

# STATES OF JERSEY



## GOVERNMENT PLAN 2020–2023 (P.71/2019): NINTH AMENDMENT

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Lodged au Greffe on 11th November 2019  
by Deputy C.S. Alves of St. Helier

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STATES GREFFE

**1 PAGE 2, PARAGRAPH (h)(i) –**

After the words “contribution liability” insert the words “, except that the Upper Earnings Limit shall be increased from the proposed £250,000 to £500,000, and the percentage rate levied on Class 1 employers and Class 2 contributors on earnings between the Standard Earnings Limit and the Upper Earnings Limit shall be increased from the proposed 2.5% to 4%, increasing the estimated closing balance on the Social Security Fund shown in Summary Table 8(i) by £8,700,000”.

**2 PAGE 3, PARAGRAPH (h) –**

At the end of paragraph (h), insert the words –

“to request the Minister for Social Security to –

- (1) bring forward proposals to the States to extend the period covered by Maternity Allowance under the Social Security (Jersey) Law 1974 from 18 to 26 weeks, with effect from January 2020, at an estimated cost of £3,000,000 in 2020;
- (2) raise the maximum amount payable as Maternity Allowance under the Social Security (Jersey) Law 1974 from £222 to £280 weekly, at an estimated cost of £3,000,000 in 2020; and
- (3) amend the Income Support (General Provisions) (Jersey) Order 2008 in order to introduce a 100% disregard for income from Parental Benefit for households in receipt of an Income Support award, at an estimated cost of £2.9 million in 2020; and”.

DEPUTY C.S. ALVES OF ST. HELIER

**Note:** After this amendment, the proposition would read as follows –

**THE STATES are asked to decide whether they are of opinion –**

to receive the Government Plan 2020–2023 specified in Article 9(1) of the Public Finances (Jersey) Law 2019 (“the Law”) and specifically –

- (a) to approve the estimate of total States income to be paid into the Consolidated Fund in 2020 as set out in Appendix 2 – Summary Table 1 to the Report, which is inclusive of the proposed taxation and impôts duties changes outlined in the Government Plan, in line with Article 9(2)(a) of the Law; and

- (b) to approve each major project that is to be started or continued in 2020 and the total cost of each such project, in line with Article 9(2)(d), (e) and (f) of the Law and as set out in Appendix 2 – Summary Table 2 to the Report; and
- (c) to approve the proposed amount to be appropriated from the Consolidated Fund for 2020, for each head of expenditure, being gross expenditure less estimated income (if any), in line with Articles 9(2)(g), 10(1) and 10(2) of the Law and set out in Appendix 2 – Summary Tables 3(i) and (ii) of the Report; and
- (d) to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2020 in line with Article 9(2)(h) of the Law and set out in Appendix 2 – Summary Table 4 to the Report; and
- (e) to approve the proposed amount to be appropriated from each States trading operation’s trading fund for 2020 for each head of expenditure in line with Article 9(2)(i) of the Law and set out in Appendix 2 – Summary Table 5 to the Report; and
- (f) to approve –
  - (i) the establishment of a “Climate Emergency Fund”, in accordance with the provisions of Article 6 of the Law, as set out at Appendix 3 to the Report; and
  - (ii) the estimated income and expenditure proposals for the Climate Emergency Fund for 2020 as set out in Appendix 2 – Summary Table 6 to the Report; and
- (g) to approve the amounts to be transferred from one States fund to another for 2020 in line with Article 9(2)(b) as set out in Appendix 2 – Summary Table 7 to the Report; and
- (h) to approve the estimated income and expenditure of the Social Security, Health Insurance and Long-Term Care Funds for 2020 set out in Appendix 2 – Summary Tables 8(i), (ii) and (iii) to the Report, with –
  - (i) the estimated income to be raised from existing social security contributions defined in the Social Security Law and the proposed changes to contribution liability, except that the Upper Earnings Limit shall be increased from the proposed £250,000 to £500,000, and the percentage rate levied on Class 1 employers and Class 2 contributors on earnings between the Standard Earnings Limit and the Upper Earnings Limit shall be increased from the proposed 2.5% to 4%, increasing the estimated closing balance on the Social Security Fund shown in Summary Table 8(i) by £8,700,000; and

- (ii) the estimated expenditure to be paid to support the existing benefits and functions defined in the Social Security Law, the Health Insurance Law and the Long-Term Care Funds and new benefits, if any, to be paid from the Funds; and to request the Minister for Social Security to –
  - (1) bring forward proposals to the States to extend the period covered by Maternity Allowance under the Social Security (Jersey) Law 1974 from 18 to 26 weeks, with effect from January 2020, at an estimated cost of £3,000,000 in 2020;
  - (2) raise the maximum amount payable as Maternity Allowance under the Social Security (Jersey) Law 1974 from £222 to £280 weekly, at an estimated cost of £3,000,000 in 2020; and
  - (3) amend the Income Support (General Provisions) (Jersey) Order 2008 in order to introduce a 100% disregard for income from Parental Benefit for households in receipt of an Income Support award, at an estimated cost of £2.9 million in 2020; and
- (i) to approve, in accordance with Article 9(1) of the Law, the Government Plan 2020–2023, as set out at Appendix 4 to the Report.

## REPORT

### *Social Security contributions and parental leave*

This amendment to the Government Plan builds on the principle adopted by the Minister for Social Security of increasing the level of social security contributions for those above the Standard Earnings Limit (“SEL”) in order to provide new contributory parental benefits to be shared by both parents.

