

# STATES OF JERSEY



## **DRAFT INCOME SUPPORT (SPECIAL PAYMENTS) (CHRISTMAS BONUS) (JERSEY) REGULATIONS 201-**

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

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**STATES GREFFE**





Jersey

# **DRAFT INCOME SUPPORT (SPECIAL PAYMENTS) (CHRISTMAS BONUS) (JERSEY) REGULATIONS 201-**

## **REPORT**

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### **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 Income Support (Special Payments) Regulations to allow automatic payments of a Christmas Bonus to be made to selected income support claimants.**

### **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,<sup>1</sup> 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 this proposition, comprises vulnerable income support claimants. A separate proposition deals with the second group, which comprises additional pensioners who fall outside the first group but have limited financial means.

### **Christmas Bonus – Income Support Law**

The Council of Ministers considers that a separate Christmas bonus payment should continue to be made to the most vulnerable households. This will be achieved by introducing a new set of Special Payment Regulations under the [Income Support \(Jersey\) Law 2007](#).

A Christmas Bonus will be made to income support claimants who also fall into one of the following categories –

- 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;
- in receipt of personal care component level 2 or above: personal care components are available to adults and children who have a significant disability or long-term health condition;

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<sup>1</sup> 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 the administrative budgets for the Chief Minister’s and Treasury and Resources Departments.

- in receipt of a carer's component: this component is available to a full-time unpaid carer who is looking after an adult or child with a severe disability or long-term health condition.

In addition, a Christmas bonus will also be available to a person receiving means-tested support with their living costs through the [Long-Term Care \(Jersey\) Law 2012](#).

It is proposed that a bonus of £84.87 should be paid automatically to eligible claimants in early December each year.

### **Financial and manpower implications**

The administration of the provision of a Christmas Bonus under the Income Support Law will be accommodated within existing resources.

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

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.

## Explanatory Note

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These Regulations would provide for special payments by way of a Christmas bonus to individuals entitled in one of the ways described in *Regulation 2*. In the case of households receiving income support throughout November in any year (beginning with November 2016), *Regulation 2(1) and (2)* enable payment of the bonus to individuals who are of pensionable age (as at 1st November), or who are in receipt of benefit under the Long-Term Care (Jersey) Law 2012, or whose households additionally receive personal care support for a disabled child or adult, or a carer's component, under Schedule 1 to the Income Support (Jersey) Regulations 2007. The Christmas bonus may also be paid to individuals who do not receive income support, but do receive support for long-term care costs, as described in *Regulation 2(3)*.

*Regulation 3* would fix the amount of the Christmas bonus at £84.87, and provide that payment must where possible be made in December of each year and in any event no later than the end of July in the following year.

*Regulation 4* would provide that 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.

*Regulation 1* is an interpretation provision and *Regulation 5* gives the title by which these Regulations may be cited and provides for them to come into force 7 days after being made.



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**Arrangement**

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**Regulation**

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## **DRAFT INCOME SUPPORT (SPECIAL PAYMENTS) (CHRISTMAS BONUS) (JERSEY) REGULATIONS 201-**

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

**THE STATES**, in pursuance of Articles 8 and 18 of the Income Support (Jersey) Law 2007<sup>1</sup>, have made the following Regulations –

### **1 Interpretation**

- (1) In these Regulations –  
“2007 Regulations” means the Income Support (Jersey) Regulations 2007<sup>2</sup>;  
“2008 Order” means the Income Support (General Provisions) (Jersey) Order 2008<sup>3</sup>.
- (2) Where a word or expression used in these Regulations also occurs in the 2007 Regulations or the 2008 Order, that word or expression shall have (unless otherwise indicated) the same meaning for the purposes of these Regulations as it is given by the 2007 Regulations or the 2008 Order, as the case may be.

### **2 Entitlement to special payment of Christmas bonus**

- (1) A special payment of a Christmas bonus may be made to a person who is a member of a household in receipt of income support throughout the whole month of November in any year (beginning with and including, for the avoidance of doubt, November 2016) and who –
  - (a) on the first day of that month is of pensionable age or above; or
  - (b) throughout the whole of that month, receives any benefit under Article 4 of the Long-Term Care (Jersey) Law 2012<sup>4</sup>; or
  - (c) is an adult member of a household which, throughout the whole of that month, meets the criteria for entitlement to either –
    - (i) the personal care element of the impairment component of income support, under paragraph 6(1)(b) or (c) of

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- Schedule 1 to the 2007 Regulations, in respect of an adult member of the household, or
- (ii) the carer's component of income support, under paragraph 11 of that Schedule; or
  - (d) throughout the whole of that month is an adult receiving, on behalf of a household of which he or she is a member and in respect of a child who is a member of the same household, a special payment for child personal care under Regulation 2 or 3 of the Income Support (Special Payments) (Child Personal Care) (Jersey) Regulations 2014<sup>5</sup>.
- (3) A special payment of a Christmas bonus may also be made to a person who, throughout the whole month of November in any year (beginning with and including, for the avoidance of doubt, November 2016) –
- (a) meets the requirements for a special payment to defray the expenses of long-term care being provided to that person, under Regulation 2 of the Income Support (Special Payments) (Long-Term Care) (Jersey) Regulations 2014<sup>6</sup>; or
  - (b) receives –
    - (i) a grant under Article 11, or
    - (ii) a loan under Article 12,of the Long-Term Care (Benefits) (Jersey) Order 2014<sup>7</sup>, to meet the weekly costs referred to in Article 9(c) of that Order.
- (4) No more than one special payment of a Christmas bonus may be made in respect of any one person in any one year, but –
- (a) where more than one person in a household is entitled to such payment by virtue of any of the provisions of paragraph (1)(a) to (c); and
  - (b) where more than one child in a household is a child in respect of whom a special payment such as described in paragraph (1)(d) is received by the household,
- more than one special payment of a Christmas bonus may be made in a year to that household.

### **3 Amount and manner of payment of Christmas bonus**

- (1) The amount of the Christmas bonus for any year is £84.87.
- (2) Payment of the Christmas bonus –
  - (a) must be made 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.

**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 other enactment under which regard is to be had to a person's means.

**5 Citation and commencement**

These Regulations may be cited as the Income Support (Special Payments) (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 26.550*
  - 2 *chapter 26.550.30*
  - 3 *chapter 26.550.20*
  - 4 *chapter 26.600*
  - 5 *chapter 26.550.60*
  - 6 *chapter 26.550.72*
  - 7 *chapter 26.600.10*