

STATES OF JERSEY



ANNUAL BUSINESS PLAN 2009 (P.113/2008): SEVENTH AMENDMENT (P.113/2008 Amd.(7)) – COMMENTS

**Presented to the States on 12th September 2008
by the Council of Ministers**

STATES GREFFE

COMMENTS

Introduction

The successful introduction of Income Support on 28th January 2008 was one of the biggest changes ever in benefit provision in Jersey. The new system introduced a common assessment, a fully independent appeal process, a single point of contact for claimants and the removal of disincentives to work. Fourteen separate benefits were replaced and there was minimal disruption in payments to individuals when the new system was introduced.

The structure of the Income Support legislation provides a simple framework which can be adapted to changing needs. The single system provides equity and transparency for claimants. Inevitably, with such a major change, there have been and will continue to be a need for minor changes to adjust the system from time to time. As anticipated, the Social Security Department has been able to make these minor adjustments to subordinate legislation and supporting administration systems easily.

The Council of Ministers strongly opposes this amendment on the grounds that –

- **A full review of Income Support in 2009 would be premature.**
- **The Social Security Department is fully committed to other initiatives in 2009.**
- **A review of Income Support in 2009 is very likely to lead to a delay in the introduction of a Long-Term Care Funding scheme.**

Planned I.S. review in 2010

The Social Security Department is planning to undertake a review of Income Support in 2010. The reasoning behind the timing is as follows.

Income Support is not fully implemented yet and, in particular, the residential care sections are planned to be introduced in 2009.

Income Support is a major change in benefit systems and it will take some time for claimants to get accustomed to the new system and make full use of it.

Many families are currently receiving transitional payments which are masking the full changes as a result of Income Support

In a small community it will take time for the full range of infrequent situations that need to be tested under Income Support to occur.

One of the principal measures that will be needed in any review of Income Support is a relative poverty measure. Relative poverty is measured against all the incomes in a jurisdiction and requires an income distribution survey (IDS) to provide the data. The Statistics Unit have agreed to introduce an IDS to provide this information. The first survey will be run from mid-2009 and results will be available in 2010. The Statistics Unit is already preparing for the survey. Any review undertaken before the results are available will not be able to address the full impact of Income Support on relative poverty levels.

Planned work for 2009

In addition to the very sound reasons for planning the review for 2010 and not 2009, there are further reasons why it would be difficult to accommodate a review in 2009.

The Social Security Business Plan for 2009 is already ambitious. The Department will be introducing the final stage of Income Support, being the statutory arrangements to support residential care funding within the Income Support system. The Department is also committed to drawing up proposals for a long-term care funding scheme for all resident Islanders. A key issue here will be to determine the manner in which the additional funds required

to run such a scheme will be raised. At the same time, proposals arising from the Imagine Jersey 2035 exercise will be being discussed and costed. This may well include proposals to raise social security contributions to ensure that pensions can be provided over the next few decades as the proportion of pensioners in the Island increases dramatically.

To ensure that the general public and politicians understand the choices that will need to be made, it is important that the Department initiates a wide-ranging debate on these issues before any firm decisions are made. Social Security is therefore committed to undertaking this vital piece of work in 2009, whilst the Income Support scheme continues to bed down.

It would be impossible to maintain the timetable for the introduction of a long-term care funding scheme and undertake a full review of Income Support within the same year. If this amendment is accepted, the project to introduce a long-term care funding scheme will need to be delayed until the I.S. review is complete.

Resources

An external review will make substantial demands on Social Security staff, in particular the small Policy Section. The suggestion from the Deputy that additional staff could be employed to assist is totally impractical. The work is complex and requires considerable training and experience before a new team member can make a full contribution to the team. There would also be a considerable commitment involved in terms of I.T. resources and an inevitable disruption to customer services in general, and the level of service provided to Income Support claimants in particular.