

STATES OF JERSEY



Jersey

DRAFT SOCIAL SECURITY (AMENDMENT OF LAW - MINIMUM EARNINGS THRESHOLD) (No. 2) (JERSEY) REGULATIONS 202-

**Lodged au Greffe on 20th December 2021
by the Minister for Social Security
Earliest date for debate: 8th February 2022**

STATES GREFFE

REPORT

The Minister for Social Security is proposing a change to the [Social Security \(Jersey\) Law 1974](#) to introduce an annual uprate for the new minimum earnings threshold.

In November 2021, the States approved a new minimum earnings threshold to replace the 8 hour a week rule from 1 January 2022 ([P.79/2021 Addendum](#)). In the proposal, the Minister for Social Security committed to return to the States to set the annual uplift for the threshold:

“2. *An annual uplift in the minimum earnings threshold on the 1 January each year by the annual percentage change in the minimum wage rate.*

...

Given the importance of the new threshold, the Social Security Minister will return to the States in February 2022 to set the value and annual uplift in the Social Security (Jersey) Law 1974 through Regulations. This will be consistent with the other monthly earnings limits in Social Security and will mean that any changes to the approach will need to be agreed by the States Assembly.”

Following States approval, on 1 January 2023, and every year after this, the minimum earnings threshold will change by the % change in the minimum wage during the year.

The annual change in the minimum earnings threshold for 1 January 2023 will be the % change in the minimum wage between 2 January 2022 (£9.22) and 1 January 2023. This means that if the minimum wage increases on the 1 January 2023, the minimum earnings threshold change on the same date will include this increase.

This approach to uprating will ensure that similar numbers of people and their employers will pay Class 1 contributions each year as the minimum wage is increased.

Financial and manpower implications

There are no financial or manpower implications to an annual uprate for the minimum earnings threshold. This is not expected to change the amount of contributions paid by employees and employers into the Social Security Fund.

EXPLANATORY NOTE

The draft Social Security (Amendment of Law – Minimum Earnings Threshold) (No. 2) (Jersey) Regulations 202- would, if made, amend the Social Security (Jersey) Law 1974 (the “1974 Law”) to provide for the amount of the Class 1 minimum earnings threshold to be specified in the Law, instead of by Order made under that Law. It would also provide for the amount of the threshold to be adjusted annually, with the amount of the adjustment determined by reference to changes in the minimum wage.

Regulation 1 provides that the 1974 Law is amended by Regulations 2 and 3.

Regulation 2 amends Article 5 of the 1974 Law, replacing paragraph (3A) (which had been inserted with effect from 1st January 2022 by the Social Security (Amendment of Law – Minimum Earnings Threshold) (Jersey) Regulations 2021) and provided for the Class 1 minimum earnings threshold to be specified in, or determined in accordance with, an Order made under that provision. The first Order made under that provision was the Social Security (Class 1 Minimum Earnings Threshold) (Jersey) Order 2021 (the “MET Order”). The new paragraph (3A) provides instead that the Class 1 minimum earnings threshold is determined in accordance with Schedule 1A, as amended by *Regulation 3*.

Regulation 3 inserts new paragraph A1 in Schedule 1A to the 1974 Law. Paragraph A1 provides that the amount of the Class 1 minimum earnings threshold is currently £438 (the same figure as in the MET Order). It also provides for this amount to be increased or decreased annually on 1st January, by a percentage matching the percentage rise or fall in the minimum wage in the 12 months up to and including that date. This Regulation also makes consequential amendments to the heading of Schedule 1A.

Regulation 4 provides for the repeal of the MET Order.

Regulation 5 makes provision about the name of the Regulations, and for them to come into force 7 days after they are made.



Jersey

DRAFT SOCIAL SECURITY (AMENDMENT OF LAW - MINIMUM EARNINGS THRESHOLD) (No. 2) (JERSEY) REGULATIONS 202-

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

THE STATES make these Regulations under Articles 50 and 51 of the [Social Security \(Jersey\) Law 1974](#) –

1 [Social Security \(Jersey\) Law 1974](#) amended

Regulations 2 and 3 amend the [Social Security \(Jersey\) Law 1974](#).

2 Article 5 (Class 1 Contributions) amended

For Article 5(3A) there is substituted –

“(3A) The Class 1 minimum earnings threshold is the amount determined in accordance with Schedule 1A.”.

3 Schedule 1A (Class 1 factors and contribution rates) amended

- (1) Schedule 1A is amended as follows.
- (2) In the heading –
 - (a) for “Articles 5(4)” there is substituted “Articles 5(3A) and (4)”;
 - (b) after “CLASS 1” there is inserted “MINIMUM EARNINGS THRESHOLD,”.
- (3) Before paragraph 1 there is inserted –

“A1 Class 1 minimum earnings threshold

- (1) The Class 1 minimum earnings threshold is £438.
- (2) On 1st January in 2023 and every subsequent year, the amount in sub-paragraph (1) is to be increased or decreased, as the case requires, by the percentage rise or fall in the minimum wage during the period of 12 months beginning with 2nd January in the preceding year.

- (3) “Minimum wage” means the amount prescribed under Article 16(3) of the [Employment \(Jersey\) Law 2003](#).”.

4 Social Security (Class 1 Minimum Earnings Threshold) (Jersey) Order 2021 repealed

The [Social Security \(Class 1 Minimum Earnings Threshold\) \(Jersey\) Order 2021](#) is repealed.

5 Citation and commencement

These Regulations may be cited as the Social Security (Amendment of Law – Minimum Earnings Threshold) (No. 2) (Jersey) Regulations 202- and come into force 7 days after they are made.