

REPLY BY THE PRESIDENT OF THE COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY TO QUESTIONS ASKED PURSUANT TO RULE 14 OF THE RULES OF PROCEDURE BY DEPUTY SIMON VERMEULEN

Question 1

How much did Social Security pay in total for income support in 2025?

Answer to Question 1

At the time of writing, the 2025 financial statements have not been signed. Therefore, the draft 2025 income support expenditure figure is circa £52.0 million.

Question 2

How does that cash figure compare to the previous two years (2023/2024)?

Answer to Question 2

2024 income support expenditure was circa £50.5 million.

2023 income support expenditure was circa £46.9 million.

Question 3

Does ESS agree that it might be better to encourage people into employment rather than for them to rely on long-term income support?

Answer to Question 3

The Committee very much agrees that it is better to encourage people into employment rather than for them to rely on long-term income support.

Income support is an in-work benefit, supporting those whose wages or earning potential, for whatever reason, is insufficient to meet their own or their family's needs.

It is a legal condition of entitlement to income support that the person claiming income support (if under pensionable age) and any relevant dependants¹ of any claimant are in full-time remunerative work or are acting in compliance with "work requirements".

A person is engaged in full-time remunerative work if the person works for a minimum of 35 hours a week and is remunerated at a rate that is at least equal to the minimum wage.

Part-time hours (down to zero) can be agreed on a case-by-case basis for people who are unable to work full-time due to an illness or disability, or because they have caring responsibilities which restrict their capacity to work. If a person who has capacity to work

¹ "Relevant dependant" means a dependant who has not attained pensionable age, but who is over school leaving age and no longer in full-time education.

fails to comply with their specific “work requirement”, a sanction can be imposed, which might be a reduction of the income support paid to them for a period of time, or a suspension of benefit until they comply with their “work requirement”. In such scenarios, a person has a formal right of appeal against these types of decision.

Work requirements are measures determined by the Social Security Administrator for the purpose of facilitating or enabling an individual to become, or continue to be, engaged in full-time remunerative work, such as attending regular work-focussed meetings with an Employment Adviser or attending a work or training placement.

The net earnings of an income support recipient are reduced by £40 in the income support means test. This is known as the ‘earnings disregard’. This means that a single person who is working and entitled to income support would be £40 per week better off than a single person who is not working and who is entitled to income support. Likewise, the members of a working couple who are entitled to income support would be £80 per week better off than a couple who are entitled to income support and where neither member of the couple is working.

Each year, when proposing income support rates for the following year, the Committee publishes a summary of income support claims and expenditure in its non-contributory uprating Policy Letter. The claims summary has been updated using the most recent available claims data and set out in the table below.

Table 1: Income support claims data

Income support classification	Claims as at 13th February 2026	% of total claims
Pensioner	882	27.2%
Incapacitated	796	24.5%
Jobseeker	323	10.0%
Single parent	266	8.2%
Disabled	214	6.5%
Work requirement met	727	22.4%
Other ²	39	1.2%
Total (excl. dependants)	3,247	100%

The above data clearly shows that lead claimants who are meeting their work requirement or who are of pensionable age and older make up almost 50% of all income support claims. Indeed, lead claimants who are of pensionable age make up the largest single category of income support claims.

² Includes carers, pregnant women, prisoner’s spouses, partners in hospital and a small number of claimants whose classification is unknown.

It is important to note that, within the scope of its mandate, the Committee also already supports a large number of initiatives to assist people to work and to maximise work opportunities for everyone, including income support recipients.

One way this takes place is through the administration of Back to Work benefits legislation³, which was introduced in 2004. Back to Work benefits are discretionary and are designed to help a person overcome barriers to work. This does not lessen the expectation or requirement to work for those income support claimants who are able to do so. It does, however, recognise that over the course of longer-term unemployment, whether that is due to a health condition or otherwise, people will find that personal, financial, health and occupational factors change.

The Social Insurance (Back to Work Benefits) Regulations, 2004 were introduced to prevent a ‘benefit cliff edge’ and support individuals transitioning back to employment. These Regulations include a variety of back-to-work support, designed to help individuals overcome barriers to employment. This might include introducing routine, increasing confidence, providing new learning opportunities or skills training.

Current provisions, administered through the Back to Work Benefits, are shown in Table 1.

