

**WRITTEN QUESTION TO THE MINISTER FOR SOCIAL SECURITY
BY DEPUTY I. GARDINER OF ST. HELIER NORTH
QUESTION SUBMITTED ON MONDAY 23rd SEPTEMBER 2024
ANSWER TO BE TABLED ON MONDAY 30th SEPTEMBER 2024**

Question

“In relation to the increase in the living wage in 2025 and 2026, will the Minister explain –

- (a) what calculations, if any, were undertaken with regards to potential increases in Social Security income from this change, and if such calculations were undertaken, will she provide these;
- (b) what increases or decreases in Income Support payments, if any, were considered as part of the decision-making process; and
- (c) what consideration, if any, was given to –
 - i. further funding that may be required after the two-year period, and the potential source of such funding; and
 - ii. ensuring that the Social Security Fund receives the full grant for 2027 onwards and has no negative impacts from the reduced funding in 2025 and 2026?”

Answer

- (a) A full peer reviewed impact assessment was carried out by the Economics team, which highlighted the likely impacts of the transition to a minimum wage set at 2/3 of the median wage. Having announced that the minimum wage will rise to £13 per hour from the 1st April 2025, the assessment indicates that there will be approximately an additional £1m in Social Security contributions in 2025. For 2026, I have not yet announced what the new rate will be but would expect a further increase in income that year. These calculations do not take into account the additional income that would have been received in respect of an uplift in the minimum wage in a normal year.
- (b) As part of the impact assessment mentioned above, the impact on Income Support costs was also estimated. The impact of a higher minimum wage is likely to increase household incomes for some households such that they no longer qualify for Income Support payments. It may also lead to job losses and additional or higher claims for Income Support from other households. As the labour market is currently tight, it is most likely that displaced workers will be able to find new roles. However, in the unlikely event that those losing jobs do not find new employment, the combined effect of Income Support increases and decreases is estimated at an additional £300k in 2025.
- (c) i. The commitment made in the Common Strategic Policy, as approved by the States Assembly, is to increase the minimum wage to 2/3 of median earnings by the end of this Government in June 2026. The temporary funding for 2025 and 2026 is provided to support this transition towards a living wage. I have no plans to provide further funding beyond the two-year period.
 - ii. The amendment to the Social Security law ([P.62/2024](#)) ensures that the full grant into the Social Security Fund will be made in 2027 and future years. Subject to States Assembly approval, the Fund will receive £20 million less over the next two years compared to the underlying formula for the grant. This small reduction, relative to the overall size of the Fund (more than £2 billion), will have no noticeable long term negative impact on the overall health of the Fund.