STATES OF JERSEY

COMMUNITY COSTS BONUS: INCREASE (P.39/2022) – AMENDMENT (P.39/2022 AMD.) – AMENDMENT (P.39/2022 AMD.AMD.) – COMMENTS

Presented to the States on 25th March 2022
by the Council of Ministers

STATES GREFFE

COMMENTS

Summary

- This amendment seeks to establish an annual bonus payment of £278.91 for 2022 and 2023.
- The proposition as amended requires Ministers to lodge an emergency proposition to achieve this for debate in April.
- The total costs associated with the proposition as amended are estimated at up to £23 million over two years.
- The funding for these additional costs can only be met by diverting funding from existing agreed projects or by increasing borrowing.
- The extension of a single annual payment to a significant proportion of all Jersey households is very poorly targeted.
- A payment made once a year does not provide effective support to households struggling with weekly costs.

The Council of Ministers opposes this amendment to the amendment, the amendment and the original proposition.

Legal background

The Community Cost Bonus is provided through triennial regulations. The current set of regulations provides payments for 2020, 2021 and 2022. It is not possible to extend triennial regulations beyond a three-year period. New regulations would need to be lodged and approved to provide for a 2023 payment.

Response

The Proposition as amended requires the use of the Bailiff's discretionary powers under Standing Order 19A.

Ministers fully acknowledge the current inflationary pressures and can confirm that actions are already being taken to support vulnerable Islanders. These Ministerial actions do not require the use of the Bailiff's discretion under Standing Orders.

Ministers do not consider that it is appropriate to apply to the Bailiff to lodge new Bonus regulations during the pre-election period. In particular, it is inappropriate to seek permission in respect of the amendment to the amendment which requires an action that will take effect in 2023, binding the new Assembly well into its own term of office.

The actions to be brought forward by the Minister for Social Security are temporary and time limited to 2022.

The new Assembly will be able to consider the overall situation following the election in June and any decisions taken later this year can be incorporated into the Government Plan for 2023 and funded appropriately.

Financial and manpower implications

The additional funding required in respect of each part of the proposition as amended by the amendment and the amendment to the amendment is estimated as follows:

Increase value of bonus to existing claimants:
2022 payment: 905 claims x £20.88 = £18,700

Extend bonus to marginal rate taxpayers
2022 payment: Rough estimate - 35,000 claims x £278.91 = £9.76 M

Extend bonus to income support households
2022 payment Estimate 5,600 claims x £278.91 = £1.56 M (claims on a specific date)
Estimate 6,600 claims x £278.91 = £1.84 M (all claims during year)
The total estimated cost is approximately £11.5 million for one year.

The amendment to the amendment calls for 2 years of bonuses – this would lead to a total expenditure of up to approximately £23 million.

Part (d) of the proposition suggests that these costs should be allocated from the 2021 underspend. As the Minister for Treasury & Resources has explained previously, the bulk of amounts unspent in 2021 related to projects or amounts held in reserve that were not required. The Minister has already considered the position and made the appropriate decisions using her powers under the law.

Amounts relating to ongoing projects have been carried forward to ensure that these are delivered and that funds are used for the purpose approved by the Assembly.

Ministers have prioritised other unspent amounts to reduce the level of borrowing to meet the financial impacts of the pandemic. It is not appropriate at this stage to allocate previously identified 2021 underspends as additional funding to a new project.

This impact of this part of the proposition is either to remove funding from existing projects, or to borrow more to pay for the proposed changes. The Government's financial strategy, supported by FPP advice, has been not to borrow for day-to-day expenditure, and only to finance investments or to meet the impact of Covid. Furthermore, as an Assembly, we have agreed to minimise Covid borrowing.

Proposing to meet these costs from the 2021 underspends is inconsistent with these strategic decisions for long-term financial sustainability. Good financial management dictates that short-term decisions to use one-off underspends should not be used to fund ongoing expenditure.

Statement under Standing Order Article 37A [Presentation of a Comment relating to a proposition]

Due to administrative requirements related to the preparation and approval of this comment, there was a delay in presenting the final comment to the Greffier for presentation to the States Assembly.