Table 2: Description of Back to Work initiatives

Back to work initiative	Description
Short-term training	Provides access to various training and courses to improve skills and employability.
Voluntary work	Provides opportunities to assist recovery and gain work experience and routine through volunteering.
Therapeutic work	Helps individuals with health conditions to undertake some limited paid or unpaid work if it forms part of a treatment plan designed to improve health or increase capacity for employment.
Beau Sejour gym membership	Short-term provision to incentivise and improve wellbeing and routine.
Work trial	Where a job vacancy exists and the employer is unsure about the skills match, benefit payments can continue for up to four weeks. This enables a person to undertake an unpaid work trial to demonstrate that they can perform or be developed into the role, at no cost to the employer.
Gradual return to work	Supports a phased return to work for those recovering from illness or injury. This allows for a mixture of wages and benefit to be paid and supports individuals easing back into their existing role or into a new role in a gradual way. If the gradual return to work is unsuccessful because of a person’s ongoing health problems, full benefit can be reinstated.
Job start expenses	If a person has been out of work or in receipt of benefit for a long time, they may need help with some of the costs connected with

³ [The Social Insurance \(Back to Work Benefits\) Regulations, 2004.](#)

Back to work initiative	Description
	getting back into work. This provision enables Social Security to pay some, or all of the costs involved.
Back to Work Bonus	<p>A lump sum payment for those who have been out of work for six months or longer whilst receiving benefit. It is available once a person starts a new job and demonstrates that they have successfully re-entered the workplace by working for at least 15 hours per week for four weeks.</p> <p>The bonus amount depends upon the amount of hours a person works per week. The maximum Back to Work Bonus is paid to individuals who return to work for at least 25 hours per week for four weeks. A reduced Back to Work Bonus may be payable for individuals who work for between 15 and 24 hours per week for four weeks.</p> <p>More information on the Back to Work Bonus, including eligibility, can be found here: Claim for Back to Work Bonus - States of Guernsey.</p>
Work 2 Benefit placements	<p>These are work and training placements that provide opportunities to build a work routine and develop skills and knowledge with a host provider.</p> <p>People on a Work 2 Benefit placement will continue to receive benefits for the duration of their placement provided they meet the tasks, objectives or goals they have been set by the placement provider.</p>
Kickstart placement	<p>Employers play a vital role in supporting skills development by offering Kickstart placements. These are paid, hands-on training placements with a host employer and an opportunity for individuals to learn skills within an active work environment.</p> <p>Kickstart placements are available for up to 13 weeks and are paid at the minimum wage rate, funded by Social Security.</p>
Recruitment grant	<p>The Recruitment Grant is a series of payments designed to support employers in recruiting staff who have been out of work for an extended period of time.</p> <p>The grant supports employers during the early stages of employing a new person during which additional support may be required due to a long period of unemployment.</p> <p>More information on the recruitment grant can be found here: Recruitment and Rehabilitation Grants - States of Guernsey.</p>

Back to work initiative	Description
Rehabilitation grant	<p>This grant is only available to charities and not-for profit organisations. It is available for organisations who work directly with people who need support to return to work and it is to help with the costs of work rehabilitation or a return to work.</p> <p>The grant scheme can also offer an organisation the opportunity to diversify and take on new activities which may not have previously been possible because of resource limitations.</p> <p>More information on the rehabilitation grant can be found here: Recruitment and Rehabilitation Grants - States of Guernsey.</p>

Back to Work benefits are agreed with Social Security officers as part of an individual return to work plan. They enable officers to provide the right support at the right time. This provides personalised support based on health and/or employment challenges and includes appropriate liaison with medical practitioners, employers and third-sector partners.

The Committee also works with educators, employers, practitioners and third-party organisations to actively respond to those needs and develop joint approaches to incentivise and enable workforce participation.

The third-sector partners which the Committee currently works with include:

- Guernsey Employment Trust
- Grow
- UnLtd
- Giving Opportunities (GO)
- GSPCA
- Les Cotils
- Guernsey Caring for Ex-Offenders

Further, on 6 May 2025 the Committee published a Work & Wellbeing Strategy⁴ (“the Strategy”), in collaboration with other States Committees. The Strategy sets out a focus on rehabilitation, health, and wellbeing in the workplace over a five-year period from 2025 to 2030.

