

STATES OF JERSEY

Health, Social Security and Housing Panel Quarterly Hearing with the Minister for Social Security

FRIDAY, 22nd JUNE 2012

Panel:

Deputy K.L. Moore of St. Peter (Chairman)
Deputy J.A. Hilton of St. Helier (Vice-Chairman)
Deputy J.G. Reed of St. Ouen

Witnesses:

Senator F. du H. Le Gresley (The Minister for Social Security)
Chief Officer, Social Security
Deputy S. Pinel of St. Clement (Assistant Minister for Social Security)
Policy and Strategy Director, Social Security
Operations Director, Social Security

Present:

Ms. F. Scott (Scrutiny Officer)

[13:31]

Deputy K.L. Moore of St. Peter (Chairman):

Right. Well, thank you very much for returning here. It does not seem very long ago that we were last sitting here. No members of the public so I shall not give them the low down on all the rules and we will make a start if that is alright. We will introduce ourselves for the record. I am Kristina Moore, the Chairman of Health, Social Security and Housing.

Deputy J.A. Hilton of St. Helier:

I am Deputy Jackie Hilton, Vice-Chair of this Panel.

Deputy J.G. Reed of St. Ouen:

Deputy James Reed, Panel member.

Ms. F. Scott:

Fiona Scott, Scrutiny Officer.

Chief Officer, Social Security:

Chief Officer, Social Security.

The Minister for Social Security:

Senator Francis Le Gresley, the Minister for Social Security.

Assistant Minister for Social Security:

Deputy Susie Pinel, Assistant Minister for Social Security.

Operations Director, Social Security:

Operations Director, Social Security.

Policy and Strategy Director, Social Security:

Policy Director, Social Security.

The Deputy of St. Peter:

Thank you. So we have decided that we would focus largely on your decision to defer the long-term care benefit today. Really, I would like to start by mentioning that in our last discussions you mentioned the long-term care benefit and its pending arrival several times but 2 weeks later you stood up and announced that it was to be deferred and so really I wanted ... we obviously understand the basic reasons for doing this but it would helpful perhaps to understand a little more about the timing of that in relation to our last meeting when it appeared that everything was running smoothly and also the fact that members of the Ministerial Oversight Group, when you made the statement in the States, some of them, particularly Deputy Martin, was surprised to hear this change of tack.

The Minister for Social Security:

Yes, I am a bit puzzled by that last statement "Ministerial Oversight Group" in relation to the *Health White Paper*, you mean?

The Deputy of St. Peter:

No, it is not the Ministerial Oversight Group, is it? It is the ...

Chief Officer, Social Security:

The Scrutiny Panel, the original scrutiny panel?

The Deputy of St. Peter:

No, the ... it is the Fiscal Steering Group? No, that is the Housing one.

The Minister for Social Security:

Yes. I think I might be able to help you. I think part of the *Health White Paper* strategy is looking at care in the community and therefore the delivery of the *White Paper* will involve working with, which we already are, the Social Security officers on the delivery of the long-term care benefit because, obviously, people who will be receiving care in the community would be recipients or claimants, possibly, of the long-term care. So I think that is where the connection is but there is no actual Ministerial Oversight Group for the long-term care benefit per se. Sorry, now because I have done that I have forgotten what your first question was. Why the delay, was it?

The Deputy of St. Ouen:

Yes, explain to us why you have sought to delay the introduction of the long-term ...

The Minister for Social Security:

Okay. Well, I am pretty sure I did explain to the panel that we were working with the Income Tax Department on the basis of the best way we thought to collect the contributions would be to use the Income Tax system in the sense that we wanted to introduce a system that could bring in exemptions for low income people or exemptions, using the tax exemptions if you like. Also the other issue was trying to collect a contribution on all income not just earned income. So obviously if we tried to take the social security contributions just off employees it would only be their earned income. So if somebody, for example, had £10,000 additional income from rental then there would be no

contribution collected on other earned income so we thought it would be fairer to have a collection which covers all people's income. The other issue, of course, was the pensioners because we believed, and it was indicated by the previous Minister, that we would look to take a contribution from pensioners who could afford to make a contribution by virtue of paying tax. Pensioners currently do not pay any social security contributions. We have no means of collecting money from them and therefore using, again, the tax system because they would have mainly unearned incomes plus pensions that seemed to be the best way forward. Obviously, there has been, unfortunately the sad death of the Comptroller of Income Tax which sort of delayed some of the, perhaps, impetus on this work. We realise that we will not meet the target of introducing a tax collection of the contributions from 1st January 2013 because you have to start at the beginning of a tax year and therefore we realised that it realistically could only be done in 2014 because computer systems have to be changed, I.T.I.S. (Income Tax Instalment Scheme) notices would have to change. So there would be a lot of work required to prepare ourselves for a position where we could start to collect the contributions through the tax system.

The Deputy of St. Ouen:

So are you proposing a different collection method to that agreed and proposed when the law was debated?

The Minister for Social Security:

Not really. The point is that ... I think I have really explained why we were speaking to the Income Tax Department because we would not capture sufficient of the income of people and therefore the contribution rate would have to be higher so we see this as a fairer system and within social security contributions you cannot exempt some of the income because the current 6 per cent, or whatever, is taken from employees is based on the earnings so each employer would have to be given an exemption figure for each employee and this would be a nightmare to administer.

The Deputy of St. Ouen:

So will the principal funding stream for the new scheme be from dedicated social security contributions?

