

FUNDING OF WELFARE

**Lodged au Greffe on 11th September 2001
by the Connétable of Grouville**



STATES OF JERSEY

STATES GREFFE

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PROPOSITION

THE STATES are asked to decide whether they are of opinion -

- (a) to agree that, with effect from 1st January 2003, the cost of funding welfare for those born in the Island, in addition to those born outside the Island, and the administration costs thereof, including the cost of support to those in residential homes, should be met from the general revenues of the States and that the administration of welfare to all those requiring assistance, whether or not born in the Island, should continue as at present and remain the responsibility of the Connétable of the Parish in which that person is ordinarily resident;
- (b) to charge the Legislation Committee to bring forward for approval the necessary legislation to implement the changes.

CONNÉTABLE OF GROUVILLE

- Notes:
- 1. The Finance and Economics Committee's comments are to follow.
 - 2. The Human Resources Committee's comments are to follow.

REPORT

Introduction

1. On 28th September 1999 the former Connétable of St. Lawrence, then Chairman of the Comité des Connétables informed the States that the Comité was considering what action could be taken to reduce the welfare burden on some Parishes. On 26th September 2000 the former Connétable of St. Peter, as Chairman of the Comité des Connétables, lodged "au Greffe" a report and proposition entitled "Equalisation of Welfare" (P.164/2000) relating to the funding of welfare to those born in the Island. Senator C.G.P. Lakeman brought an amendment to that proposition in November 2000 (P.203/2000) seeking to include appropriate management and administration costs within the proposition. Whilst Mr. G.J. Grime and Jurat P.G. Blampied, OBE, had established the cost of native welfare funded from rates income for each Parish in 1998/99, comparable information on the administrative costs incurred by each Parish was not available. The Comité was reluctant to proceed with its proposition without being able to identify those costs and the impact on ratepayers if the proposition was adopted. With Senator Lakeman's agreement, Mr. Grime and Jurat Blampied prepared a further report identifying the administrative costs. At his last States sitting before retiring in June 2001, the former Connétable of St. Peter withdrew his proposition but assured the States that the Comité would bring forward proposals as soon as the report on administrative costs had been considered.

Background

2. By customary law, each of the twelve Parishes was responsible for the provision of necessary assistance to persons in need who were born in the Parish, and to the wives and minor children of such persons. The cost of such assistance was borne by the wealthy of the Parish, later from the rates (based on property values) of the Parish concerned. Thus the burden of native welfare, including residential homes, has always fallen on the Parish. An Act of the States in 1795 distinguishes between welfare paid to those born in the Island (a charge to the Parish) and those not born in the Island (a revenue charge to the States).
3. This remains the position to date except that the duty of a Parish to help those born in the Parish devolves upon the Parish where they are ordinarily resident by virtue of the Poor Law Amendment (Jersey) Law 1953. This recognised the change in place of birth with the establishment by the States of the Maternity Hospital in St. Helier. Costs of those "ordinarily resident" still relate to the rental value of property in the Parish based on the 1946 Parish Rates Law.

Recent developments

4. Decisions of the States to concentrate housing development in St. Helier, St. Clement and St. Saviour have adversely affected the balance within Parishes of those "ordinarily resident" to the rental value of property. This has led to an increase in population and an increase in the welfare costs in these Parishes compared with other Parishes.
5. At the Parish Assemblies to set the rate, Parishioners in these Parishes have regularly expressed concern about the high expenses including the cost of welfare, and consequently rates, met by those Parishes. This concern has resulted in the rate recommended by the Connétable being set at a lower level by the Parishioners thus reducing the budget available to meet the Parish's expenses.
6. Because of the different accounting practices between Parishes, Mr. Grime and Jurat Blampied reviewed the accounts of all Parishes to establish the actual costs of native welfare paid by each Parish. They highlighted the percentage of the 1998/99 Parish rate spent on welfare (including the cost of providing care for individuals in residential homes) as follows -

Parish	Percentage of 1998/99 rate spent on welfare	Pence per rateable quarter levied to fund welfare 1998/99
St. Clement	47.91	1.144
Grouville	42.95	0.785
St. Saviour	39.20	0.874
St. Helier	32.56	0.906
St. Martin	28.16	0.532
St. John	25.28	0.410
St. Lawrence	25.14	0.451
St. Peter	20.97	0.386
St. Mary	20.06	0.335
St. Brelade	16.43	0.311
St. Ouen	15.20	0.377
Trinity	7.37	0.147

Review by Connétables in 1999/2000

7. Following the report of Mr. Grime and Jurat Blampied to establish the actual costs of welfare to those born in the Island, the former Connétable of St. Peter proposed the equalisation of welfare between ratepayers of all Parishes or the basis of the proportion of rateable quarters in each Parish (P.164/2000). Before supporting this proposition, the Connétables had considered a number of options, including -
- (a) sharing only part of the welfare costs between Parishes;
 - (b) the possibility of a “cap” on the welfare burden borne by a Parish with the States funding the remainder; and
 - (c) the States funding part (e.g. the cost of residential homes) or all of the welfare cost for those born in the Island.
8. The principle of the States funding welfare for those born in the Island is not new. During 1992-95 the States recognised high unemployment as an Island issue and made a contribution to the three Parishes bearing the majority of welfare costs of the unemployed. The high number of unemployed resident in these three Parishes reflected States policy on the location of housing development, particularly social housing.
9. Senator Lakeman’s proposed amendment related to the administration costs of delivering welfare benefits but did not specify the actual costs thereof. Whilst the Parish of St. Helier was able to identify from its accounts the administrative costs of the Community Services Department, the accounts of other Parishes did not readily disclose the cost of administration relating to welfare benefits. The Comité therefore invited Mr. Grime and Jurat Blampied to establish the costs of management and administration of each Parish and their report was received in July 2001. The Comité is once again indebted to Mr. Grime and Jurat Blampied for the considerable work they have undertaken in preparing this report.

