

**WRITTEN QUESTION TO THE PRESIDENT OF THE  
EMPLOYMENT AND SOCIAL SECURITY COMMITTEE  
BY DEPUTY G.P. SOUTHERN OF ST. HELIER**

**ANSWER TO BE TABLED ON TUESDAY 24th MAY 2005**

**Question**

- (a) In his answer to my question on Long Term Incapacity Allowance (LTIA) on 15th March 2005, the President indicated that *'over time, moving to a gender-neutral system of individual entitlement is cost neutral'*. Would the President confirm, when comparing figures for the new LTIA system with its predecessor, whether it is valid to ignore the change from the 'married component' in this benefit, or whether reduced numbers of these claims will be compensated by increased numbers of married women submitting claims?
- (b) Data given in response to my question on LTIA on 19th April 2005, revealed that a total of 347 applicants were assessed for this benefit in the 4th quarter 2004 and the 1st quarter 2005, of which 243, had they been receiving Invalidity Benefit, would represent a total weekly cost of £35,363 as compared to a £18,990 equivalent under LTIA.

Would the President inform members whether this reduced benefit level provides valid grounds for the Committee to review the comparisons between the former Invalidity Benefit and its replacement LTIA?

- (c) Would the President confirm –
- (i) that these 243 recipients, if on of Invalidity Benefit (at present rate of £145.53) would have received in total £35,363 per week (being some £459,700 per quarter or £1,840,000 per year);
- (ii) that these 243 recipients of LTIA (using the data on percentage awards given) will now receive £18,990 per week (being only 53 per cent of benefit due under the previous system); and
- (iii) that the annual saving to the Social Security Fund on payments to these recipients over a year will be £865,000 when compared to the previous Invalidity Benefit system?

If so, would the President inform members whether the Committee was aware of these savings when the changes to the benefits system were being consulted on, and whether the States and the public were informed?

**Answer**

- (a) Cost neutral, gender neutrality and individual entitlement are not based solely around LTIA or any one benefit but are an integral part of the whole system of contributions and benefits. The abolition of the married woman's option not to pay contributions and other changes introduced as a result of the last major reform of the Social Security system were to abolish discrimination in the previous system and put men and women on an equal footing.

No doubt the outcome will factor into the U.K. Government Actuary's reviews. One of the main aims was also to improve pension entitlement for women and it will be some years before the full impact of the whole change is achieved.

- (b) As the Deputy is aware, a review of the changes to the incapacity benefit system will take place after a full year's implementation. (Most changes to benefit systems take some years to settle down into a pattern). I do not believe the Deputy's reasons for review at this early stage are valid because I cannot accept that his comparisons are valid.

- (c) I cannot confirm the Deputy's figures because, as I stated in my previous replies, the Deputy makes the erroneous assumption that existing and future LTIA recipients would all have been eligible for Invalidity Benefit. Early indications of the change are that the previous incapacity benefit system masked 'disguised retirement' and 'unemployment'. This also seems to be an issue in other jurisdictions. The Deputy is also reminded that the system now operating has been partly in force since 1974, at least for people incapacitated through accident which leads to a long term loss of faculty. These cases continue without any change other than the benefit has been renamed. The main change has been that long term illness is now handled in the same way as those previously assessed as a result of an accident.