The Minister for Social Security:

Yes, because the Income Tax Department would be acting as our agent to collect the monies so it would be kept separate from the actual tax collection but it would be done by the Income Tax and they would pay the money to the department, so they would be acting as our agent.

The Deputy of St. Ouen:

For my own benefit can you just explain the reasons why you feel that that system is better than the one that was explained to us, as States Members, when we debated the law?

The Minister for Social Security:

I think I am going to defer to Richard. Would you be able to ... because you have been talking to the tax whereas I have not?

Chief Officer, Social Security:

You would like my opinion?

The Minister for Social Security:

Whatever.

Chief Officer, Social Security:

Okay. The key difference is that the social security system tax is principally only earnings. That creates, and is often pointed out that it creates, inequities between people who have earnings and people who have income other than earnings. There is nowhere within the social security system, as it stands, to tax, for want of a better word, that unearned income. From an equity perspective it is far better to look at placing a charge upon all income, therefore having a fairer position between 2 people with similar incomes than it is to continue with the social security system.

The Deputy of St. Ouen:

I suppose the next question is why was this matter not raised and highlighted at the time of the debate? Well, it seems to me that it differs from the responses received by the department with regards to how funding for long-term care should be provided.

Chief Officer, Social Security:

Why was it not, is a question that I am not sure that I could answer. When we were going through the work in respect of yields and looking at circumstances of individual cases in addition to which the 2 per cent above the ceiling led to further comment about the social security system, further comment about how the social security system treats people with the same income that constitutes a different structure is unfair. Those points were running around in our head. At the same time we are conscious of long term suggestions whereby we could consider moving the social security system into a single system or administered by a single office. There have been over a long period of time discussions around whether we could move to a single tax, for want of a better word again, tax or taxes office, and there have been recommendations and reports in the past. While we were looking at this it became obvious that it, perhaps, was something we should have asked previously, whether we should have looked at all income in addition to which this was a perfect opportunity to start from a blank piece of paper as opposed to moving the existing contribution system into a tax system, for example, or a tax collection system, and therefore should we consider doing it.

The Deputy of St. Ouen:

Well, that is very well and good but the States are required to base their decisions on evidence provided and they make their decisions accordingly. All of the information that was provided to support the introduction of the Long-term Care Law was based around creating a ring fenced fund and levying a charge back from Social Security. Yes, there were further details that needed to be provided but it was very clear and reiterated on numerous occasions by the Minister of the day that it was appropriate, the work had been done. All of the consultation had taken place and he was confident that

he was bringing forward a proposal that would not only meet the concerns and needs of the community but equally had identified the most appropriate way of funding. From what you have just said it seems that all of those decisions and all of the evidence that was used by the States to determine it and agree the introduction of this law are up in the air and you are choosing to go back to square one. Is that the case or is it not?

Chief Officer, Social Security:

No. Obviously, these decisions are not mine to take. These were issues that I raised with the new Minister, we raised it with the Minister for Treasury and Resources, I think we have discussed them with the previous Minister. I will go back to the issue that we are well aware of the criticisms of the social security system. That is not to say there are criticisms of the income tax system but we have already touched upon within, when we were talking to the States, for pensioners taxing all income because obviously we have to tax all income and that is not the social security system because the social security system, as it stands, does not levy contributions from pensioners because the social security system, as it stands, levies charges against earnings. Once you start to consider looking at all income of pensioners you will have a scenario where you have all income of pensioners and earnings from social security ... sorry, from working age people. The issue was put up. We could, very easily, continue with the earning system but having raised the issue, raised the option and raised the opportunity. The decision was taken to go for a wider base of income so as to come up with a more equitable charge.

The Deputy of St. Ouen:

Can we be clear, just for the sake of this meeting, who made the decisions to ignore and not implement the scheme as proposed alongside of the introduction of the new law?

The Minister for Social Security:

I made the decision on the advice of officers that using the Income Tax Department to collect the contributions on our behalf was the most reasonable and equitable way forward for the reasons we have just described.

The Deputy of St. Ouen:

Is that decision supported by the Council of Ministers?

The Minister for Social Security:

Yes, they will be aware of my statement, that I was going to make a statement, and that this meant that we would be delaying the scheme for 12 months while we implement the proposals with the Tax Department.

The Deputy of St. Ouen:

Have you discussed the likely implications, not only of the delay but the proposed collection of funds to support this particular benefit?

[13:45]

The Minister for Social Security:

Discussed with whom?

The Deputy of St. Ouen:

With the Council of Ministers?

The Minister for Social Security:

I do not think this is an issue that the Council of Ministers have gone into in any depth given that there are enormous other priorities at the moment. But they were aware that we were working with the Tax Department. They were aware that it would not be achievable for January 2013 and they are aware that the original law is an enabling law and that the Minister had to come back with regulations on all these issues that we are now discussing. This was all down to further regulations and orders.

The Deputy of St. Ouen:

All I would say is, and I know you are the new Minister, again, I reiterate, we were told by the previous Minister that it would be delivered within 12 months and he clearly outlined what needed to be undertaken. He acknowledged that

it was a challenge to the department but he made a commitment that it would be delivered and the States, along with that, fully supported, unanimously supported, the introduction of the new law. We find ourselves in a situation where, yes, we have a new Council of Ministers, yes, we have a new Minister, but it seems to me that at the moment we are not able to fully understand why you have chosen, you have made a decision outside of what has already been agreed, to revisit this particular funding and the mechanisms that go with it. I think that this is what we would like to understand.

