

STATES OF JERSEY



DRAFT SOCIAL SECURITY (CHRISTMAS BONUS) (JERSEY) REGULATIONS 201-

Lodged au Greffe on 16th August 2016
by the Minister for Social Security

STATES GREFFE



Jersey

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REPORT

Introduction

To provide a balanced and more progressive package of measures, and recognising the improved financial position, the Council of Ministers has been able to allocate an additional £1 million of benefit spend in the Draft Medium Term Financial Plan Addition for 2017 – 2019 (“MTFP Addition”) ([P.68/2016](#)).

- **Christmas Bonus:** The Council of Ministers is proposing a growth bid to support the cost of re-introducing a targeted Christmas Bonus to vulnerable low-income households who rely on income support. This will cover pensioners, people with a significant disability, and full-time informal carers. In addition, funding has also been identified to support the cost of re-introducing a Christmas bonus to a broader group of pensioners who do not qualify for income support, but do have limited income and savings. In total, this will require additional funding of £436,000.
- **Food Costs Bonus:** Separately, a growth bid is proposed to maintain the Food Costs Bonus for a further 3 year period at a cost of £364,000.
- **65+ Health Scheme:** The budget for this scheme has been expanded by £200,000 per annum. Following the recent States debate to approve details of the new Regulations, this expanded benefit is due to be launched in January 2017. The scheme is aimed at pensioners receiving income support, and also other pensioners who do not pay income tax and have limited household savings.

These draft Regulations provide for an extension to the Social Security (Bonus) (Jersey) Law 2014 to provide a Christmas bonus to claimants over pension age with limited financial means.

Background

The Medium Term Financial Plan 2016 – 2019 published in 2015 (“MTFP”) ([P.72/2015](#)) identified the significant financial measures required to return public finances to a sustainable position and to strengthen the strategic areas of health and education, as well as supporting economic growth.

A contribution of £10 million from the tax-funded benefits budget was included in the overall package of measures. The proposals put forward by the Minister for Social

Security were approved in 2015,¹ and the Social Security Department is on track to achieve the savings identified. The great majority of the changes agreed related to the income support system, which is provided on a means-tested basis to local households to support their basic weekly living costs.

In October 2015, the States also agreed to annul the Christmas Bonus (Jersey) Law 2011 (see [L.16/2015](#)), which previously provided a payment each December to over 19,000 Jersey residents. This benefit was not means-tested and, although the bonus was worth less than £85 per recipient, the savings from removing the whole scheme amounted to well over £1.5 million.

Ageing demographic

The forthcoming increase in the number and proportion of older people in our population means that the cost of any new benefit aimed at individuals above pension age will rise rapidly over the next 20 years, as this section of the population is forecast to grow much faster than other age-groups. In particular, the size of the working-age population will not keep up with the growth in the size of the pensioner population, and each taxpaying worker will need to take on a greater responsibility for the cost of tax-funded pensioner benefits. This will place a pressure on benefit budgets, and must be taken into consideration when agreeing any new benefit aimed at pensioners.

Draft Medium Term Financial Plan Addition for 2017 – 2019 (“MTFP Addition”) ([P.68/2016](#))

Since the MTFP debate last year, the Council of Ministers has considered the overall impact of the package of measures included in the MTFP; this has included a detailed distributional analysis. To provide a balanced and more progressive package, and recognising the improved financial position of the States, the Council of Ministers is proposing additional funding of £436,000 to maintain a Christmas bonus to 2 specific groups. The first group, dealt with in a separate proposition, comprises vulnerable income support claimants. This proposition deals with the second group, which comprises additional pensioners who fall outside the first group but have limited financial means.

Christmas Bonus – Social Security (Bonus) Law

This bonus will be payable through the [Social Security \(Bonus\) \(Jersey\) Law 2014](#), and these draft Regulations extend the existing Law to this end. The Regulations follow a very similar format to those recently approved by the States Assembly in respect of the 65+ health scheme, and identical eligibility criteria are used.

A Christmas bonus will be available to people who –

- are above pension age: this is currently set at 65 and will start to increase in 2020. Note that although some women are able to claim an old-age pension at the age of 60, and that men and women can apply for a reduced rate pension from the age of 63, in all cases these individuals have a pension age of 65;
- are in receipt of a Jersey old-age pension or hold an entitled status under the [Control of Housing and Work \(Jersey\) Law 2012](#): this condition relates to a connection with Jersey. To claim an old-age pension, an individual needs to have a contribution record of at least 4½ years. Alternatively, entitled status under the Control of Housing and Work Law is acquired after 5 years of continuous residency;

¹ The proposal to close the TV licence benefit scheme to new claimants was not agreed, and the savings of £100,000 per annum have been replaced by a reduction in administrative budgets for the Chief Minister’s and Treasury and Resources Departments.