It is important to note that social security contributions are currently structured in a regressive manner. Employees earning less than the SEL (£55,000) pay 6.0% and their employers pay 6.5%. Employers of those earning above the SEL pay only 2%. The Minister proposes to increase this rate to 2.5% to raise £3.3 million to pay for a new parental benefit.

This amendment proposes to increase the cap on contributions from the £250,000 proposed by the Minister to £500,000 in order to raise an additional £3.2 million, and to raise the rate from 2.5% to 4% in order to raise some £5.5 million more (total £8.7 million).

The total sum of £12 million is to be used to improve parental benefits as outlined here:

- Introduce equal parental benefit (as in the Minister’s proposal)
- Increase the period over which this benefit is payable from 18 weeks to 26 weeks
- Increase the amount payable by some £60 weekly
- Introduce a disregard for parental benefit for those recipients of Income Support.

Last year the Council of Ministers proposed the 5 strategic priorities that together made up the [Common Strategic Policy](#) that was unanimously endorsed by the States Assembly in 2019. Two of these priorities, “We will put children first” and “We will reduce income inequality and improve the standard of living,” are addressed by this amendment to the Government Plan.

Increasing the length of time over which parental support can be paid to 26 weeks is designed to increase the length of time before parents have to return to work, as is the proposed rise in the rate of support payable from contributions. Both these measures are designed to increase and improve opportunities for bonding between baby and parents, and may improve breastfeeding rates, all of which contribute to the wellbeing of the child. In addition, the extra benefit payable will increase the family’s standard of living.

The rise in the contribution rate from employers above the Standard Earnings Limit is a measure which will reduce the income inequality built into the contributory benefits system, which has employers of lower earners paying 6.5%, while those earning more currently pay less.

### *Increase in period of parental benefit*

On 22nd March 2018, the States agreed to endorse Deputy G.P. Southern of St. Helier's proposition – Family Friendly Policy: implementation ([P.129/2017](#), as amended by the Minister for Social Security in [P.129/2017 Amd.](#)) by 30 votes to one –

“to request the Minister for Social Security –

- (a) to bring forward proposals to the States to implement the recommendations made by the Employment Forum in its report issued on 15th December 2017, ‘Review of Family Friendly Employment Rights’, in accordance with the timetable set out in Section 3, page 6, of that report;
- (b) to review the results of the public consultation “Living today: Thinking ahead” undertaken in 2017 and, if appropriate, to bring forward proposals to the States to extend the period covered by Maternity Allowance under the Social Security (Jersey) Law 1974 from 18 to 26 weeks; and
- (c) to review the level of disregard provided for income from Maternity Allowance for mothers in receipt of an Income Support award and, if appropriate, to amend the Income Support (General Provisions) (Jersey) Order 2008 accordingly.”

We have seen the results of paragraph (a) in the continued progress towards improvement to maternity and parental rights. However, paragraphs (b) and (c) appear to have been lost from the sight of the Minister for Social Security. In particular, there was strong support in the consultation for improvement in parental rights, as follows –

*“Overall, respondents were evenly balanced between paying the allowance for up to 18 weeks or paying it for more than 18 weeks.*

*42% were in favour of SSD increasing the time beyond the current 18 weeks in the online survey and 53% in the Facebook survey.*

*In the focus groups, there was clear support (unanimous in some groups) for increasing the length of time the allowance is paid. The key reason for this was a view that mothers should be supported to stay at home with their children at this crucial time.”*

Not only has the Minister ignored this strong support for extending the period over which parental leave can be taken, but we have seen no discussion of the treatment of maternity or parental allowances for the poorest families; that is, those on Income Support. In short, for many of those families who are reliant on Income Support there is no point in seeking the contributory benefit, as any income that produces will be removed £1 for £1 from the household's Income Support award.

**The introduction of a disregard for Parental Benefit will mean that the bill for Income Support will be increased. If 20% of births are in households in receipt of Income Support, a reasonable estimate of this cost is around £3 million. This would reduce the grant to the Social Security Fund to £62.3 million.**

The following statement from the Minister outlines the remaining Government Plan debate –

*“The legislation required to make the legal changes to the Social Security contribution rate and the earnings cap will be debated after the Government Plan is debated in November 2019.*

*The draft legislation to provide for parental benefits will be lodged and debated separately in early 2020, along with an Appointed Day Act for the changes to the Employment Law.*

*Employers can already deduct the value of any maternity allowance received against their legal requirement to provide 6 weeks of paid maternity leave.*

*When maternity allowance is replaced by a parental allowance, employers will be able to deduct the value of the benefit against 6 weeks of paid parental leave for both parents.*

*This recognises the recommendation of the Scrutiny Panel that contributory benefits should support the ethos that parental leave includes all parties, not just the mothers.”*

### **Financial and manpower implications**

There are no additional financial or manpower implications for the States arising from this amendment.

#### ***Financial Summary:***

Maternity Allowance	= £222.53
Number of claims (2017)	= 845 of 950 births
Maternity Grant claims	= 910
Total maternity benefits currently paid from Social Security Fund	= £3.2 million

#### ***Additional payments:***

Include both parents	= £3 million
Extend parental support from 18 weeks to 26 weeks (2 x £1.5 million)	= £3 million
Increase rate of parental support: 1,800 claims x 26 x £65 weekly	= £3 million
Disregard for parental support: 26 x £280 x 400 Income Support claims	= £2.9 million

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### **Re-issue Note**

This publication is re-issued to correct the proposer name on the front cover and page 2.