under 5	 £207.80 £345.50 £158.22 £86.00 £121.38 £92.34 £80.61	 **£213.83** **£355.52** **£162.81** **£88.50** **£124.90** **£95.02** **£82.95**	7th July 2023	General Revenue
Income support *Limits of weekly income[6] for:* Residents of local residential and nursing homes EMI residents, and residents of nursing homes or the Guernsey Cheshire Home	 £640.00 £920.00	 **£659.00** **£947.00**		
Income support *Weekly personal allowance for:* Residents of local residential and nursing homes	 £43.78	 **£45.05**		

[6] In November 2022, the States agreed to remove the limit of weekly income for people living in the community. However, two other weekly income limits remain in place.

Benefit	Current rates	Proposed rates	Proposed rates with effect from	Funded from
Guernsey people living in UK hospitals and care homes	£61.89	**£63.68**	7th July 2023	General Revenue
Income support *Maximum rent allowances*				
Tenancy group 1 Single with no children	£256.14	**£263.57**		
Tenancy group 2 Couple with no children	£256.14	**£263.57**		
Tenancy group 3 Single or couple with 1 child	£297.53	**£306.16**		
Tenancy group 4 Single or couple with 2 children	£378.79	**£389.77**		
Tenancy group 5 Single or couple with 3+ children	£463.04	**£476.47**		
Tenancy group 6 Living in shared accommodation	£198.30	**£204.05**		
Family allowance[7]	£15.80	£16.30	3rd July 2023	
Severe disability benefit[8]	£121.52	£125.02		
Carer's allowance	£101.09	**£104.02**		

7 The Committee recommends that the household income cap to receive family allowance remains at £120,000 per annum.

8 The Committee recommends that the household income cap to receive severe disability allowance or carer's allowance remains at £113,400 per annum.

Current and proposed payment tariffs for 2023 under the Mesothelioma Compensation Scheme, with effect from 1st July 2023

Age of eligible person at date of diagnosis or date of death	Jan 2023 (current)		Jul 2023 (proposed)	
	Eligible person	Eligible relative	Eligible person	Eligible relative
<= 37	£103,714	£53,975	£106,722	£55,540
38	£101,698	£52,814	£104,647	£54,346
39	£99,687	£51,655	£102,578	£53,153
40	£97,673	£50,499	£100,506	£51,963
41	£95,657	£49,342	£98,431	£50,773
42	£93,644	£48,183	£96,360	£49,580
43	£92,640	£47,075	£95,327	£48,440
44	£91,626	£45,958	£94,283	£47,291
45	£90,624	£44,858	£93,252	£46,159
46	£89,616	£43,749	£92,215	£45,018
47	£88,609	£42,645	£91,179	£43,882
48	£85,795	£41,285	£88,283	£42,482
49	£82,974	£39,922	£85,380	£41,080
50	£80,152	£38,566	£82,476	£39,684
51	£77,335	£37,210	£79,578	£38,289
52	£74,508	£35,852	£76,669	£36,892
53	£72,497	£34,739	£74,599	£35,746
54	£70,485	£33,634	£72,529	£34,609
55	£68,476	£32,527	£70,462	£33,470
56	£66,452	£31,412	£68,379	£32,323
57	£64,440	£30,308	£66,309	£31,187
58	£59,205	£27,242	£60,922	£28,032
59	£53,968	£24,167	£55,533	£24,868
60	£48,739	£21,098	£50,152	£21,710
61	£43,500	£18,025	£44,761	£18,548
62	£38,265	£14,951	£39,375	£15,385
63	£35,040	£14,073	£36,056	£14,481
64	£31,816	£13,202	£32,739	£13,585
65	£28,599	£12,309	£29,428	£12,666
66	£25,375	£11,430	£26,111	£11,761
67(+)	£22,155	£8,937	£22,797	£9,196
68	£21,498		£22,121	

Age of eligible person at date of diagnosis or date of death	Jan 2023 (current)		Jul 2023 (proposed)	
	Eligible person	Eligible relative	Eligible person	Eligible relative
69	£20,839		£21,443	
70	£20,191		£20,777	
71	£19,537		£20,104	
72	£18,884		£19,432	
73	£18,327		£18,858	
74	£17,759		£18,274	
75	£17,216		£17,715	
76	£16,670		£17,153	
77+	£16,115		£16,582	

APPENDIX 2

Policy & Resources
Committee

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The President
Committee *for* Employment & Social Security
Edward T Wheadon House
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7th March 2023

Dear Deputy Roffey

2023 MID YEAR UPRATING

Thank you for attending the Policy & Resources Committee meeting held on 28 February 2023 to discuss the proposals for a mid-year uprating of all social security benefit rates from early July 2023 and for giving the Committee the opportunity to provide this response.

Members noted that your Committee will take the mid-year uprating policy letter for discussion at the States Meeting commencing on 26 April 2023 and that the overall financial impact of your proposals in 2023 would be circa £3.5m of unplanned additional expenditure. While understanding the motivation for the recommendations your Committee is making, in light of the current financial constraints and the additional in-year pressure that this proposal would put on States finances the Policy & Resources Committee is not able to support such measures at this time.

The Policy & Resources Committee is concerned that many of the proposed uplifts are untargeted although you have stated that the reason for the proposed uplift is that the unusually high levels of inflation are affecting the cost of living and most severely impacting the poorest households in the community. While we accept this argument in relation to income support, the Committee feels much of this very considerable expense will not reach low-income households, and in some cases will not benefit households at all.

For example, the Committee notes that the proposed increase in the States Pension is by far the most significant expense at £2.2m. Appreciating that the States Pension is an entitlement based on contribution and not means tested, an increase would benefit many for whom their pension is a small part of their retirement income. The Rolling Electronic Census data suggests the pension represents less than half of total income for 58% of pensioner households and less than a quarter for 34%. Most of these households will be free of mortgage and rental costs. Further, considering that that up to 15% of pension payments are made to people who no longer live in Guernsey it is evident that a significant proportion of the cost will be directed toward those for whom there in not a demonstrable need. Pensioners who are struggling financially can and do claim income support. Households with at least one pensioner in residence make up around a quarter of income support claimants and therefore that would appear to be the most targeted way of supporting low income pensioners.

Further, the proposed increase in Sickness Benefit will be of greatest benefit to employers (who use this to offset the cost of paid sick leave) rather than those impacted by sickness and an increase in the long-term care benefit would be passed onto care homes which have already planned for and set fees for this year. The 2.9% increase in Family Allowance represents an improvement of just 46p per child per week – a very negligible benefit for the cost implications. As a result, the proposed across the board increases carry a risk of not directly benefiting the individuals that the recommendations are seeking to support.

Therefore, due to the level of unplanned expenditure, the current States financial pressures and concern centred on the beneficiaries of all the proposed uplifts, the Policy & Resources Committee is of the view that this proposal should not be approved at this time.

I would be grateful if you could append this consultation response to the policy letter.

Yours sincerely

P Ferbrache

Deputy Peter Ferbrache
President