

# STATES OF JERSEY



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

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

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STATES GREFFE

**PAGE 2, PARAGRAPH (h) –**

After the words “to the Report” insert the words “, except that, in Summary Table 8(iii), the income in the line entitled “Proposed changes to Long-Term Care Charge” shall be reduced by £11,500,000 by reducing the proposed increase in contributions to the Long-Term Care Charge to 0.5%, with other affected lines in Summary Table 8(ii) 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; 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, except that, in Summary Table 8(iii), the income in the line entitled “Proposed changes to Long-Term Care Charge” shall be reduced by £11,500,000 by reducing the proposed increase in contributions to the Long-Term Care Charge to 0.5%, with other affected lines in Summary Table 8(ii) to be updated accordingly, 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 would reduce the planned increase in the Long-Term Care charge from 1% to 0.5%.

The Long-Term Care Scheme actuaries' report (2018) suggested a 0.5% increase to the Long-Term Care charge. However, the Government Plan proposes a larger 1% increase, on the basis that it will avoid the need for a further increase for a number of years, and it has also been suggested by the Fiscal Policy Panel.

During our review, we have had concerns about the cost of living, a lack of action in the Government Plan to address this, and the cumulative impact of the various revenue-raising measures in the plan. This concern was also raised by members of the Public in the focus groups that we conducted as part of our review. We are also conscious of the FPP's comments regarding a possible downturn in the economy, and the inflationary impact of some of the tax increases in the Government Plan. We therefore propose to set the increase to the Long-Term Care charge at the rate suggested by the scheme actuaries in 2018.

The Council of Ministers would be able to revisit the Long-Term Care rate in future Government Plans.

### Financial and manpower implications

We have been advised by the Treasury and Exchequer Department that the reduction in the Long-Term Care charge in 2020 will yield £11.5 million a year less than the proposal within the Government Plan. The Department provided us with the following breakdown:

#### 0.5% increase in LTC (CSSP amendment)

	<b>£m</b>
LTC +0.5% rate to current upper income limit	11.1
LTC +1.5% rate from current upper income limit to £250k	<u>1.1</u>
	<u>12.2</u>

This is £11.5 million a year less than the proposed increase in the Government Plan:

#### 1% increase in LTC (Government Plan)

	<b>£m</b>
LTC +1% rate to current upper income limit	22.2
LTC +2% rate from current upper income limit to £250k	<u>1.5</u>
	<u>23.7</u>