Recommendations for change

10. In considering the terms of a proposition to bring to the States, the Comité has given careful consideration to the equity of the present systems of funding welfare and has also had regard to the following comments of Mr. Grime and Jurat Blampied -

“In our opinion the distinction between native and non native is artificial and arbitrary in a homogenous society.”

“We suggest that the collection of parish rates is properly regarded as the provision of money to pay for the services provided in a parish whereas we believe that society today does not regard the payment of welfare as a service which should be provided from parish rates.”

“Attitudes have changed ... and it is now recognised that the provision of welfare should be a statutory commitment.”

“... you may wish to consider whether it is just that individuals who do not pay income tax because of their

circumstances nevertheless contribute to the cost of welfare for natives by the payment of rates.”

11. All Connétables are aware of those parishioners for whom the payment of rates is a burden, and this is exacerbated by the cost of welfare met by the rates. The rate per quarter in some Parishes may be higher than others because Parishioners have agreed to set aside funds to meet capital expenditure, e.g. extension to the Parish Hall, new community facilities etc. Other Parishes have been unable to contemplate such capital projects because of the high cost of welfare. The following table shows, for 1998/99, the proportions of the rate used to meet welfare and to meet other expenses of the Parish.

Parish	Pence per quarter to fund welfare	Pence per quarter for all items excluding Welfare	Parish Rate pence per quarter 1998/99
St. Brelade	0.311	1.589	1.900
St. Clement	1.144	1.256	2.400
Grouville	0.785	1.065	1.850
St. Helier	0.906	1.994	2.900
St. John	0.410	1.210	1.620
St. Lawrence	0.451	1.349	1.800
St. Martin	0.532	1.368	1.900
St. Mary	0.335	1.365	1.700
St. Ouen	0.377	2.123	2.500
St. Peter	0.386	1.464	1.850
St. Saviour	0.874	1.376	2.250
Trinity	0.147	1.853	2.000

12. With regard to the cost of administration, the report of Mr. Grime and Jurat Blampied indicates that it would be particularly difficult to establish a consistent and equitable system of calculating the cost of the provision of management and administration. Accordingly they recommend that the Comité consider applying a percentage to the cost of all welfare, and they suggest that something of the order of 17.5 per cent of the cost of welfare would be equitable.
13. The effect of the States funding all welfare, including residential homes and the administration costs thereof, would therefore be a significant saving to those Parishes, namely St. Clement, St. Helier and St. Saviour, most affected by the States decision to concentrate housing development in those Parishes rather than to spread such development across the Island. The cost of welfare for those born in the Island, including the support of those in residential homes, amounted to some £4.4 million in 1998/99, excluding administrative costs.
14. However, the Connétables are of the opinion that regardless of the source of funding, the administration and payment of welfare to all those in need, whether born in the Island or not, should remain as at present with the Connétable of the Parish in which that person is ordinarily resident. The Connétables currently administer welfare to those not born in the Island, although this is funded from general revenues through the Employment and Social Security Committee, and have done so for many years. Indeed, Mr. Grime and Jurat Blampied comment in their report -

“We should perhaps add, that while there may be a case for contending that all welfare should be provided from the general revenue of the Island, we are in no doubt that the administration of welfare is best carried out by the officers of each parish.”

15. The Employment and Social Security Committee is currently researching further into low income support and proposals as to the funding of future benefits will no doubt arise from this work. During the debate of the Employment and Social Security Committee’s low income policy the President of that Committee confirmed that the Comité’s review of native welfare funding should not be deferred pending the research to be undertaken on low income support. That Committee is due to present its report and proposition to the States later this year and this may result in a major reform of the system of support for those on low incomes, including the funding thereof. However, the Connétables are of the opinion that, regardless of the source of funds, the distribution of welfare must remain with the Parishes and should not be centralised. The best forum for dealing with the administration, assessment and payment of welfare is within the Parish where the existing staffing and resources are available to undertake the delivery of this assistance to those in need.

Conclusion

16. Recent States decisions have resulted in housing development concentrated in the “urban” Parishes and in a disproportionate amount of the Parish rate being levied to meet welfare costs falling, by law, on those Parishes. The current distinction between those born in the Island, and those not born in the Island, in terms of the funding of support, is artificial and arbitrary in a homogenous society. The cost of welfare should not fall on a select group of people (ratepayers) because of the Parish in which they live. Individuals who do not pay income tax because of their circumstances should not have to contribute to the cost of welfare for those born in the Island by the payment of rates. Society today does not regard the payment of welfare as a service which should be provided by parish rates but rather as a statutory commitment. The States are asked to agree that the cost of welfare for those born in the Island, including to those in residential homes and the cost of administration thereof, should be met from general revenues with the administration remaining with the Parishes as at present. The 2001 Legislation Programme includes the preparation of any legislation required to implement the States decision.

Financial and manpower implications

17. An indication of the likely annual cost to the States is given in paragraph 13 above where the total cost for 1998/99 is shown. The percentage cost for administration would, however, need to be added to this figure. The Comité does not believe that there will be any additional manpower implications as the States already administer the reimbursement of the costs for non-native welfare.