The Minister for Social Security:

Well, I cannot really offer you any more explanation other than as a new Minister, obviously, I need to look into all the issues around this new benefit. If in the long-term it is going to be viable because it is going to put an enormous burden on the working population on the basis of what was approved by the States. Therefore, I believed it was quite right for me to ask officers to look at whether this fund was going to be sustainable into the future, whether we were placing an unfair burden on our younger generation to support the older generation. All of these issues have to be looked at. I really think I would not be doing my job if I did not look into these issues before I brought forward regulations. That is nothing to do with the fact that we have been talking to the Tax Department, as the Chief Officer has explained, that was for separate reasons because either way we would generate contributions. It was just a question of what was fair given that we wanted to look at some exemption for lower income people, or lower incomes, to take something out of that and bearing in mind, of course, now we are in a situation where we have a higher earnings limit of £150,000. So we were in a position where the contributions could go up to £150,000 whereas previously we had a standard earnings limit of about £45,000. A number of other things have changed really that makes you have to stop and think as to the direction you are taking.

Deputy J.A. Hilton:

Can I just ask you a question about implementation? Originally it was supposed to be 2013 and you are now saying 2014. So are you confident that it will be January 2014 for the new scheme to be implemented?

The Minister for Social Security:

Well, I hope so. I am not at the Tax Department so I cannot give any guarantees on behalf of the Tax Department because it is their computer system that will do the collection for us but the indications I have been given are that this should be achievable, yes.

Deputy J.A. Hilton:

Okay. Just briefly, you mentioned about some exemptions for low income earners. Have you sort of developed that part of the policy much at all?

The Minister for Social Security:

Well, I may have been not absolutely clear there. We are talking about using the tax thresholds so I think the view we have at the moment is that everybody would have the tax threshold exemption on the first part of their income. Some people, obviously, who are below that figure, would not make any contribution until their income went higher. But everybody would have their basic tax threshold allowances, if you like, first and then they pay whatever rate we decide on the higher income up to a limit of £150,000.

Deputy J.A. Hilton:

So just to be clear then any individual currently not paying tax because their income, whether they are working, retired or whatever, would not have to pay?

Chief Officer, Social Security:

No, that would not quite be the case because again we have not come to the final conclusion; there are 2 options under consideration. One is to use the tax system completely; the other one is to use just the tax threshold as an allowance, if you like, but not having all the other allowances, exemptions and reliefs. So there would be people who currently do not pay a tax who would

pay social security but not the numbers of people who would pay this charge and who do not pay tax were we to have run with just the social security system because that is on all earnings, from zero ...

Deputy J.A. Hilton:

So it is a policy still in development basically?

Chief Officer, Social Security:

Between those 2 options, yes.

Deputy J.A. Hilton:

Thank you.

The Deputy of St. Peter:

You mentioned there that “you hope” that the new policy would be developed by 2014, or implemented by 2014, but what hope do you give to those people who are in care already, are living off their capital that they worked hard for through all their lives and have made financial planning decisions based on the knowledge that the States had unanimously agreed to implement this policy next year and they have made decisions accordingly? What can you say to them? Because, surely it is one of the most important factors in their lives, many of their decisions have been based on it and they need to know what security they have for themselves and for their families around them and it is quite stressful not knowing what is going to happen and how they can plan financially. So what are you going to do to assist these people in the interim while you hope that the policy may come into effect in the next year?

The Minister for Social Security:

I think there is a misunderstanding, perhaps, among the population that we expect people to sell their houses. I think that is the main concern that the elderly population probably have. The fact is that we have something in the order of 550 people in residential care who are receiving help through income support and some of those are house owners and of course what we do is take a bond and, as and when that person sadly passes away or the property

changes hands, is the only time that we enforce the bond. So they are not obliged to sell their property and perhaps maybe we need to get that message out more clearly because, obviously, perhaps, people think they have to sell the property for their income and seek help from Income Support. We have looked at the possibility of doing something in the short term that would mean putting in a bid to the medium term financial plan for extra income support. We have not done that because there have been lots of bids that have fallen away by other departments. We have managed to get for our department mainly money for getting people into work, Back to Work Programme. Initial, very brief discussions with the Minister for Treasury and Resources indicates that we would not be able to receive any more money for long-term care benefits as an interim measure until we start to collections to build up a fund.

The Deputy of St. Peter:

Do you not have contingencies or carry forwards available to you?

The Minister for Social Security:

They are all committed. We have to bear in mind that we have more and more people registering as actively seeking work. The budget for Income Support was ... well, we have spent just over £90 million last year. We, obviously, have to anticipate further growth, sadly, in numbers of unemployed and we could not use any of our carry forwards or whatever other than to assist people who are actually in need of income support for all the other reasons that we provide income support.

The Deputy of St. Peter:

How much have you calculated that this addition benefit will cost the department effectively?

The Minister for Social Security:

The actual new scheme, you are talking about?

The Deputy of St. Peter:

Yes.

The Minister for Social Security:

I mean at the moment our budget for residential care through income support is £17.7 million for 2012. The scheme, as was originally devised, was that, I think, something in the order of £30 million each year would be put in by the States of Jersey into the fund because, obviously, Social Security provide help at the moment and Health provide some accommodation within their own locations. So the expectation is that we will need to, I think, collect in the region of another £30 million a year going forward, at least that would be the target. So there may well have to be a period where we obviously need to build up the fund before we can make the full payments. That is the other issue.

