

STATES OF JERSEY



INCREASE TO CHRISTMAS BONUS

**Lodged au Greffe on 3rd August 2023
by Deputy R.J. Ward of St. Helier Central
Earliest date for debate: 12th September 2023**

STATES GREFFE

PROPOSITION

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

to request the Minister for Social Security to –

- (a) increase the amount of the Christmas Bonus in 2023 from £84.87 to £114.19 to reflect inflation; and
- (b) increase the amount of the Christmas Bonus in line with rises in the Jersey retail prices index as at March of each subsequent year.

DEPUTY R.J. WARD OF ST. HELIER CENTRAL

REPORT

The Christmas Bonus is an annual payment made in December to pensioners who are either on Income Support or members of the Pension Plus Scheme, and some Islanders who are in receipt of disability or carers support. The Bonus has existed in its current iteration since 2016, following the then government's decision to abolish the previous bonus which was paid on a universal basis to all pensioners.

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.

It was set at that time at £84.87p. This amount has not increased in the years since its introduction. If the level had reflected inflation the following data shows where we would be in terms of the level of the payment if increases had reflected the rate of inflation.

	Cumulative increase from previous year's bonus – amount in £'s	Yearly percentage increase from introduction in 2016 of RPI
01.12.16	£84.87	
01.03.17	£86.38	1.8%
01.03.18	£89.14	3.2%
01.03.19	£92.32	3.6%
01.03.20	£94.82	2.7%
01.03.21	£95.60	0.8%
01.03.22	£101.33	6.0%
01.03.23	£114.19	12.7%

This reflects the real term decrease in the value of the payment. This proposition aims to rebalance this value by increasing the Christmas bonus for pensioners appropriately. There is growing evidence of pensioners facing increased hardship due to the increasing cost of living. Although it is suggested that inflation is lower for pensioners, that inflation is disproportionately affecting those pensioners on the lowest incomes and who may have some form of income support payments. The Christmas bonus is targeted at this group of society.

This is a relatively small amount of money but can have a significant impact for pensioners around Christmas time given the increasing cost of living. Even with falling inflation, the increases from previous high rates remain which are not reflected in the Christmas cost bonus amount paid.

Financial and staffing implications

From <https://statesassembly.gov.je/AssemblyPropositions/2016/P.84-2016.pdf> The total cost of the Christmas bonus was £436,000.

This small increase will cost an estimated £151,000 if you take the increase from its current level. And assume 5137 people receive the payment (taken from cost figures from government proposition and divided by the payment amount). Subsequent years would be less of a cost increase. Funding options include the following:

1. A proportion of underspends not being returned to Government;
2. Money not used in community cost bonus where uptake is low.

There are minimal staffing implications as the recipients will not change, simply the figure they receive.