The development of the Strategy recognises that for most people, work is good for physical and mental health. Key main pillars of the Strategy are:

- **community awareness**, which focuses on engagement with medical professionals, employers, employees, third-sector organisations, and the wider community to build awareness around the connection between health and work;

⁴ [Work & Wellbeing Strategy sets out five-year plan to promote rehabilitation and wellbeing in the workforce - States of Guernsey](#).

- **prevention and early intervention**, which focuses on early identification of issues and provision of support, in recognition of the fact that prevention and early intervention initiatives are much more effective at improving individual outcomes and increasing workforce participation than following a treatment-based model; and
- **effective services – evolving for tomorrow**, which focuses on enhancing occupational health and wellbeing services to meet future needs.

The Committee is dedicated to engaging with third-sector partners and continually improving the benefits system to support work rehabilitation, thereby further incentivising workforce participation and enabling individuals to stay in work or return to work and, in doing so, support a diverse, inclusive and healthier workforce.

Question 4

Given the reducing tax take, what savings what do you anticipate making in 2026 and beyond?

Answer to Question 4

The Committee has ownership of two Tier 1 savings initiatives identified by the Reducing the Cost of Public Services Sub Committee, as set out in the Annual Budget for 2025.⁵ These are a review of family allowance and a review of wider benefit criteria.

The Committee also notes the direction from the States to the Policy & Resources Committee to incorporate into the Funding and Investment Plan, in consultation with all Committees, a structured public service efficiency programme that targets a 1% real-terms annual reduction in baseline public expenditure for the years 2027, 2028, and 2029 (with 2026 as the baseline year).⁶

The Committee recognises its role in the collective goal to responsibly prioritise expenditure and address funding mechanisms for public service delivery. However, the Committee also recognises its responsibility to balance the interests of taxpayers and social security contributors with those of benefit recipients, many of whom also pay income tax and social security contributions.

The Committee identified a number of short- and long-term savings ideas, some of which have been implemented and others of which have not. Many of these ideas, along with the two Tier 1 savings initiatives mentioned earlier, will involve significant work to investigate.

Importantly, the Committee considers it imperative to highlight that it is not always necessary to cut services in order to make savings. Where possible, the Committee is committed to giving priority to strategic investments in social support which accord with the Committee's purpose *“to foster a compassionate, cohesive and aspirational society in which responsibility is encouraged and individuals and families are supported through schemes of*

⁵ The States of Guernsey Annual Budget for 2025 ([Billet d'État XIX of 2024, Article I](#)).

⁶ Proposition 10 of the Government Work Plan 2026-2029, as inserted by Amendment 7 ([Billet d'État II of 2026, Article IV](#)).

social protection” and emphasise ways in which long-term cost savings can be made by adopting good practices and taking preventive measures which can reduce reliance on benefit schemes.

The Work & Wellbeing Strategy, mentioned on pages 4 and 5 of this document, is a key example of how spend-to-save initiatives can support individuals to return to work more quickly by providing training and support, removing potential financial barriers, and introducing preventive measures which address a rising trend in long-term incapacity benefit claims.

The Committee is acutely aware that it must find ways to make savings while continuing to provide crucial benefit payments to some of the Bailiwick’s most vulnerable households. Addressing how best to undertake the aforementioned investigations into savings options will form a core part of the Committee’s prioritisation considerations before any savings plans can be finalised.

Question 5

If GST is introduced would you expect to see more people looking for income support?

Answer to Question 5

If the integrated package of revenue raising measures which includes the introduction of a broad-based Goods and Services Tax (GST) of 5% (“Workstream 1”) agreed by the States in November 2024⁷ is introduced, two opposing possible impacts to income support claim numbers must be considered.

