

STATES OF JERSEY



GOVERNMENT PLAN 2020–2023 (P.71/2019): EIGHTEENTH AMENDMENT

Lodged au Greffe on 12th November 2019
by the Corporate Services Scrutiny Panel

STATES GREFFE

PAGE 2, PARAGRAPH (c) –

After the words “of the Report” insert the words “, except that, in Summary Table 3(i), the Expenditure and Head of Expenditure for Customer and Local Services shall be increased by £41,374 by increasing the amount of the Food Costs Bonus to £258.25, with other affected lines in Summary Table 3(i) to be updated accordingly”.

CORPORATE SERVICES SCRUTINY PANEL

Note: After this amendment, the proposition would read as follows –

THE STATES are asked to decide whether they are of opinion –

to receive the Government Plan 2020–2023 specified in Article 9(1) of the Public Finances (Jersey) Law 2019 (“the Law”) and specifically –

- (a) to approve the estimate of total States income to be paid into the Consolidated Fund in 2020 as set out in Appendix 2 – Summary Table 1 to the Report, which is inclusive of the proposed taxation and impôts duties changes outlined in the Government Plan, in line with Article 9(2)(a) of the Law; and
- (b) to approve each major project that is to be started or continued in 2020 and the total cost of each such project, in line with Article 9(2)(d), (e) and (f) of the Law and as set out in Appendix 2 – Summary Table 2 to the Report; and
- (c) to approve the proposed amount to be appropriated from the Consolidated Fund for 2020, for each head of expenditure, being gross expenditure less estimated income (if any), in line with Articles 9(2)(g), 10(1) and 10(2) of the Law and set out in Appendix 2 – Summary Tables 3(i) and (ii) of the Report, except that, in Summary Table 3(i), the Expenditure and Head of Expenditure for Customer and Local Services shall be increased by £41,374 by increasing the amount of the Food Costs Bonus to £258.25, with other affected lines in Summary Table 3(i) to be updated accordingly; and
- (d) to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2020 in line with Article 9(2)(h) of the Law and set out in Appendix 2 – Summary Table 4 to the Report; and

- (e) to approve the proposed amount to be appropriated from each States trading operation’s trading fund for 2020 for each head of expenditure in line with Article 9(2)(i) of the Law and set out in Appendix 2 – Summary Table 5 to the Report; and
- (f) to approve –
 - (i) the establishment of a “Climate Emergency Fund”, in accordance with the provisions of Article 6 of the Law, as set out at Appendix 3 to the Report; and
 - (ii) the estimated income and expenditure proposals for the Climate Emergency Fund for 2020 as set out in Appendix 2 – Summary Table 6 to the Report; and
- (g) to approve the amounts to be transferred from one States fund to another for 2020 in line with Article 9(2)(b) as set out in Appendix 2 – Summary Table 7 to the Report; and
- (h) to approve the estimated income and expenditure of the Social Security, Health Insurance and Long-Term Care Funds for 2020 set out in Appendix 2 – Summary Tables 8(i), (ii) and (iii) to the Report, with –
 - (i) the estimated income to be raised from existing social security contributions defined in the Social Security Law and the proposed changes to contribution liability; and
 - (ii) the estimated expenditure to be paid to support the existing benefits and functions defined in the Social Security Law, the Health Insurance Law and the Long-Term Care Funds and new benefits, if any, to be paid from the Funds; and
- (i) to approve, in accordance with Article 9(1) of the Law, the Government Plan 2020–2023, as set out at Appendix 4 to the Report.

REPORT

This amendment helps low-income families faced with the rising cost of living. The food cost bonus for individual households has not been reviewed since the introduction of the [Food Cost Bonus \(Jersey\) Regulations 2014](#), which set the rate at £226.95 per annum. The food cost bonus was originally introduced to mitigate the costs of GST on food for lower-income families.¹ Increasing this payment to £258.25 would offset some of the increases in the cost of food brought about by inflation since 2014.

The overall amount required to fund this is relatively small, and should be seen in the context of increased revenues elsewhere; for example, the reduction of the GST *de minimis* which will raise £400,000 in 2020.

The food cost bonus provides an annual lump sum to households who do not receive Income Support and have income below the income tax threshold.

The Government Plan contains an action committing to maintaining the food cost bonus, but not increasing it ([page 73](#) of P.71/2019). The bonus will be funded for a further 3 years at its current value, and appears on [page 76](#) of R.91/2019, with the following breakdown provided –

2020: £299,000 2021: £308,000 2022: £317,000 2023: £327,000

Total: £1,251,000

According to the [Minister for Social Security's Report for 2017](#), 1,152 households were claimants of the bonus in 2017. We understand that there were 1,200 claimants in 2018.²

The Citizen's Advice Bureau told us –

'Food Costs Bonus (FCB) is a valuable way to protect the most vulnerable in our society from the impact of GST on food and I believe that this bonus makes a large positive impact on a relatively small number of people. For this reason, it is incredibly important that the value of this bonus is regularly reviewed to ensure that it is keeping pace with inflation.'

FCB is currently set at £226.95, a rate that was last reviewed in 2014.

A calculation of inflation from 2014 to 2019 demonstrates that the rate for the bonus should be increased by a figure of 13.8%, this would allow for the effects of inflation on the bonus to be mitigated, a breakdown of the base calculation is detailed, below:

03/2014 = 157.9

09/2019 = 179.7

Increase over the period = 13.8%

Using the above calculation, the bonus should be set at £258.25 from 2020.'

¹ See [P.90/2008](#) and [P.163/2008](#) lodged by the Minister for Treasury and Resources, and [P.138/2008](#) lodged by the then Deputy J.A.N. Le Fondré of St. Lawrence

² Information provided by Citizen's Advice Bureau

The Government has stated that in 2021 it will review this bonus in line with a review into the relationship between the tax and benefit systems for individuals and households. We consider that the bonus should be increased now, to help families faced with the rising cost of living. Once the review has been completed, the level of the bonus can be reviewed again.

Financial and manpower implications

We have been advised by the States Treasury and Exchequer Department that the total cost of increasing the food bonus to £258.25 over the 4 years of the Government Plan is as follows:

Year	Total Cost @ £258.25	Total Cost @ £226.95 (per Government Plan)	Additional cost
2020	340,374	299,000	41,374
2021	350,704	308,000	42,704
2022	361,034	317,000	44,034
2023	371,880	327,000	44,880