

AUGUST 2022

SUBMISSION TO CORPORATE SERVICES SCRUTINY PANEL – COST OF LIVING MINI-BUDGET

Dear Scrutiny Panel,

Caritas Jersey do a lot of work with people and families on low incomes, especially those from our island's minority nationality communities. This includes running the Jersey Living Wage Campaign which the Living Wage Foundation licence us to do here. Our office also interlinks with the SVP (Saint Vincent de Paul Society) Foodbank so we regularly see people in huge need, something that has increased over recent weeks and months.

We were heartened to be engaged by the new ministers, Ian Gorst & Elaine Millar, to discuss the proposed mini-budget and the measures it contained, ahead of its announcement. This wouldn't have happened under previous administrations.

We told them, as we do here too, that we were pleasantly surprised by the raft of measures being suggested but identified areas of concern and where we thought more needed to be done.

Firstly, with regard to the increases in the **Minimum Wage** (to £10 on 01 October and then £10.80 on 01 January), we think this is hugely important. When we first discussed with the ministers, two weeks before the mini-budget announcement this seemed very 'concrete'. As the organisation who are licenced to run Jersey's Living Wage Campaign, we believe that the minimum wage is a poverty wage but also understand, given the current large differential of £2.05 between the MW and LW, that it would not be possible to move from one to the other in one jump. This would be too difficult for employers and probably result in 'collateral damage' of jobs and businesses being lost. That is why we called during the election campaign for a commitment to move the MW to parity with the LW over the lifetime of this assembly.

The move to £10 and then £10.80 are important steps on this road and we believe, after review, are achievable and indeed, really necessary, within the timeframes suggested. We are worried, however, that these plans may be watered down as the language used during the mini-budget announcement was that these were subject to the review of the Employment Forum. We were

consulted by the Employment Forum on this (subsequent to our initial review with them prior to the announcement of these proposed changes) but were the only one of 6 groups who could be considered 'employee focussed' as opposed to 'employer focussed'.

We were pleased to hear Minister Kirsten Morel reaffirm the government's commitment to these rises at a recent scrutiny hearing and hope that the ministerial team, and specifically the Social Security Minister, will use their discretion to go with these proposed changes even if the Employment Forum suggest smaller rises.

This raise in the Minimum Wage is so important because despite the raft of other measures being proposed, many of those will only help those people who have more than **5 years residency**. Caritas works with many people from the island's minority nationality communities who form a great proportion of the island's migrant workforce. These people form a disproportionate percentage of those who are unfortunately in poverty or are around the poverty line.

The mini-budget contains a commitment to look at helping the families (not everyone?) of those without 5 years residency in 2023 but that is really too late. These people need help now especially with soaring prices and bills and are effectively being made second class citizens even more. That is why these rises in the Minimum Wage are so vital.

In addition to this, the reduction in **Social Security contributions** from 6% to 4% on 01 October is also very much welcomed. Perhaps it should be more targeted but this is something that will help everyone including those with less than 5 years residency. However, to just have the reduction for one quarter and withdraw it for a 'logistical reason' on 01 January, 2023, is very short-sighted and will essentially mean a **pay cut in January** for many people just at the time they need help the most. It is like giving with one hand then taking away with the other. January and February are usually the coldest months of the year when energy/utility bills are at their greatest plus people will always endeavour to have some form of Christmas for themselves and their families and it is usually in Jan/Feb/Mar that people pay these bills, whether they be credit card bills or debts to friends and family.

We would have to ask what 'logistical reason' is there to withdraw this reduction that didn't exist during the previous 2% reduction in S.S. contributions during the pandemic that lasted 9 months between October 2020 and end June 2021? We would urge the reduction to be for two quarters and run from **01 October 2022 to 31 March 2023**.

The increase in **Income Tax thresholds** are very welcome and we note that the original intention was for a 7.7% increase which was raised to 12% after further review of the inflationary figures. This shows a welcome willingness to review matters as new information and data becomes available. The concern with this measure is the benefit of it will not be felt for some time for the great many people who are **prior-year tax payers**. Many of these people, especially those in hospitality, are currently feeling the brunt of this system having had very little income in 2020 during lockdowns, therefore had a reduced ITIS rate for 2021 and now having large ITIS settlements to meet having returned to normal income in 2021.

The increases to **COLTS, Community Cost Bonus, Income Support & Cold Weather Bonus** are all very welcome but do not help many of those in greatest need as previously mentioned.

Our other concern is the lack of help with **fuel and utility bills**. We have all seen in the news how much these are increasing and how much other jurisdictions are trying to help their citizens with these bills. Undoubtedly, this is what people coming to Caritas and our SVP colleagues next door to us (& other partner charities) have the greatest concern about. 'Foodbanks' do not just provide food parcels but hygiene packs, mother and baby products and their no 1 request, help with oil/electricity. This assistance used to be from October half term to Easter but is now year-round. The charities are meeting these costs from their reserves which is not right! More help needs to be provided by government and soon. Even in the UK there is a £400 assistance with energy bills, that compares very favourably with here.

We also urge an **urgent reduction in fuel duty**. This is something we asked for during the election (10p duty cut). Again, compared to other jurisdictions we lag behind on this, for instance Germany which has announced a large duty cut. Worries about companies passing it on are incorrect we believe as one company (ATF) have started a petition themselves and the others know they would have to match them. Also 45 square miles is easier to police than the whole of the UK or a country in Europe. Also, unlike larger countries where people is 'gas guzzlers' would realise a big benefit from a duty cut, here in Jersey those people with multiple low paid jobs such as cleaners or carers would be the ones who would derive the most benefit from this assistance.

As a mechanism for helping people with fuel or other assistance, if a fuel duty cut is deemed not to be targeted enough we have also advocated a **targeted re-introduction of the Spend Local Card Scheme**. This was an excellent scheme but was provided to everyone in 2020 which wasn't necessary for many. The infrastructure is there, cards can easily be topped up, the information is available to target those on income support and low wages, and these could be used to assist people now including those without the 5 years residency.



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We hope these comments will be of help to the panel. For any clarifications or if any more information is required, please email patricklynch@caritasjersey.je or call 07797 787218.

Yours sincerely,

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