- are ordinarily resident in Jersey; the bonus will only be paid to people living in Jersey – it cannot be exported;
- are not eligible to pay tax: this condition relates to household income; the tax threshold for a single pensioner is currently set at £15,900 and for a couple at £26,100. The Taxes Office will provide this information automatically to the Social Security Department on an annual basis;
- have household savings of under £30,000. As well as income, the means test looks at the level of household assets. However, the value of the family home and normal household possessions are excluded from this test.

From 2017, individuals will need to apply for this bonus. Having made one successful application, the bonus will be payable in future years without the need for further paperwork from the individual.

Transitional arrangements in 2016 will provide a Christmas bonus to claimants who are included in the current 65+ health scheme. The individuals will be identified by the Department and will not need to make an application. The eligibility conditions for the current 65+ scheme are very similar to the proposed Christmas bonus conditions.

A pensioner who is receiving income support will not need to apply for this bonus, as they will automatically receive a Christmas bonus with their regular income support payment.

The value of the bonus is maintained at the current level of £84.87² and it will be paid in early December each year.

Other pensioner benefits

Subject to resources being available, further work will be undertaken in 2017 to align other pensioner benefits, such as the Cold Weather Bonus and the TV Licence Benefit, to the same income and asset tests. This will reduce unnecessary administration, and will make it easier for pensioners to claim the benefits to which they are entitled.

Financial and manpower implications

The administration of the provision of a Christmas Bonus under the Social Security (Bonus) Law from 2017 onwards will be accommodated within existing resources.

It is anticipated that there will be an increase in uptake from this group of pensioners over and above that driven by demographic changes, and the growth bid provides for a total increase of 35% in the number of claimants by 2019.

It is estimated that over 5,100 people will qualify for one of the 2 new Christmas bonuses by 2019. This is made up of –

- approximately 2,200 pensioners claiming a bonus under the Social Security (Bonus) Law at a cost of £185,000; and
- 2,900 income support claimants receiving a bonus under income support legislation at a cost in 2019 of £251,000.

Growth bids have been included in the MTFP Addition to secure funding for the Christmas Bonus for 2017 to 2019. In 2016, the costs of the Christmas Bonus will be managed as part of the overall benefit budget, including the MTFP proposal to build a Central AME contingency for 2017 – 2019.

² This will be set by Ministerial Order.

Explanatory Note

These draft Regulations would set out the scheme for payment of a Christmas bonus to persons entitled as specified in *Regulation 2*, that is, persons who are ordinarily resident in Jersey, are of pensionable age and meet the further criteria set out in that Regulation. *Regulation 3* provides that (as is allowed under the Social Security (Bonus) (Jersey) Law 2014 – the “Law”, by virtue of the interpretation provision in *Regulation 1*) the amount of the Christmas bonus is an amount to be specified by Order under Article 3 of the Law. Under *Regulation 4* the Christmas bonus is not to be treated as income or any other kind of benefit for the purpose of means-testing under any enactment.

For 2016, transitional provision (in *Regulation 9*) provides that the Christmas bonus would be payable to all persons entitled, on 1st November 2016, to receive payment under the Jersey 65+ Health Plan (P.153/2003, approved on 25th January 2003). As from 1st January 2017, eligibility for a Christmas bonus is to be demonstrated by making a claim, as required by *Regulation 5(1)*, which also provides that an Order under Article 3 of the Law may make further detailed provision as to the evidence required and procedures for making a claim. Where a claim is accepted by the Minister for Social Security, a payment of the Christmas bonus must be made to the claimant or to the claimant’s agent in accordance with *Regulation 5(4)*. *Regulation 6* confers power on a claimant, and on the Minister for Social Security, to appoint an agent to act on behalf of a claimant who cannot make a claim personally and has no other appropriate representative.

By *Regulation 7(1)* the Minister is empowered to request further information or documentation and to request disclosure of a claimant’s income tax records and assessments for the purpose of assessing entitlement to a Christmas bonus, and *Regulation 7(2)* describes changes in circumstances as a result of which entitlement to a Christmas bonus would cease. *Regulation 8* would permit the Minister to require repayment of any Christmas bonus wrongly paid.

Regulation 10 gives the title by which these Regulations may be cited and provides for them to come into force 7 days after being made.



