

# STATES OF JERSEY



## INCREASE TO CHRISTMAS BONUS (P.59/2023): COMMENTS

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Presented to the States on 8th September 2023  
by the Minister for Social Security

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STATES GREFFE

## COMMENTS

One of the first actions taken by this Council of Ministers was to draw up a cost-of-living mini budget which was approved in September 2022. The mini budget distributed an additional £56 million to Jersey residents, providing timely support to address the rapidly rising cost of living.

Targeted support has continued in 2023. This includes:

- The early payment of the Community Costs Bonus at the higher value of £516.50;
- The proposed renewal of Cold Weather Bonuses and Payments for the coming winter at a guaranteed value of £70 per month – this will provide low income pensioner and other households with up to £1M of extra support with heating costs over the coming winter;
- •The expansion of the Pension Plus scheme to both increase the value of payments available and the number of pensioner households that are eligible – this will provide low income pensioners with up to £500,000 of extra support to meet dental, optical and chiropody costs;
- •The expansion of community access to free period products.

A key theme of these measures is to target support to individuals and households that are more likely to have financial challenges and to provide that help in respect of costs that support basic needs such as heating and healthcare. Separately, the value of the Jersey old age pension will increase by 7.26% in October, which is above the latest RPI OAP figure of 6.8%.

This proposition seeks to provide a higher payment in respect of the Christmas bonus. This is an annual payment made before Christmas, mainly to eligible pensioners and also to some income support claimants.

The current legislation underlying the payment will need to be amended to make a higher payment in 2023.

The information provided in the report accompanying the proposition is based on the report published by the previous Minister for Social Security in 2016 when this legislation was approved.

It is disappointing that, given his position as Chair of the Health and Social Security Scrutiny Panel, Deputy Ward did not engage with Ministers or officers before lodging this proposition. Had Deputy Ward engaged with the Department, up-to-date information on the number of claimants would have been provided. The current number of Christmas bonus payments is approximately 4,100.

With the expansion of the Pension Plus scheme from September, this number will increase as Pension Plus members automatically receive a Christmas bonus payment if enrolled in the scheme by 1 November of that year. It is difficult to forecast exact numbers but for budgeting purposes the anticipated additional numbers are estimated at 750. The additional numbers are likely to build up over 2023 and 2024.

Using the proposed figure of £114.19, the total cost for 4,850 claimants is £555, 000. The additional cost of the proposed increase to £114.19 is £142,000.

The Christmas bonus is a statutory benefit that must be paid each year. Funding must be available from the base budget of the CLS department - it would be irresponsible to provide the funding for a statutory benefit based on temporary underspends as proposed by Deputy Ward.

The additional cost will be provided for from the CLS departmental budget. The extra costs in this area will restrict the ability of the Minister to respond to other urgent or emerging issues in 2024.

Part (b) of the proposition proposes that the value of the Christmas bonus should be increased each year.

The Minister for Social Security opposes Part (b).

The Council of Ministers is fully committed to addressing cost of living pressures and will continue this work in 2024. With many competing demands for public funding, it is important that a prudent approach is taken and that each area of additional expenditure is fully justified. The government provides a number of payments targeted to low-income groups. In general, these payments are not automatically increased each year. This provides flexibility within the overall benefit budget to support emerging needs as they arise and to adjust funding to areas where it is most needed.

The future automatic uprating of the Christmas bonus, regardless of other demands on public finances, cannot be justified. Any further increase to this payment should be judged at that time against the overall financial position.

## **Conclusion**

### **Part (a)**

The additional cost of part (a) will be up to £142,000 – this cost can be met by CLS benefit budgets but this additional cost will reduce the ability of the Government to provide financial support in response to emerging issues in 2024. Legislation will be required to be drafted, lodged and approved by the Assembly.

### **Part (b)**

Members are urged to reject part (b). Any further increase in this budget should be addressed in light of the overall government financial position at that time.