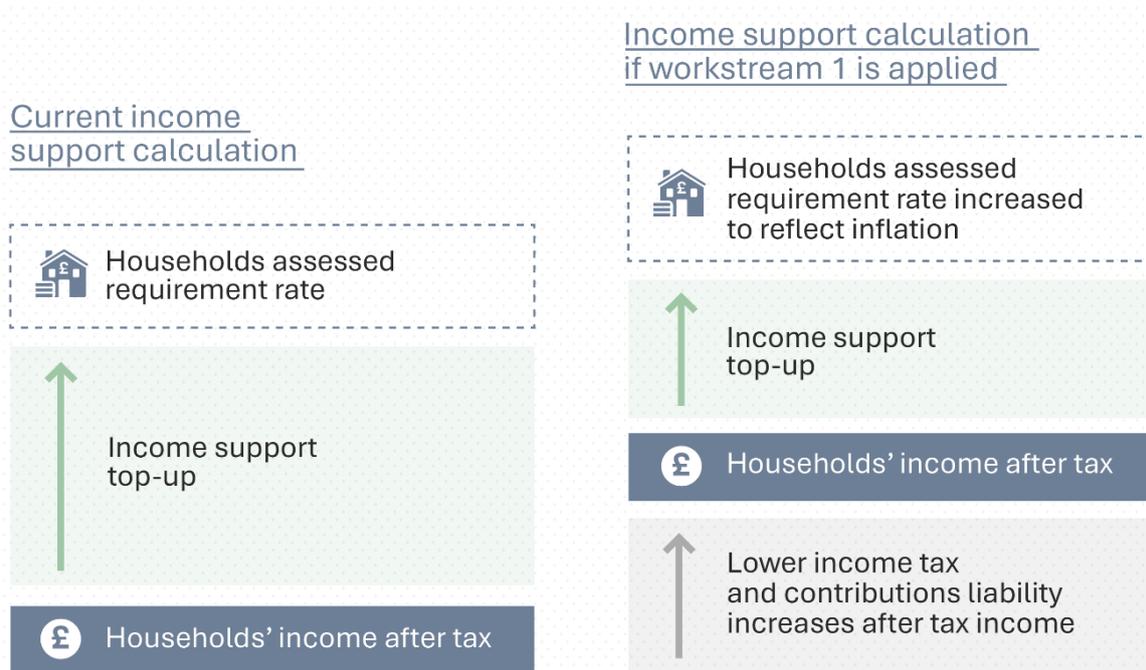
To explain these, it is necessary to outline some basic information about how income support works and how it interacts with tax systems.

The maximum amount of income support that a person can receive is determined by ‘requirement rates’ which are based on household size and the age and number of dependent children within the household. The requirement rate is intended to cover all daily living expenses (including, but not limited to, food, clothing, household goods and services) with the exception of housing costs which are covered by a separate rent allowance or, in the case of homeowners, an allowance linked to mortgage interest payments.

The actual amount of income support each claimant receives is calculated by subtracting their income after tax and social security contributions have been deducted (i.e. their “take home” income) from their requirement rate. If the claimant does not have sufficient income to meet their requirements, the shortfall is made up through income support.

⁷ Following debate of the Annual Budget for 2025, see previous footnote.

In other words, since most households have at least some income from wages, other benefits, or other sources, income support is essentially a way to top up that income to the amount they need.



If the States agrees to implement Workstream 1, the application of:

- a 15% standard rate of income tax on income up to £32,400; and
- a social security contributions allowance

would reduce the amount of money deducted from an income support recipient's income. This would increase their "take home" income which could, in turn, **reduce the size of the income support "top up"** they require. The "take home" income for a household with two working adults might increase by over £200 per month. In some cases, this might mean that a household which previously received income support would then have sufficient income to meet its requirements without an income support "top up".

The second, opposing possible outcome of implementing Workstream 1 relates to the impact of a Goods and Services Tax on prices. An increase to prices would mean that income support requirement rates would be increased proportionately. This would **increase the size of the income support "top up"** paid to claimants and would also mean that **more people could be eligible to receive income support**.

The balance of these two possible outcomes would vary on a case-by-case basis, depending on the specific circumstances of each individual household. However, there are four potential outcomes:

1. a household which already receives income support **may no longer require income support** due to the reduction to household members' income tax and social security contribution liability; or
2. a household which already receives income support **may require a smaller income support "top up"** because the reduction to household members' income tax and social security contribution liability is greater than the increase to the household's income support requirement rate; or
3. a household which already receives income support **may require a larger income support "top up"** because the reduction to household members' income tax and social security contribution liability is smaller than the increase to the household's income support requirement rate; or
4. a household which narrowly does not meet the eligibility criteria for income support **may become eligible to receive income support** because the reduction to household members' income tax and social security contribution liability is smaller than the increase to the household's requirement rate.

Current modelling produced by the Policy & Resources Committee for Workstream 1 of the Tax Reform Programme suggests that the net change in the number of people claiming income support will be minimal. It also shows that, because most households which claim income support have some income of their own, the net impact could be a real terms reduction in the cost of income support beyond the first year.

Date of receipt of questions: 8th February 2026

Date of response: 23rd February 2026