

# STATES OF JERSEY



## **GOVERNMENT PLAN 2020–2023 (P.71/2019): EIGHTEENTH AMENDMENT (P.71/2019 Amd.(18)) – AMENDMENT**

---

**Lodged au Greffe on 19th November 2019  
by the Council of Ministers**

---

**STATES GREFFE**

GOVERNMENT PLAN 2020–2023 (P.71/2019): EIGHTEENTH AMENDMENT  
(P.71/2019 Amd.(18)) – AMENDMENT

---

**PAGE 2 –**

For all of the inserted words after “Local Services shall” substitute the words “provide for an increase in the amount of the Food Costs Bonus for 2020–2023 in line with the increase in the Food Group Index of the Retail Price Index between December 2013 and December 2019”.

**COUNCIL OF MINISTERS**

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

**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 provide for an increase in the amount of the Food Costs Bonus for 2020–2023 in line with the increase in the Food Group Index of the Retail Price Index between December 2013 and December 2019”.

---

Also, after this amendment to the eighteenth amendment, paragraph (c) of P.71/2019 would read as follows –

- (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 provide for an increase in the amount of the Food Costs Bonus for 2020–2023 in line with the increase in the Food Group Index of the Retail Price Index between December 2013 and December 2019; and

## REPORT

The Food Costs Bonus was set up to acknowledge the cost of GST levied on food for lower-income households that do not pay income tax, but whose incomes are too high to receive Income Support.

The bonus originally offered compensation for the cost of GST levied on food among certain household groups. The value of the bonus was increased to include an element in respect of the cost of food itself, and then further increased to acknowledge the increase of GST from 3% to 5%.

The Corporate Services Scrutiny Panel's amendment ([P.71/2019 Amd.\(18\)](#)) increases the value of the Food Costs Bonus from £227 to £258. The Panel explains the increase as being in line with the RPI increase from March 2014 to September 2019, a figure of 13.8%.

However, RPI is made up of a basket of household goods, including utilities, clothes, housing and other items, and not just food costs.

This amendment therefore accepts the CSSP's view that the value of the Bonus should be increased, but matches the increase to the actual increase in food costs, not to RPI as a whole.

The current value of the Bonus (£226.95) is aligned to the food group of the RPI for December 2013 (see [P.56/2014](#)).

Since then, the food group of the RPI has increased by 6.6% (Source – Statistics Jersey).

Month	Food Group RPI Value
December 2013	165.6
September 2019	176.5
<b>Increase</b>	6.6%

Based on an increase of 6.6%, this would give an annual Bonus value of £241.93. Statistics for December 2019 will not be published until January 2020, and it is proposed to use the December figure to calculate the new value of the Bonus.

### **Timescale for implementation of 2020 Bonus**

As the December 2019 RPI statistics will not be released until January 2020, the exact value of the Bonus cannot be calculated until next year. This does not present a problem.

The Bonus for 2019 has already been paid, and the existing Regulations ([Food Costs \(Bonus\) \(Jersey\) Regulations 2016](#)) are due to expire on 30th June 2020. The [Government Plan 2020–2023](#) makes a commitment to extend the Bonus for another 3 years – 2020, 2021 and 2022. It is intended to lodge new draft Regulations, including the proposed increase, to align with this timeline.

### **Financial and manpower implications**

The table below gives an indication of the additional cost, based on the current food group RPI increase (6.6%). The actual figures are likely to be a little higher.

<b>Year</b>	<b>Total at current Bonus Value £</b>	<b>Additional Cost £</b>	<b>Total Cost £</b>
2020	299,000	20,000	319,000
2021	308,000	20,000	328,000
2022	317,000	21,000	338,000
2023	327,000	22,000	349,000

The additional cost for 2020 will not increase the overall heads of expenditure for the Customer and Local Services Department for 2020, as the additional cost will be met by the existing contingency expenses budget.