

STATES OF JERSEY



ANNUAL BUSINESS PLAN 2008 (P.93/2007): SECOND AMENDMENT

Lodged au Greffe on 30th August 2007
by Senator B.E. Shenton

STATES GREFFE

ANNUAL BUSINESS PLAN 2008 (P.93/2007): SECOND AMENDMENT

- (a) *In paragraph (a)(viii) after the words 'pages 95 and 96 of the Annex' insert the words –*
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- 'except that in Objective 1, on page 95 of the Annex, after the existing performance/success criteria, insert the following new item –*
- '(ix) free television licence scheme extended to all households containing at least one person over the age of 75 from January 2008'.*
- (b) *In paragraph (b), after the words 'set out in Summary Table C, page 45, insert the words –*
- ' , except that the figure for total States net expenditure in 2008 shall be increased by £300,000, in 2009 by £307,500, in 2010 by £315,000 and in 2011 by £322,500 to enable the extension of the free television licence to all households containing at least one person over the age of 75 from January 2008'.*
- (c) *In paragraph (c), after the words 'withdrawn from the consolidated fund in 2008', insert the words –*
- ' , except that the net revenue expenditure of the Social Security Department for 2008 shall be increased by £300,000 to enable the extension of the free television licence to all households containing at least one person over the age of 75 from January 2008'.*

SENATOR B.E. SHENTON

REPORT

Being Seventy-Five

Many pensioners struggle to manage on their income, and a free TV licence can help to ease some of the financial strain. At the age of 75 the television is not a luxury item – it is essential.

In the U.K. anyone aged 75 or over is entitled to a free TV licence for their main home – the licence also covers any other household members living at this address – and those eligible must complete an application form before it can be issued.

This is a far superior system than the current Jersey offering and for the cost of two senior Civil Servant salaries and pensions we can upgrade our scheme to the benefit of Islanders.

I don't really expect support for this amendment from either the Council of Ministers or the Treasury Minister. In fact they will probably extract political mileage from it to cover their own inadequacies.

It's strange being in Jersey politics. You get elected to represent the people but fairly early on you are given a choice – put the people first, or put your own political career ahead of everything and 'come into the fold'. Once you are 'in the fold' you cease representing the people and automatically represent the Establishment (Chief Officers and Judiciary). Your job is to stand up for everyone in your department and increase the departmental budget. If you do not do this you are a failure. It is certainly not your job find efficiencies and reduce budgets.

When it comes to spending, life within the Executive becomes one of spin and misleading statements. You turn from being an 'angry man' to being an 'apprentice' – groomed for future political status. Keep the Chief Officers happy and the political world is your oyster. Who cares if disposable electoral promises are discarded, no one will remember. Who cares if there are no proper accounts or controls – as long as the public don't wake up everything is OK.

Certainly there is no mileage in this Government for trying to help pensioners when, for the same sums, we can increase empires and add to salaries and bonuses. Certainly there is no mileage in actually trying to cut middle and senior management waste. What's the point? We can always levy taxes on the elderly to cover our profligacy. Let's not only get them to pay for their TV licence, let's tax their food as well.

Why should we say to the BBC that no longer will we insist that over-75s pay for a licence when it is so easy to nod and do nothing? Why should we point out the lack of digital terrestrial channels and digital radio when it does not come out of the States pocket? After all we only seem to represent ourselves.

By all means reject this if you are comfortable that the department most closely to you does not waste a single penny. By all means reject this amendment if you were elected on the basis of representing the senior officers.

The introduction of income support and GST will hit those pensioners just above the income support claimant level harder than anyone else. This is a fact. By all means cap and cut spending – but not this way.

The BBC TV Licence

A colour TV Licence costs £135.50 and a black and white licence costs £45.50.

For this sum you receive –

BBC1 and BBC2 Television plus local input;

5 National Radio Stations plus Local Radio;

Digital Terrestrial Television Channels – NOT AVAILABLE IN JERSEY;

Digital Radio Channels (not via satellite) – NOT AVAILABLE IN JERSEY.