The Deputy of St. Ouen:

But it is fair to say that that was all part of the scheme that was put in front of the States Members that there was going to be a delay in being able to access the new funding or new benefit because there was a need to build up the fund. But they did not seem to suggest, or it was not suggested then, that that was a concern to the Social Security Department and the Minister who was bringing forward the scheme. Now, just to pick up the point that you made earlier you suggest that the changes have been made to the limit for social security but that was a decision that was made before the State decided and discussed the introduction of the long-term care. So to suggest that that might have influenced it I think is maybe not as accurate as ...

The Minister for Social Security:

Well, all I am saying is when the *Green Paper* was issued, and I may stand to be corrected by officers, but at that time the new £150,000 limit was not in existence. It was introduced, as you know, as part of the F.S.R. (Fiscal Strategy Review). So that is something new since the *Green Paper*.

The Deputy of St. Ouen:

But can I ask, because of all of your considerations, are you planning to go out and now consult again with the public with regard to the changes that you

could be proposing to make to the present scheme as understood by the public and the States Members?

The Minister for Social Security:

We hope to bring some regulations this year in relation to the means testing for the co-payment. We do not anticipate that we would go out to public consultation on that because we have had a steer from the public in the *Green Paper*. But what I have suggested to officers is that we ask the original Scrutiny Panel who came forward with ideas on long-term care, the members of that, to be formed as a consultative group to me to look at the proposals that might be coming forward before we lodge any regulations and obviously we would also consult with your panel. But we would not do a public consultation because really we need to make some decisions now and I think the public are waiting for us to make decisions.

The Deputy of St. Ouen:

I absolutely agree but I am still struggling that on the one hand you are saying: "Well, we are not going to consult on co-payment", which was a big issue that was raised by States Members in fairness during the debate, about how that would all work. There was a commitment to come back to the States with the details and so on and so forth so they could understand it before regulations would be introduced. But then on the other hand you are saying: "Forget about introducing the 1.5 per cent social security levy and starting to create and build up this fund because I have not worked out how I can gather tax from those that are not working." But surely it would be sensible to start building the fund through the introduction of the additional levy on social security and then separately, or alongside of that, work to deal with the other matters which we know and we knew existed at the time of the debate rather than put everything off and not be able to get it to a point where the public can benefit from the new proposal. Have you considered approaching it in that respect rather than necessarily just saying: "Everything stops while I deal with all the matters"?

The Minister for Social Security:

I think we have all gone through all the processes that you are describing here but quite simply we could, if we really wanted to ... if you, in any way, are thinking that we are trying to delay this, we could put the whole thing out to consultation again.

[14:00]

I could have said: "I think the *Green Paper* is now out of date, I want to consult again." That would have delayed it another 18 months probably. I do not believe we need to do much more consultation. Obviously, we need to inform States Members of the direction that we are going in which is why I made the statement to the Assembly but we need to deliver this benefit. Quite clearly we need to deliver it. We need to deliver as fairly as possible and, yes, the recipients may not receive everything on day one. But I can assure you a lot of work is going in and we will consult on some of the issues as far as politicians are concerned but the public are just, I would suggest, saying: "You have done your consultation, can we just now implement it and tell us what would be means tested" and things like that. So we need to lodge propositions very soon to get on with the job.

The Deputy of St. Peter:

When do you think that might be?

The Minister for Social Security:

Where we have to bring regulations we hope to lodge those later in the autumn for debate before the end of the year.

The Deputy of St. Ouen:

Just picking up a point that the Chairman made, I think, right at the very start of our meeting regarding the Ministerial Oversight Group. You mentioned that in your statement and the link to the development of the *Health and Social Services White Paper*. Is it the case that following discussions with the Health Department about ongoing funding of health services that that is the key

reason why you are going back and looking at the proposals around the Long-Term Care Law?

The Minister for Social Security:

No. No, that is not the case.

The Deputy of St. Ouen:

So you do not believe that in addition to the funding required for the long-term care proposals, benefit, that it is likely that further funding will be required to be levied, in some shape or form, to provide for the new services that Health are proposing within their *White Paper*?

The Minister for Social Security:

That is a different question.

The Deputy of St. Ouen:

No, is the same question.

The Minister for Social Security:

It is a different question put in a different way.

The Deputy of St. Ouen:

Put in a different way.

The Minister for Social Security:

Put in a different way. I sit on the Health Oversight Group, yes, and clearly the long-term funding of health and the expansion of health services is an issue that the States will have to make decisions on in the future. That is nothing to do with long-term care benefit other than the fact, of course, that the *Health White Paper* is trying to keep more people in their own homes longer rather than having to be admitted to hospital because there is not the care in the community available. Then obviously those people who are eligible because of length of residence or whatever to qualify for this new benefit will be able to use that benefit to pay for some of that care. So there is

an element of this benefit helping to assist the delivery of care in the community and keeping people in their homes as long as possible. So there is an element of that but that is a knock on effect of introducing this benefit.

The Deputy of St. Ouen:

Just to be absolutely clear, it is not the case that because of the latest discussions that you have had personally with the Health Department and other individuals that are involved in the development of the Health and Social Services Transformation Programme that that has had no influence on your decision to defer and review the funding of the Long-term Law?

The Minister for Social Security:

No.

The Deputy of St. Peter:

All right, we will move on here.

