STATES OF JERSEY

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PROVISION OF EXTRA FUNDING FOR NATIVE WELFARE

Lodged au Greffe on 5th July 2005
by the Connétable of St. Helier

STATES GREFFE

PROPOSITION

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

to agree that the cost of native welfare for the Parishes’ 2005 to 2006 financial year, in excess of that actually spent by Parishes in their 2003 to 2004 financial year, should be met by the States, and to request the Finance and Economics Committee to take the necessary steps to remit the appropriate sums to the Parishes during that financial year, which ends on 30th April 2006.

CONNÉTABLE OF ST. HELIER

REPORT

When an unfair situation has been in existence for many years it is perhaps easy for people to grow accustomed to it; to forget the reasons that lie behind it; to resist efforts to find speedy resolution to it. This is what has happened in respect of the unequal welfare burden upon the ratepayers of different Parishes. For decades, ratepayers in urban Parishes have been required to contribute more to welfare payments than their rural counterparts. Ratepayers in St. Helier, St. Saviour and St. Clement, in particular, have been paying more towards welfare and residential costs than anyone else. They do so, not because they enjoy a higher standard of living or a better quality of life than the ratepayers of Trinity, St. Mary or St. John, for example – arguably they don't – but because States policies have concentrated housing in these Parishes.

Now that the States have, on at least two occasions (the debates on the Relationship between the States and the Parishes, P.40/2004 and P.66/2005) agreed the principle of equalising the contribution of individual Parishes towards what is an Island-wide responsibility, it would be wrong, in the view of the Comité des Connétables, to exacerbate during the lead-in period before the agreed changes are implemented, the inequity that currently exists.

The Connétables understanding of the original offer of interim welfare funding was that this was a cap on the actual cost of 2003/4 in exchange for the Connétable of St. Helier withdrawing his proposition P.104/2003 'Meeting the cost of welfare in 2004-2005' asking the States –

> *"to agree that the cost of native welfare, including administration, for the Parishes' 2004 to 2005 financial year, and thereafter, should be met by the States, and to request the Finance and Economics Committee to take the necessary steps to remit the appropriate sums annually to the Parishes from the end of that financial year, which is 31st May 2005 in the case of the Parish of St. Martin and 30th April 2005 in respect of the other 11 Parishes."*

As the proposed transfer of services under P.40/2004 'Machinery of Government: Relationship between the Parishes and the Executive' would not be achieved until 2006, the expectation was that the interim funding would continue for 2005/6.

It is important to point out that even with the 'welfare cap' in place for the last financial year (2004/5), and the promise of a fairer system coming into effect in 2006 the ratepayers of the urban Parishes were still paying more than the rural Parishes last year, but at least such ratepayers could at least take comfort from the fact that the situation was not going to get any worse, thanks to the 'welfare cap', before it got better.

Parish	2004 actual rate pence/quarter	rate required to meet welfare/residential care costs based on actual 2003/4 costs (p/qtr)
St. Brelade	1.23	0.27
St. Clement	1.65	0.77
Grouville	1.37	0.56
St. Helier	1.85	0.75
St. John	1.2	0.27
St. Lawrence	1.3	0.39
St. Martin	1.45	0.33
St. Mary	1.4	0.15
St. Ouën	1.65	0.26
St. Peter	1.3	0.28
St. Saviour	1.7	0.86
Trinity	1.5	0.09

Although a welfare cap was only explicitly guaranteed for the first year, the Comité naturally expected it to be applied for the second year because of the delay in implementing the outcome of the Steering Group Review of the Relationship between the Parishes and the States which was originally intended to take effect from 2005. The Comité was offered some relief funding for welfare, but the amount would be calculated on the basis of moving the baseline from 2003/4 to 2004/5. In other words, while the Finance and Economics Committee would continue to cap welfare costs, this would be done on the basis of welfare costs for last year, rather than for the year before. If this offer were to be accepted, the Parishes would have to find an extra amount to cover welfare costs in the new financial year equal to the amount of welfare cap provided last year, as is shown in the table below:

Parish	Extra funding to be found by Parish if not capped at 2003/4 cost £
St. Brelade	15,319
St. Clement	53,634
Grouville	42,803
St. Helier	446,732
St. John	12,774
St Lawrence	–
St. Martin	15,992
St. Mary	26,345
St. Ouën	63,744
St. Peter	43,378
St. Saviour	140,823
Trinity	57,430
TOTAL	918,975

Amount of the extra funding required in 2005/6 to fund native welfare payments if welfare capped at 2004/5 levels

While this may sound like a reasonable compromise in the States' current economic climate, and while it would not materially affect some Parishes, it would mean that, in the case of St. Helier and St. Saviour, for example, the unequal welfare burden was not frozen at all by virtue of the States decisions, but was increasing for a further year. The ratepayers of St. Helier will be asked to find another £446,732 in the coming year while St. Saviour ratepayers will have to provide an extra £140,823, unless the States direct the Finance and Economics Committee to vary its decision. How can this be equitable, when they are already paying more than any other Parish's ratepayers towards what has been agreed is a common expense? The proposition brought by the Comité des Connétables asks that the States, having accepted the principle of equalising welfare payments in the future, should now honour the widely accepted view that welfare payments by the Parishes were being frozen at their 2003/4 levels.

Financial and manpower considerations

The President of the Finance and Economics Committee has offered to cap the Parishes' welfare costs at their actual 2004/5 levels. The increased amount for the new financial year (2005/6) can only be estimated, but 12% increase has been generally accepted as likely, as this was the increase in costs that took place between 2003/4 and 2004/5.

The majority of the increase in welfare costs expected in 2005/6 results from increased staffing levels in residential care homes, an increased cost which is directly influenced by States' policy in the regulation of such facilities.

If the proposition of the Comité des Connétables is accepted the Finance and Economics Committee will have to make provision for an additional sum, similar to the total paid in 'welfare capping' for the last financial year

2003/4 actual welfare/residential care costs for all Parishes	£6,967,002
2004/5 expected total welfare/residential care costs for all Parishes (subject to audit)	£7,876,328
Total amount payable as 'welfare capping' for 2004/5 (11 Parishes only, there being an underspend in one parish)	£918,975
2005/6 estimated total welfare/residential care costs for all Parishes allowing 12% increase on 2004/5 expected costs	£8,821,488
Interim funding required above 2003/4 levels	£1,854,486

There are no manpower considerations.