The U.K. Scheme

If you're aged 75 or over, you are entitled to a free Over 75 TV Licence for your principal residence, even if you live with younger relatives or friends.

If you're aged 74 and will turn 75 before your next TV Licence is due to expire, you qualify to buy a Short Term TV Licence. This will cover your principal residence until your 75th birthday, when you will be entitled to a free Over 75 TV Licence. With a Short Term TV Licence, you need only pay for the number of months between the date of your current licence expiring and your birthday.

U.K. Revenue

The U.K. Exchequer received £27.7 million in taxation from the BBC in 2006 and £23.9 million in 2007.

Jersey's exchequer received nothing.

(In addition, the bulk of BBC employees are based in the U.K. paying U.K. income tax.)

Relationship with U.K. – Jersey's negotiations

For TV licences we pay the same as the U.K. as we are considered part of the U.K., even though we do not receive all services. This deal favours the U.K. over Jersey.

For University Funding we pay more than the U.K. as we are not considered part of the U.K. This deal favours the U.K. over Jersey.

The Pensioner and GST

With GST on everything the pensioner on an income of £12,000 per year will pay £360 in extra taxation. This proposition benefits 5,040 pensioners and will cost £610,000 per annum, The tax take from GST on these individuals will be in excess of £1,800,000.

The Jersey Scheme

The Jersey Television Licence Scheme enables people on low incomes who have reached the age of 75 or over to have their television licence paid for them if they live in a domestic household. The scheme also provides for people below the age of 75 to claim the benefit if they have a person aged 75 or above permanently living with them and that person meets the necessary criteria. The Jersey Television Licence Scheme operates under the Social Security (Television Licence Benefit) (Jersey) Regulations 2006.

Barriers to effective delivery – the problem with means-testing

Fact

'In 2008 the budget for TV licences is £312,000. The budget in 2007 was £289,000 but take up so far (first two quarter this year) suggests a possible underspend of about £70,000.' – Social Security

This means that over 500 pensioners are not receiving the benefit to which they are entitled. Probably because they would rather go without than be part of a degrading means-tested system.

The current system of using means tests to target grants creates a number of significant obstacles to effective poverty relief –

Information: In order to access a means-tested grant, an individual must apply. This requires that a prospective

applicant have a considerable amount of accurate information about the grant, the application and the eligibility criteria in order to decide whether it is worth the effort to apply.

Stigma: Means-testing requires potential grant recipients to identify themselves as 'poor'. In a society that values affluence, this alone can be stigmatising. Moreover, the process of documenting one's poverty can be a difficult and demeaning process in and of itself.

Documentation: Effective means-testing requires applicants to present a range of documentary evidence of their eligibility. Depending on the grant, this may include an identity document, a birth certificate, an affidavit of income, medical records, etc. It can be very difficult for poor families to establish their eligibility to the satisfaction of the state. And because of the costs involved in doing so can be substantial, the burden is most onerous for those households with the fewest resources.

Strict criteria: Means-testing is associated with the imposition of strict rules about who is and who is not eligible. These rigid, 'one size fits all' restrictions on access to grants can exclude a large number of people who might normally be eligible.

Cost: A means-tested system requires a large administrative staff to review applications and determine whether they meet the relevant eligibility criteria. This inflates personnel costs and means that a smaller proportion of the total programme cost goes where it is most needed: into the pockets of the poor to enable them to improve their lives.

Statistics

It is estimated that there are 6,130 over-75s in Jersey, of which it is calculated that 5,040 live in domestic dwellings and 1,090 in care homes. The 5,040 occupy 4,500 households.

If all domestic households obtained a free licence the cost would be £610,000 a year (a licence is £135.50 for colour). I have no idea how many might not apply.

In 2008 the budget for TV licences is £312,000. The budget in 2007 was £289,000 but take up so far (first two quarters this year) suggests a possible underspend of about £70,000.

Financial and manpower implications

The financial implications of this amendment are self-explanatory. There are no manpower implications for Social Security as it is generally acknowledged that non-means-tested benefits are easier to administer than means-tested benefits and therefore less of an administrative burden.