Deputy J.A. Hilton:

Last time you were here, and previously, I understand the department were conducting a review into low income support benefits and I was just wondering how that was going and whether you have come to any conclusions?

The Minister for Social Security:

Yes. Well, we have 3 distinct pieces of work which will come into fruition shortly. One is a report on the components of income support in 2011, a complete breakdown of where the money is spent, if you like, with appropriate graphs and explanations which was something that the Scrutiny Panel had requested. I am expecting to see a final version of that very soon and then it will be issued to States Members as an R. We are just about completing a review of the income support policies document which was for a time on our website. It was withdrawn because it became out of date. That was the 2009 document so this will be a document that is completely up-to-date with policies that have been approved by the Minister. There will be changes to

some of the policies that were in the previous document and that will be made available to the public, will go on the website. Any States Member can have a copy of it. That will cover ... it is a lot of the issues that have arisen through reviews, et cetera. We are also finalising a new application form for income support and also the first letter that you receive with your award. They have been redesigned to make them simpler and easier to understand. We are about to trial them or test them with a few organisations who obviously, such as Citizens Advice Bureau, who obviously help people complete these forms. Subject to that feedback we will then be starting to use the new forms. I think those were 3 of the primary things that were involved with a review of income support. I may have missed something. What have I missed? Housing. Yes, Housing. We are obviously working with Housing on the Housing Transformation Programme and we are doing a piece of work around the rents in the private sector as to whether the rental components there should be on a different scale to what will be proposed for the social housing sector. So that piece of work is also going on.

The Deputy of St. Peter:

At the moment with the information you have gathered so far with regard to the housing component, is it your understanding, or in your view would you think that once the Housing Transformation Programme is in place that private sector rents, or the component you will be paying, will increase to a greater extent than they are now?

The Minister for Social Security:

Well, that is why we are doing a review. We obviously are aware that some of our income support recipients who are in the private sector are having to use some of their other components to afford their rents and we have some details on that. The question is at what level we set the rents because we do not want, obviously, just to give extra money to landlords. We want to be able to be sure that the levels we set them at do not trigger rent increases for everybody else. So work is going on, we have expert advice on that and when and if the ... well, not if, but when the Minister for Housing lodges his

paper in the autumn we hope to have our work completed on the private sector rents as well.

Deputy J.A. Hilton:

How significant a problem is it for those people currently in the private sector in receipt of rent rebate having to use parts of their other components to make up the rent because the fair rents have lagged so far behind? Have you got any information that that is a significant problem?

The Minister for Social Security:

Yes, we must be careful not to use old terminology like “rent rebate” because of course there is not rent rebate any more.

Deputy J.A. Hilton:

Okay. No, the housing component support.

The Minister for Social Security:

Yes, because some people, of course, by the time we have worked out their components, all their components, including the Housing rental component and we take into consideration their earnings, may only receive a small amount of money relative to the rent they pay but that is the only income support they receive so not everybody gets a whole component to afford their rent. So there is a wide range of situations but we are aware, I think the figure, is it 46 per cent, of income support households have to add something from their other components to match the rent that they are paying in the private sector. Something in that region.

Deputy J.A. Hilton:

Okay. You mentioned in previous answers that with regard to the income support policies that you have changed some of the policies. Are you able to tell us which ones you have changed in brief?

The Minister for Social Security:

Well, we have lodged a proposition, as you know, which is for debate in July on increasing some of the components. Also the other big one, which was featured in the Scrutiny Panel review, was the need to encourage people to work and therefore we are going to propose that we increase the disregard for earned income by another 2 per cent, which would take it to 22 per cent from currently 20 per cent. We are also looking at the exemption ... sorry not the exemption, the issue around the second adult in the household having to have 5 years' residence or maybe the third if there is an adult child as well. So we are trying to look at that as well through that proposition.

Deputy J.A. Hilton:

You have recently changed the policy with regard to the second adult in a low income household, have you not, who has not been here for 5 years?

The Minister for Social Security:

Subject to States approval.

Deputy J.A. Hilton:

Yes, and that is going to be phased out. Subject to States approval that is going to be phased out by December 2012?

The Minister for Social Security:

Well, the proposition says that if it is approved from 1st August all adults who receive the adult component will have to prove 5 years' continuous residence in the last 5 years or 10 years in the past. We have identified from our records, but we would have to, obviously, go through in far more detail, if it is approved, approximately 140 adults who potentially may not meet that criteria and they would have their adult component removed from 1st January of next year until they complete their 5 years.

Deputy J.A. Hilton:

Also I understand, because I asked you a question about it, whether you had given any consideration to raising the income support from 5 years to 10 years to tie in with housing and I believe you said in response to that question

that you have included a question in the Jersey Annual Social Survey. Has that social survey gone out now?

The Minister for Social Security:

Yes.

Deputy J.A. Hilton:

So when do you see yourself making a decision based around that if you are going to make one?

Policy and Strategy Director, Social Security:

The results of the survey are published about Christmas time normally so it would be the end of this year that we know the results and therefore it would be next year we would make any changes to the regulations.

Deputy J.A. Hilton:

So the response from the public to that survey will form part of your decision making with regard to whether you do increase it from 5 years to 10 years?

The Minister for Social Security:

Yes. It would only be part. It would not be the only reason to do it. We would have to, perhaps, look into it with more detail.

Deputy J.A. Hilton:

Thank you.

