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WRITTEN QUESTION TO THE MINISTER FOR SOCIAL SECURITY
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 8th SEPTEMBER 2015

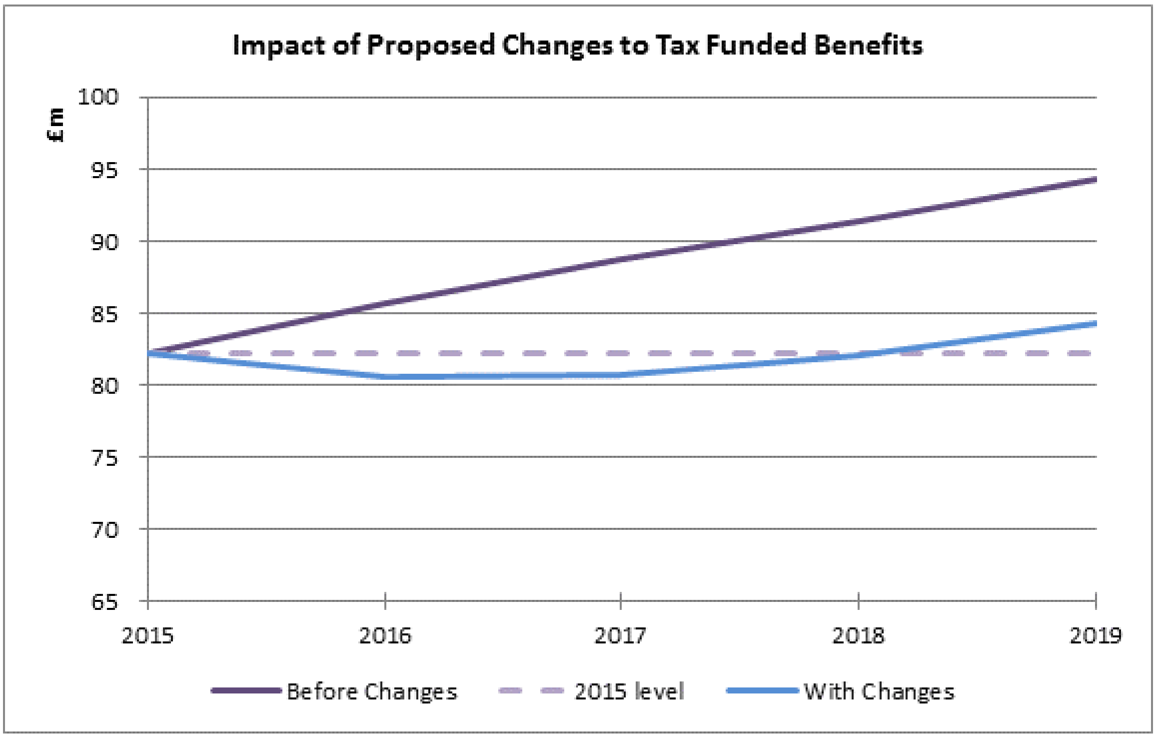
Question

Will the Minister explain to members the assumptions and calculations that underpin the projected growth in tax funded benefits from £82m to £94m over the period 2015 – 2019, as shown on page 97 of the Annex to the Medium Term Financial Plan?

Answer

Please note that the 2015 figure is £83m. This figure is based on the April forecast for 2015, and takes into account the expected underspend by the end of the year. The underspend for 2015 relates to the MTFP 2013-2015 forecast for Income Support which was based on a higher level of unemployment than has actually been experienced.

Page 97 of the Annex to the Medium Term Financial Plan includes the following graph which shows the growth in the original budget and the impact of the proposed benefit changes.



The forecasts for 2016-2019 were calculated through applying increases based on the central economic assumptions to the relevant benefits in line with legislation along with growth figures extrapolated from the population model. Other factors such as projected unemployment, increases to the accommodation component in line with the agreed social housing policy and the introduction of a non-means tested child disability component have also been incorporated.

The relevant central economic assumptions (April 2015) used are:

	2016	2017	2018	2019
RPI	3.1%	3.1%	3.3%	3.3%
AE	3.0%	4.0%	3.0%	3.0%

The net impact in each year is a growth of:

2016 – 3.2%
2017 – 3.6%
2018 – 3.0%
2019 – 3.1%

As noted in the MTFP Annex, one of the financial pressures facing the States is the range of extra costs associated with the growth in the number of people aged 65 and above and one of the key strategic aims of this Council of Ministers is to ensure that we have a health system that can continue to provide good quality care to an ageing population.

In order to allow funds to be available to meet the costs of demographic pressures within the health service, the Department has identified changes to benefits to support the funding of the strategic aims approved by the States Assembly and achieve the agreed public funding position by 2019. In total the Social Security Department has been asked to reduce its anticipated spend on tax funded benefits by £10.0 million by 2019.

These funds will be available to the Treasury and Resources Department as part of the overall savings target, to help to meet the increasing cost of Health and Social Services across the whole range of health services provided to older people.

Benefit changes were considered using the following criteria:

- Promote financial independence – use changes in benefit to promote activities that will support the financial independence of claimants, and protect benefits which are supporting the financial independence of claimants;
- Improve targeting of benefits – change benefits in areas where public money is not specifically targeted to vulnerable groups; and
- Minimise individual impact – spread changes over larger groups of claimants, rather than a few individuals.