

**WRITTEN QUESTION TO THE PRESIDENT OF THE EMPLOYMENT AND SOCIAL SECURITY
COMMITTEE BY DEPUTY G.P. SOUTHERN OF ST. HELIER**

ANSWER TO BE TABLED ON TUESDAY 23rd NOVEMBER 2004

Question

Further to oral questions asked on 9th November 2004, would the President inform members –

- (a) what policy changes are currently envisaged for the welfare delivery mechanisms detailed below and which are to remain unaffected?
- (b) what assumptions have been, or will be, given to OXERA in order that they may properly model the costs of benefits, for example, of the approved three tier disability system?
- (c) whether the Committee accepts that the total spent on income support currently is accurately portrayed by the figures in the table below?
- (d) will the President give an assurance that the total income support although differently delivered in 2006, will match the total below with appropriate uprating and indicate how he proposes this uprating can be achieved?

Native Welfare

Item	Cost £,000	Source
Parish welfare	7,002 (2002)	Report on Rel. between Parish & Exec – 2
Welfare admin.	801 (2000)	“ “

Contributory benefits

Item	Cost £,000	Source
Old age pension	71,572	E & SS Report & Accounts 2003
Survivors pension	16,358	
Invalidity benefit	16,260	
Sickness benefit	10,869	
Survivor's benefit	3,881	
Disablement & injury benefit	5,295	
Maternity Allowance	1,561	
Maternity grants	418	
Death grants	341	
Social ass. pensions	7	
Total	126,562	

Community Benefits and States contribution

Item	Cost £,000	Source
HIE	1,072	E & SS Report & Accounts 2003
Family Allowances	4,944	
Dental Benefit	106	
Non-Cont Death	18	
Milk	380	
Attend. Allowance	3,290	
Inval. Care & disab't	2,296	

Non-native welfare	3,240
Christmas bonus	1,256
Childcare Allow.	689
DTA	5,988
Social Fund	198
65+ Health plan	371
Total	24,248

Housing Benefits

Item	Cost £,000	Source
Rent abatement	16,205	Budget 2004 (Estimate 2003)
Rent rebate	7,374	
Total	23,579	

Miscellany

Item	Cost £,000	Source
GST compensation	9,000 –13,500	OXERA, 2002
Unemployment benefit	3,024	estimate based on contribution rate 0.35% in RC49/2004

Total possible sum involved in all forms of income support above = £198,716,000

Answer

- (a) R.C. 48/2004 sets out an outline of the proposed Income Support system, planned for introduction in October 2006. As stated in section one of the report, the proposed new Income Support system will replace existing means tested benefits which include welfare grants, housing and various non-contributory benefits.

R.C. 49/2004 sets out some possible longer term policy directions for the Social Security contributory insurance system which at present covers incapacity, maternity, widow(er)hood and retirement.

The welfare delivery mechanisms listed by the Deputy include these contributory benefits, which are unaffected by the Income Support proposals. Only the means tested benefits will be replaced by an Income Support system.

The Committee is undertaking consultation at present on both the contributory and means tested systems. It is important to identify policies which cut across the main Social Security and underpinning Income Support systems in order to ensure they join up as a whole. As stated in Section two of R.C.49/2004 –

‘By ensuring the Social Security system maintains wide coverage on an equitable and fair basis, the new Income Support system can be targeted to those, who through no fault of their own, need additional help. The Committee is also mindful of the need to target additional support as fairly as possible whilst maintaining and strengthening work incentives’

- (b) OXERA have been given access to the income distribution survey, budget standards, the 2001 census data and current information on the number of benefit claimants, including disability benefits. The Initial Assumptions given to OXERA include a component-based system and an income top-up that includes a pound for pound regression. Discussions with OXERA will continue to refine the model as the consultation process further refines the proposals, for example on the proposed three-tier approach to the disability system.
- (c) The figures in the table do not accurately portray the total spent on Income Support (Welfare) benefits at

present.

The section headed contributory benefits does not form part of the proposed new Income Support system as these are benefits paid from the Social Security insurance scheme to contributors.

The miscellany section refers to costs that do not exist at present. There is no GST payable in Jersey and there is no contributory unemployment benefit as yet. Support for the unemployed is currently only available through the Parish Welfare Grant System, included in other sections of the Deputy's table.

There is also an omission in the figures, as the Deputy has not included the cost of educational grants made to children over 16, still at school in Jersey.

- (d) I would suggest that the Deputy refers to R.C. 49/2004 'Policy Review of the Social Insurance System in Jersey', Interim Report. Section 6.2 gives details of expenditure on Means Tested Benefit and Welfare Grants in 2003, that is, the current 'Income Support' system. I doubt that it will be any less but until the Committee completes its consultation, OXERA cost proposals, and the proposed new system is approved by the States, I cannot give such an assurance. Also, as explained in (c) above, the total given by the Deputy does not accurately reflect the budget for Income Support. Ultimately, the new system will be approved by the States and target support where it is most needed and expenditure will be dependent on the level of claims.