The Deputy of St. Peter:

While we are talking about items that were in the course, we discussed at our last meeting an update on survivors and invalidity benefits. Has any progress been made on that?

The Minister for Social Security:

Yes. The review of invalidity benefit revealed that the vast majority of recipients on that old benefit are very close to pension age and therefore

there would not be a lot of merit in trying to change or encourage them to perhaps look at work opportunities but there are a few younger people on that benefit. Obviously, with the Back to Work Programme we are introducing lots of training programmes, we have the employment grant now, are all reasons to, perhaps, approach the younger people on that benefit in time to see if they would like to avail themselves of some of the work schemes or opportunities to get back into the work place but they are a very small number in relation to the final people left on that benefit. As far as survivors benefit is concerned we are doing a piece of work on that with a view to changing the benefit considerably and that will form a proposition that we will lodge. I would imagine that it will be towards the end of this year or the beginning of next year.

The Deputy of St. Peter:

As part of that are you looking at means testing?

The Minister for Social Security:

For the survivor? I cannot really go into too much detail because we have not really done the analysis yet. It is something that is in our business plan and we are working on it.

Deputy J.A. Hilton:

Can I just ask you a question about compliance? I believe that you employed some people to look into benefit fraud. Is that correct?

The Minister for Social Security:

Yes.

Deputy J.A. Hilton:

I know in the media, recently, I have seen a few cases involving quite large sums of money. Can you just give us an update on how that is going at the moment? How successful you feel that you have been? I would just like to get a little feel for that if that is possible.

Chief Officer, Social Security:

Part of that success is indicated by the fact that you were talking about cases that are going to go to court. Previous cases that were fewer and further between were not as the result of the initiative but the more recent ones that have come to light since the initiative has been in play.

[14:15]

If I can remember the numbers here. Last year the annual equivalent of benefit that was saved as a result of the work of that team was in excess of £600,000. That more than saved the cost of the 3 officers and has met the C.S.R. target as it was set for that year. Internally, we are doing a review of the strategy adopted. Someone from outside will be doing that review, has done a first draft of that review and we will be putting in a plan that comes as a result of that. So to date it has done what it was intended to do. We do not think we should just stand still and we will look at whether more should be done. Whether given the experience of how we have been running it we should be running it differently, perhaps, whether it should be resourced more heavily or less heavily.

Deputy J.A. Hilton:

I think this has come up before at a previous meetings but I cannot remember which benefit it is. This is hearsay but people talk all the time. Is it possible for somebody to be living in India in receipt of a benefit by Social Security which is not a pension?

The Minister for Social Security:

Yes.

Deputy J.A. Hilton:

Which benefit would that be?

Chief Officer, Social Security:

Long-term incapacity allowance.

The Minister for Social Security:

And survivors pension.

Chief Officer, Social Security:

Pardon?

The Minister for Social Security:

Survivors' pension.

Chief Officer, Social Security:

And any others? I.B. (Incapacity Benefit)?

Policy and Strategy Director, Social Security:

Yes.

Deputy J.A. Hilton:

Okay. So both those benefits, you have conducted a review into and are continuing to conduct a review of survivors then. I think I was asked this by a member of the public who came and spoke to me earlier in the week about this. I guess the person he is talking about is probably in receipt of a long-term incapacity benefit, did you say? Is that the title?

Policy and Strategy Director, Social Security:

Yes.

Deputy J.A. Hilton:

They were complaining. They were complaining that this person is living in India, in receipt of a benefit by Social Security and how wrong it is and blah de blah de blah. I just wanted to understand which benefit it probably would be if that was true.

Chief Officer, Social Security:

If it was not fraud then it would hopefully be that but if the individual who was talking to you had any reason to believe it was another benefit then we have the income support or the benefit fraud hotline. I cannot say any more without details of the particular case.

Deputy J.A. Hilton:

No, that is ... I just was trying to work out which benefit it might have been. That was all. So that was the reason I asked the question. I get the impression it would be survivors benefit somehow so that was the reason I asked the question. Thank you.

The Deputy of St. Ouen:

At our last meeting the Minister said: "We are working with the States of Jersey itself as an employer to provide work placements for young people." Can you tell me what success you have had in that regard over the last few months?

The Minister for Social Security:

I think as Ian is with us I will leave this for you to answer that.

Operations Director, Social Security:

Certainly. We have obviously been keen to work with Advance to Work to get people placed into, where possible, commercial work placements and that has been the primary focus for Advance to Work, to continue to get people placed into the commercial sector. They have had sufficient numbers of placements to satisfy the demand for work experience placements. We are looking at the moment to work with T.T.S. (Transport and Technical Services), for example, on an initiative where we can generate some work placements to support some of their activity. That is at a stage where we have yet to get final support from the unions for that. But the one of the advantages of Advance to Work of having placements in the commercial sector is that there are still jobs available. There are less prospects within the States in terms of getting access to new jobs because there are less jobs available compared to the size of the States but we are still working with departments on trying to find

work placements and will continue to do so. But at the moment our primary aim for the Advance to Work has been to get commercial placements.

The Deputy of St. Ouen:

But surely the result is that you do not have sufficient commercial ... I am trying to understand if you are satisfying demand because we have got lots of people unemployed and we have just had a whole range of new initiatives and additional funding brought forward by the Council of Ministers, I believe, encouraging these people to work. What you are telling me is the States as one of the ... well, the largest employer on the Island of 6,500 people is not being involved in the discussions you are having?