Jersey

DRAFT SOCIAL SECURITY (CHRISTMAS BONUS) (JERSEY) REGULATIONS 201-

Arrangement

Regulation

1	Interpretation	9
2	Entitlement to Christmas bonus	9
3	Amount of Christmas bonus.....	10
4	Christmas bonus not treated as benefit or income.....	10
5	Claims for, and payment of, Christmas bonus	10
6	Persons acting on behalf of claimants	11
7	Verifying entitlement to Christmas bonus, and cessation of entitlement	12
8	Recovery of bonus wrongly paid	12
9	Transitional provisions	13
10	Citation and commencement.....	13



Jersey

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Made [date to be inserted]
Coming into force [date to be inserted]

THE STATES, in pursuance of Article 2 of the Social Security (Bonus) (Jersey) Law 2014¹, have made the following Regulations –

1 Interpretation

In these Regulations –

“Christmas bonus” means a sum of money to which a person is entitled under Regulation 2 and which is payable in accordance with Regulation 5;

“claimant” has the meaning given by Regulation 5(2);

“Law” means the Social Security (Bonus) (Jersey) Law 2014².

2 Entitlement to Christmas bonus

- (1) With effect from 1st January 2017, the class of persons to whom a Christmas bonus is payable under these Regulations comprises all persons who –
 - (a) fulfil the requirements as to eligibility in paragraph (2); and
 - (b) receive notification under Regulation 5 that a claim made in accordance with that Regulation has been accepted.
- (2) Subject to paragraph (4), a person is eligible to receive a Christmas bonus in respect of a year if, on 1st November of that year, the person –
 - (a) is ordinarily resident in Jersey;
 - (b) has attained pensionable age;
 - (c) is in receipt of a Jersey old age pension or has Entitled status within the meaning of Part 2 of the Control of Housing and Work (Jersey) Law 2012³; and
 - (d) does not have income or assets exceeding the maximum specified, for the purposes of these Regulations, in an Order made under Article 3 of the Law.

- (3) Only one Christmas bonus is payable to any one person in respect of any one year.
- (4) A Christmas bonus is not payable to a person under these Regulations in respect of any year if, in respect of the same year, the person has received (or is entitled to receive) payment of a Christmas bonus under the Income Support (Special Payments) (Christmas Bonus) (Jersey) Regulations 201-⁴.
- (5) The entitlement to receive a Christmas bonus is not transferable.
- (6) In paragraph (2)(c), “Jersey old age pension” means a pension to which a person is entitled under Article 25 of the Social Security (Jersey) Law 1974⁵.

3 Amount of Christmas bonus

The amount of the Christmas bonus in respect of any one year is the amount specified, for the purposes of these Regulations, in an Order made under Article 3 of the Law.

4 Christmas bonus not treated as benefit or income

A payment, and the entitlement to receive payment, of the Christmas bonus are to be disregarded for all purposes of income tax and for the purposes of any enactment under which regard is to be had to a person’s means.

5 Claims for, and payment of, Christmas bonus

- (1) With effect from 1st January 2017, a person claiming to be entitled to receive a Christmas bonus must submit the claim to the Minister –
 - (a) providing evidence of his or her eligibility under Regulation 2(2), in such form or manner as may be specified, for the purposes of these Regulations, by an Order made under Article 3 of the Law; and
 - (b) in accordance with any further procedures specified for the purpose in such an Order.
- (2) The person making a claim under paragraph (1) (the “claimant”) may do so –
 - (a) by himself or herself; or
 - (b) by an agent appointed under Regulation 6.
- (3) Where the Minister accepts a claim, the Christmas bonus must be paid to the claimant or to the claimant’s agent in accordance with paragraph (4).
- (4) Payment of the Christmas bonus –
 - (a) must be made annually (unless Regulation 7(2) applies) in the month of December in each year in respect of which the Christmas bonus is payable;
 - (b) where reasonably practicable, must be made before Christmas Day in each such year; and

- (c) in any event, must be made before the end of the next July following the year in respect of which the Christmas bonus is payable,

to the claimant or (as the case may be) the claimant's agent.

- (5) The sums required for making payments of the Christmas bonus and for administrative costs incurred in connection with the making of such payments must be paid out of the consolidated fund, and any sums so paid out and later recovered as amounts wrongly paid must be repaid into that fund.

