

**Health and Social Security Scrutiny Panel  
Draft Social Security (Amendment of Law - Minimum Earnings Threshold) (Jersey)  
Regulations 202-**

Thank you for your letter of 22 September 2021 requesting that the **(ANONYMISED)** respond to the Health and Social Security Scrutiny Panel's questions in relation to P79/2021. Please find **(ANONYMISED)**'s response to these questions below.

1. What do you think about the proposals to introduce a Minimum Earnings Threshold (MET)?

We cannot see any benefits to this change.

2. Before receipt of this correspondence, were you aware of the proposed change to introduce a MET?

Yes, it was seen by some **(ANONYMISED)** staff in the JEP and on Facebook prior to receiving the scrutiny Panel's letter.

3. Did you take part in any consultation with the Government on the proposal to introduce a MET (as part of wider changes to the contribution schedules, including frequency of returns)?

No, **(ANONYMISED)** did not participate, nor was it asked to participate, in any consultation with the Government on the proposal to introduce a MET or wider changes.

4. The Minister for Social Security has proposed that the MET will initially be set as the equivalent of 8 hours working at the minimum wage (the 'threshold'). In your opinion, is this the correct threshold?

**(ANONYMISED)** does not have a particular view on this threshold.

5. What impact, if any, will the introduction of a MET have on your clients / service users / members / employees / you as an employer?

1 employee of **(ANONYMISED)** will receive a reduction in take home pay as a result of this change, should it come into force. However, more generally **(ANONYMISED)** is of the view that this change will not make any major difference to its staff.

- a. Do you have any data or statistics that you are able to share with us?

**(ANONYMISED)** does not believe it has any data or statistics which would assist the Scrutiny Panel.

- b. Do you think that the proposed change could impact any particular industries, or demographic of employees?

**(ANONYMISED)** is of the view that this change will have a negative financial impact on those people who are in inconsiderable employment of less than 8 hours per week but earn between the proposed new MET and the lower earning monthly limit (currently £980.00 per month). They will have contributions deducted from their pay (and a contribution will be made by the employer) but will not be able to claim Short Term Incapacity Allowance or Long Term Incapacity Allowance as they will not have paid sufficient contributions in the relevant quarter. In addition, such a demographic of employees will pay contributions which will have a very minimal positive impact on the rate of their State Old Age Pension. This could feel like an additional "tax" to those in this group.

6. If you (or your clients / service users / members) are, an employer:

a. are you able to advise approximately how many employees would have their primary and secondary contributions paid by the employer (where no contributions were paid by the employer previously) if the proposals are adopted?

1 person impacted (negatively).

c. Would the threshold of the MET affect an employer's approach to employing people for more than 8 hours per week?

No

d. Would the threshold of the MET affect an employer's approach to paying people more than minimum wage?

No

6. Do you think employees would consider the amount and classification of their Social Security contributions as a factor when considering whether to accept / retain a job?

**(ANONYMISED)** does not believe so.

a. Is the contribution from the employer towards the employee's Social Security contributions seen as a benefit by employees?

**(ANONYMISED)** does not believe so.

b. Have any impacts to the employment market in the last two years changed the way your employees / clients / service users / members approach second jobs, part time jobs, or jobs where they have worked for less than 8 hours a week (at any wage).

**(ANONYMISED)** does not believe so.

7. Please provide any further information or comments that you think would be useful to the Panel in their consideration of this matter.

Whether the existing "8 hour rule" remains or the proposals set out in P79/2021 come into force, contributions and benefit issues will remain for some people with a disability or long term health condition who cannot work sufficient hours at a high hourly rate to attain the Lower Earnings Monthly Limit (£980.00). Such people cannot claim Short Term Incapacity Allowance or Long Term Incapacity Allowance as they will not have paid sufficient contributions in the relevant quarter. Furthermore, their State Old Age Pension is negatively affected. Such people then have to rely on Income Support, when they are actually trying to work and contribute to the economy, but are limited due to their disability. Below is an extract from an email from a current employee of **(ANONYMISED)** who has a disability which reflects their situation.

*I wanted to share my thoughts.*

*As a low income earner my 6% social security contribution doesn't count as a contribution as such. I am currently £70 per month beneath the threshold for my contributions to count.*

*When I asked if I could pay the difference (6% of £70 for example) so that my contributions would count – there is no option to do this. The only option was to pay the full self-contribution at £486 I think it was when I first asked.*

*When I said to the tax officer about not being able to claim back STIA for my employer who paid me sick leave she said that my only option was to work more hours – I explained about my disability and not being able to work full time and was told to get a better paid job!*

*The feeling of not being a 'contributor' to the system is a demoralising one, not as worthy a citizen.*

*Working is an important aspect for well-being, health and independence. For those unable to access full time work due to a long term health condition or disability, I feel there should be a way to fairly make contributions that count.*

I hope **(ANONYMISED)**'s views on this matter are helpful to the Scrutiny Panel.