Operations Director, Social Security:

No, no. Let me make that clear. You mentioned in the question that you read for young people and our key scheme for young people is through Advance to Work. In Advance to Work we have currently sufficient numbers of placements for those young people without needing to get ... so obviously one of the ideas of the work placement is there a chance to find work with that employer. So if we can find placements in the commercial sector where there is an opportunity for someone to get work that is the preference. There are less opportunities for employment within the States currently. We are, though, looking at wider than just young people to find work placements for the broad range of people who are out of work and indeed the ones ... because those who are harder to ... less placeable are further away from employability and that is what we are working on, for example, with the T.T.S., at the moment.

The Deputy of St. Ouen:

Minister, can I ask you, are you satisfied that sufficient is being done to encourage the States to participate in helping young people develop their skills, albeit on a temporary basis, while they find jobs?

The Minister for Social Security:

I think in answer to your question, there is always more that could be done but I think I have to go back to what the officer just said, is that we are looking for people to find permanent work and the States of Jersey is not in a position to employ extra people because the numbers are capped because of F.S.R.. C.S.R. (Comprehensive Spending Review), you name it. Therefore, we are not really, while they might get some work experience, it is not necessarily going to lead to a job and that is what we want, to find permanent work for people. So while some work experience with the States of Jersey is beneficial in building your C.V. (Curriculum Vitae) and your experience it is not going to lead to a job with the States of Jersey, very unlikely anyway.

The Deputy of St. Peter:

But the key for an employer would be finding somebody with the necessarily skills to fit into their workplace and therefore there must be areas of the States where there are work placements available that would help people to develop the skills necessary to go out into the commercial sector. Would that not be correct?

The Minister for Social Security:

Yes, but I think really your questions would be better addressed at the Chief Minister's Office because the Human Resources Department is responsible for staff numbers and staff recruitment. We can only work with what they offer us as placements.

The Deputy of St. Ouen:

In fairness, Minister, obviously you are the champion perhaps and the front man with regards to the Back to Work Programme and you work, obviously, closely with a number of different departments. It is very easy to say: "Well, speak to someone else" but your words were: "We are working with the States itself to provide work placements for young people." Now, either you are doing that or you are not. Either that has been successful or you are not. It just seems a bit disingenuous to suggest that: "Oh, well the private sector can provide all the opportunities" and the States will just sit back and just watch it all happen especially when we have significant levels of people unemployed

and a new group of youngsters about to hit the streets who will be looking for some form of employment whether it is temporary or otherwise. What are your comments?

The Minister for Social Security:

I agree with you. I agree with you but I do not know what response you are trying to extract from me.

The Deputy of St. Ouen:

I suppose I am asking you what efforts ... sorry, I am asking the Minister here, what efforts are you prepared to make to ensure that the States will play their part in supporting their young people or otherwise, any person, to access and develop skills so they can be more prepared to enter a permanent job.

The Minister for Social Security:

Well, the Ministerial Oversight Group for the Back to Work Programme includes the Chief Minister. He is aware of the work that is going on. We are, as has already been explained, working with T.T.S. for work placements, which is States of Jersey, but there are some areas where it is unlikely, unless people have got existing skills, that they could have work placements because of, perhaps, the dangers of placing people in those environments, the hospital, for example, maybe is a good example.

The Deputy of St. Peter:

What was it you were going to say?

Operations Director, Social Security:

I was going to just say that we are. So T.T.S is one example. We are also having discussions with the Environment Department. Highlands, the college students there are already placed in States nurseries for the child care courses. So there is a much greater involvement than just T.T.S. but we are having those discussions. But as a preference, my point really was as a preference, it is better to get people placed in the commercial world than it is

within the States. But the point is, you accepted, that you can still gain work experience and skills with the States as an employer.

The Deputy of St. Ouen:

Are you able to provide us with actual numbers of people, young or otherwise, that are currently supported within the States network, whether it is T.T.S. or other departments that you have spoken about, so that we can sort of, if you like, follow the progress or otherwise of any initiatives that may or may not be introduced by the Minister or indeed the oversight group as they seek to deal with some of the unemployment matters that we are all well aware of?

Operations Director, Social Security:

Yes, this question was asked a few months ago in the States in terms of work placements and we will continue to monitor that. But, for example, the T.T.S. initiative, if it works, as we hope it will do, subject to approval, will provide work placements for up to 50 people.

The Deputy of St. Peter:

The Minister and I both attended a meeting organised by C.I.P.D. (Chartered Institute of Personnel and Development) last week and the employers there were all keen to find out about skills and how we were going to bring the right candidates with the right skills to the workplace. What consultation and consideration is carried out with employers regarding what those skills are and how we are going to provide them?

The Minister for Social Security:

Yes. Well, we have a dedicated team who are liaising with employers all the time to identify what skills some of our unemployed people might need to present themselves with ready for interview and obviously we have been running courses on things like food hygiene, for example, goals training and literacy, numeracy, all these sorts of ... some of them very basic skills that employers are telling us that some of our candidates perhaps have not presented themselves with and very much we are coaching people and assisting them to be ready for employment.

Deputy J.A. Hilton:

Briefly. At a previous hearing we talked about work permits for Kenyan hospitality workers and in response to a question I asked you I understand a paper is being prepared by the Minister for Home Affairs which is going to be discussed at the Migration Advisory Group. Has there been any progress on that since we last spoke?

The Minister for Social Security:

My Assistant Minister sits on that group so I think ...

