1240/5(7121)

WRITTEN QUESTION TO THE MINISTER FOR SOCIAL SECURITY
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 9th OCTOBER 2012

Question

Will the Minister give members a detailed breakdown of the reductions in expenditure outlined in the table on page 94 of the Annex to the draft Medium Term Financial Plan 2013 – 2015?

Answer

As can be seen from page 94 of the Annex to the draft Medium Term Financial Plan 2013 – 2015 and set out in more detail in the preceding pages 91 to 93, expenditure overall is due to increase significantly driven by the impacts of the global economic situation as well as more local matters, such as the withdrawal of LVCR, upon benefit expenditure and the cost of providing services and schemes to assist those who are unemployed arising from the changed economic situation.

There are however some reductions shown on page 94 as follows:-

Final Profile Adjustment for Transitional Relief Protection for Claimants £900,000
Final part of the phased reduction in transitional protection to claimants under the Income Support Scheme which commenced in January 2008.

Final Profile Adjustment for Automatic Stabiliser Fund for Income Support £3,500,000
This refers to 2010 Business Plan estimates of profiles of spend for Income Support and resultant changes in spend which were predicted in 2009. Since then, estimates of spend have changed and been superseded, consistent with changes in the economic situation and forecasts. Increases to Income Support taking into account the latest economic and financial forecasts are provided for elsewhere within the MTFP.

Department Savings £2,500,000
Over Achievement of CSR Savings Targets £300,000

1. The Minister will be proposing changes to Survivor’s Pension, with “grandfathering provisions” and retaining provision of Survivor’s Pension for survivors with dependent children. There are no proposals to change Survivor’s Allowance, which is payable for the first year following the death of a spouse or civil partner. After allowing for the effects upon the Income Support budget, the total net saving is estimated at, £3.6 million per annum. This saving will build up over the next 10 to 15 years as the cost of protecting existing claimants diminishes and the savings will accrue to the Social Security Fund

2. At the same time as proposing changes to Survivor’s Pension, the Minister will be proposing transferring the funding of Invalid Care Allowance from the cash limit to the Social Security Fund, representing a “budget” saving of £2.2 million in cash limit terms.

3.Proposition P.56 has been agreed which requires all adults in Income Support families to have 5 years plus residency in order to receive an adult component as part of the family’s Income Support award: It is anticipated that the resulting annual savings will be £600,000.

The combination of 2 & 3 above items lead to a combined saving of £2.8m to the cash limit for Social Security for 2013 , though States approval is still required for items 1 & 2

Proposed Procurement Savings **£43,800**

The Draft Annual Business Plan 2012 introduced savings of £3 million in 2012 and £3.5 million in 2013 from the Corporate Procurement Project as part of the CSR process. A great deal of work is being done to change procurement practices to deliver savings across the States and the figure above represents the savings to be gained by the Social Security department on insurance, energy, printing, etc.

Savings to be delivered by New Measures in Addition to CSR targets **£3,000,000**

Please refer to S7 on page 102 of the Medium Term Financial Plan 2013 – 2015. The Social Security Minister is considering a number of potential changes to benefits which could deliver budget reductions in addition to the Department's current CSR targets. The Department has estimated that these changes could generate a saving of £3 million from 2014.

Extend Supplementation Certainty Calculation for Period of MTFP (2013) **£1,800,000**

Please refer to S8 on page 102 of the Medium Term Financial Plan 2013 – 2015. Social Security ensures that eligible Jersey residents have contributions that are supplemented to a minimum published threshold. In order to manage this there is an agreed tax funded Grant that the States provides to the Social Security Fund towards this cost. The current proposal seeks to agree the formula to calculate the Grant for the 3 years of the MTFP. This formula would result in a saving against previously anticipated levels. P.89/2012 was lodged on 25 September 2012.

Remove Supplementation Contingency **£600,000**

Please refer to S9 on page 102 of the Medium Term Financial Plan 2013 – 2015. As a result of the proposals to amend the existing formula for the calculation of the States' contribution to the Social Security Fund to have certainty for the 3 year period of the MTFP 2013 – 2015, the existing Social Security Department's contingency for Supplementation can be removed.