1240/5/1(343)

WRITTEN QUESTION TO THE MINISTER FOR SOCIAL SECURITY
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 20TH JUNE 2017

Question

Will the Minister give a detailed breakdown of the £10 million departmental underspend recorded in 'States of Jersey Financial Report and Accounts 2016' (R.65/2017) and state what consideration, if any, was given to the possibility of redirecting this underspend within the Department to alleviate any hardship caused to target groups living on low income due to the decision to reduce the benefits budget by £10 million?

Answer

A detailed breakdown of the departmental underspend will be provided in the Annex to the States Accounts which the Treasury will publish in due course. The use of any underspends is considered through the carry-forward process, administered by the Treasury. As part of the 2016 process some of the Department's underspend was used to restore transfers to the Long-term Care Fund to planned levels to help support the payment of this benefit. The remainder of the underspend went through the same prioritisation process as other underspends in the States.

It is not possible to use the underspend generated in one year to support a benefit cost that will be repeated in future years. Benefits are provided under a range of benefit laws and claimants have a legal right to the benefit that they receive. The Department's budget has to be sufficient to cover the costs of all statutory benefits from year to year. Increasing benefits in one year in response to a short term underspend is very likely to lead to budgetary problems in a future year when no underspend is available. As such, underspends are not used to fund benefit costs but rather, are used to support high priority one off projects that could otherwise not be undertaken.

The changes approved by the States Assembly to benefit rules at the start of the MTFP were carefully chosen to:

- Promote financial independence
- Target benefits appropriately; and
- Minimise the impact on individuals.

Within the existing MTFP cash limit, proposals have been put forward for an increase in component rates of 2.9%, fully reflecting the recent increase in the RPI and improvements in the level of income disregard from 23% to 25% so that households can retain more of their earned income. The component rates will be debated in July 2017 for implementation from 1 October. The cost of all these improvements, £3.9 million a year for this overall package, has already been allowed for in the departmental base budget.

The Department continues to make good progress in reducing the number of people registered as actively seeking work and the total number of households that require Income Support. As the economy is improving, more people are moving into work and reducing their reliance on benefits. In addition to existing programmes, this year the Department is also developing a new initiative to provide additional targeted support to Income Support households to help them move towards financial independence.