Deputy J.A. Hilton:

I know. I have it here.

Assistant Minister for Social Security:

Monday.

Deputy J.A. Hilton:

You are meeting on Monday and going to discuss it.

Assistant Minister for Social Security:

I hope we are going to discuss it. I have not had the papers yet but we are meeting on Monday.

Deputy J.A. Hilton:

Okay. But as far as you are aware the paper is going to be produced on Monday?

Assistant Minister for Social Security:

I do not know.

Deputy J.A. Hilton:

You do not know but you are meeting on Monday.

Assistant Minister for Social Security:

But we are meeting on Monday so I will get back to you if we discuss it.

Deputy J.A. Hilton:

We will follow that up at the next meeting, okay? Because I think it is a really, really important area with the levels of unemployment that we have. Just one other question. Again, at the previous hearing, and I know you have produced figures with regard to the new registrations at Social Security, you produced in answer to a written question, I believe it was, a few weeks ago. I do not know what period it actually covered. Can you tell us whether the new registrations for people from the United Kingdom and Europe are following a consistently upward level? Have you got any figures or information that you can share with us on that?

Chief Officer, Social Security:

We have figures and information that we can share with you but I am sorry off the top of my head I do not know whether they are following the same trend but we would gladly give them to you. At the moment we only have this situation ... no, we will not on registrations, I was thinking of contributions. We will have. Maybe it will make more sense to give us until the end of June to give you a report for the 6 months.

Deputy J.A. Hilton:

Yes, that would be really helpful. Thank you.

The Deputy of St. Peter:

If we may I will ask one more question, I think Deputy Reed ...

The Deputy of St. Ouen:

Yes. On 17th April in an answer to a written question raised by Deputy Southern, the Minister says: "That it is likely that the legislative changes to Income Support will be needed in the next few years to support the outcomes of the Health Review as an effective provision and funding of primary care

services.” Could you just elaborate a little on what those legislative changes may be?

[14:30]

The Minister for Social Security:

Can you just put it into context for me? What was the question that was asked?

The Deputy of St. Ouen:

Yes. The question was regarding: “Will the Minister inform Members what changes, if any, he proposes to improve and support of the cost of G.P. (General Practitioner) visits and other medical costs under the Income Support Scheme?” Then you speak about the review that is being undertaken by the Health and Social Services?

The Minister for Social Security:

No, that is okay. This relates to the changes to primary care which is part of the *Health and Social Services White Paper* and the contracting for services for people with chronic conditions and things like that. I think that is where we would obviously need to take into consideration what we are doing within Income Support. At the moment we, obviously, within the impairment component, provide assistance with some cost of G.P. visits but clearly if services are going to be contracted with different groups of G.P.s or with pharmacists or whatever we need to be sure that our benefit is available to pay for some of those services that people are going to have to buy, services from different delivery, former delivery. I think that is the drift of where I was going with that one.

The Deputy of St. Ouen:

So what legislation would have to be changed, Minister, to implement them?

Chief Officer, Social Security:

Well, the simplest end of it would be if you changed away from a system, rather like the co-payment system in primary care - and I am not saying this would happen, but if you moved that through to an arrangement with G.P.s that was on a contract basis that, say, for example, has quoted people with chronic diseases to a higher degree so it gave more money to people and allowed people to visit the G.P. more often at less cost to themselves then it would be inappropriate to then give them that money again through clinical cost components. So the legislative changes would be to change the clinical cost components and how they would be awarded in such a scenario. So that is an example of how you would make sure that if you change the way you remunerate a G.P. you did not end up inadvertently paying for the same thing twice.

The Deputy of St. Ouen:

Is this linked to the season ticket idea that you spoke about at the last meeting?

Chief Officer, Social Security:

The season ticket idea would relate to the drug side of it, yes as opposed to necessarily the G.P. side of it but you could come up with a concept that was not too different - if you did, I am not saying you would - to the way you might provide more care for those with chronic diseases.

The Deputy of St. Ouen:

So when is it likely that we will be made more aware of the proposed changes, or any likely change?

Chief Officer, Social Security:

That is underway, or to be shortly underway, in terms of ... you will be aware of the outline business cases that if you like come down, that have been prepared already through the Health Strategy. There is to be a primary care one that will go across all the different care streams, if you like, that will identify how primary care will have to change overall. In terms of timing I am not quite sure because that is in the hands of Health principally. I do not have

the timetable to hand but that is the piece of work that will determine like the future use of primary care services and the future funding of primary care services.

The Deputy of St. Ouen:

Sorry, with regards to the debate, is that information ... are you aiming to provide that information before we debate the health proposals which are planned to be discussed later this year?

Chief Officer, Social Security:

I do not think the primary care piece of work would have been completed. I do not think we can really confirm when that will be.

The Deputy of St. Ouen:

It would be useful if you could give us some indication of when the information is going to be provided and the debate likely so we could ...

The Minister for Social Security:

But getting back to your initial point about legislation. As you are aware, because we just lodged a proposition to change a component, whether to increase it or decrease it, requires a change that has to be approved by the States so that is why we talk about legislation.

The Deputy of St. Ouen:

Right, okay. Thank you.

The Deputy of St. Peter:

We appear to have run a little over time. Thank you very much. I hope that has not impinged on you for the rest of your day. Thank you for your time once again. I close the meeting.

The Minister for Social Security:

Thank you.

The Deputy of St. Peter:

Thank you.

[14:34]