6 Persons acting on behalf of claimants

- (1) Paragraph (2) applies where it appears to the Minister that a person –
 - (a) is a person who would, apart from the circumstances described in sub-paragraph (b), be eligible to claim a Christmas bonus on his or her own behalf;
 - (b) is unable personally to act either to make a claim for a Christmas bonus, or to appoint another person to do so; and
 - (c) does not fulfil either of the criteria in paragraph (3).
- (2) Where this paragraph applies, the Minister may appoint an agent (including the Minister or a determining officer) to act on the person's behalf in relation to any matter relating to the application for a Christmas bonus, including receiving the payment of the bonus and holding or applying it for that person's benefit.
- (3) The criteria mentioned in paragraph (1)(c) are that the person –
 - (a) has been received into guardianship in pursuance of a guardianship application under Article 14 of the Mental Health (Jersey) Law 1969⁶; or
 - (b) is a person in respect of whom a curator has been appointed under Article 43 of that Law.
- (4) An appointment under paragraph (2) may be terminated –
 - (a) by the Minister at any time at the request of the agent, or upon –
 - (i) any of the criteria in paragraph (3) commencing to apply in relation to the claimant, or
 - (ii) the claimant becoming able personally to act in relation to the claim; or
 - (b) by the claimant upon becoming able personally so to act.
- (5) Where paragraph (2) does not apply –
 - (a) a claimant may appoint an agent to act on the claimant's behalf in relation to any matter relating to the application for a Christmas bonus, including receiving the payment of the bonus; and
 - (b) such an appointment must be made in writing of which a copy must be sent to the Minister.
- (6) An appointment under paragraph (5) may be terminated –

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- (a) by the claimant, by a revocation in writing of which a copy must be sent to the Minister;
 - (b) by the appointment of an agent under paragraph (2); or
 - (c) upon any of the criteria in paragraph (3) commencing to apply in relation to the claimant.
- (7) In paragraph (2), “determining officer” means a determining officer appointed under Article 9 of the Income Support (Jersey) Law 2007⁷ or under Article 33 of the Social Security (Jersey) Law 1974⁸;

7 Verifying entitlement to Christmas bonus, and cessation of entitlement

- (1) The Minister may, for the purpose of satisfying himself or herself that a person is, or remains, entitled to receive payment of a Christmas bonus –
- (a) at any time request further information or documentation from a person receiving a Christmas bonus; and
 - (b) request any person claiming to be so entitled, to give consent to disclosure to the Minister of that person’s income tax records and assessments under the Income Tax (Jersey) Law 1961⁹ for any year for which the person claims to be entitled to receive the Christmas bonus.
- (2) A person’s entitlement to receive a Christmas bonus under these Regulations shall cease immediately upon the occurrence of any change in his or her circumstances which is such that the person no longer fulfils one of the criteria in Regulation 2(2).

8 Recovery of bonus wrongly paid

- (1) If it is found at any time that a payment in respect of Christmas bonus has been made –
- (a) which for any reason was not properly payable under these Regulations; or
 - (b) which, though properly payable, was made to the wrong person,
- the Minister may require an equivalent sum to be repaid by the payee or (as the case may be) the payee’s agent.
- (2) In the case of the death of a person who could be required to repay a sum under this Regulation, the Minister may require the sum to be repaid by the person charged with the administration of the deceased person’s estate.
- (3) Proceedings for the recovery of any sum that a person is required to repay under this Regulation may be instituted by the Treasurer of the States, and such proceedings may be brought (despite any enactment or rule of law to the contrary) at any time within 10 years from the date on which the sum was paid.
- (4) Any sum that a person is required to repay under this Regulation may, without prejudice to any other remedy, be recovered by means of deduction from any other payment due under an enactment under the administration of the Minister.

9 Transitional provisions

- (1) The class of persons entitled to receive a Christmas bonus in December 2016 comprises all persons who, on 1st November 2016, are entitled to receive payment under the Jersey 65+ Health Plan.
- (2) No claim for a Christmas bonus is required to be made by a person who falls within the class described in paragraph (1).
- (3) Regulations 2(3) to (6), 3, 4, 5(4) and (5) and 6 to 8 shall apply in relation to the payment of a Christmas bonus under this Regulation.
- (4) In paragraph (1), “Jersey 65+ health plan” means the plan of that name referred to in States’ proposition P.153/2003 and approved by the States on 25th February 2003.

10 Citation and commencement

These Regulations may be cited as the Social Security (Christmas Bonus) (Jersey) Regulations 201- and shall come into force 7 days after the day on which they are made.

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- 1 *chapter 26.880*
 - 2 *chapter 26.880*
 - 3 *chapter 18.150*
 - 4 *P.84/2016*
 - 5 *chapter 26.900*
 - 6 *chapter 20.650*
 - 7 *chapter 26.550*
 - 8 *chapter 26.900*
 - 9 *chapter 24.750*