

**STATES MEMBERS' INCOME SUPPORT AND EXPENSE ALLOWANCE: INDEXATION (P.235/98) -
COMMENTS**

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by the Finance and Economics Committee**



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Comments

The Finance and Economics Committee has taken the view that it is for the States to decide on matters relating to Members' Income Support and expenses allowance. The Committee feels that members should receive details of the estimated cost savings as follows:

The estimated level of income support for one member based on predictions for the two different indices are:

Year rate payable	Estimated increase in index for	Retail Prices Index		Jersey Earnings Index	
		% Increase	Amount £	% Increase	Amount £
1998	1997		24,000		24,000
1999	1998	4.4	25,056	6.4	25,536
2000	1999	4.0	26,059	6.0	27,068

This shows that the annual income support payable in the year 2000 will be £1,009 lower if it is based on the Retail Prices Index as opposed to the Jersey Earning Index, assuming the predictions above.

Based on the assumption that 21 members (the current number of claimants) will claim the allowance, this would indicate the following costs.

Year of expenditure	Estimated increase in index for	Retail Prices Index total cost based on 21 members £	Jersey Earnings Index total cost based on 21 members £	Total cost difference £
1998	1997	504,000	504,000	-
1999	1998	526,176	536,256	10,080
2000	1999	547,239	568,428	21,189
		<u>1,577,415</u>	<u>1,608,684</u>	<u>31,269</u>

The total saving would be in the region of £31,200 for 1999 and 2000.

On the basis of current trends, the cost differential is likely to accumulate by approximately £10,000 per annum.