

**1. What overall expenditure limits were allocated to the Department in the 2012 Annual Business Plan for 2012, 2013 and 2014? Have the limits changed in the Medium Term Financial Plan and, if so, why has it changed?**

As shown below Cash Limits in the Medium Term Financial Plan (MTFP) have all increased from those allocated in the 2012 Annual Business Plan (ABP):-

	<b>2013</b>	<b>2014</b>	<b>2015</b>
	<b>£'000</b>	<b>£'001</b>	<b>£'002</b>
Cash limits in the 2012 Annual Business Plan	169,980	181,680	188,742
Cash limits in the Medium term Financial Plan	183,354	186,957	191,036

These increases have largely been driven by the impacts of the global economic situation as well as more local matters, such as the withdrawal of LVCR, upon benefit expenditure and the cost of providing services and schemes to assist those who are unemployed arising from the changed economic situation, leading to growth in base or growth bids.

The most significant movements have come in the following areas:

**Income Support Weekly Benefit and Residential Care**

Income Support Weekly Benefit figures In the Annual Business Plan were based on detailed forecasts. Since then the figures which are monitored monthly have been reforecast in detail several times. Re-forecasts have incorporated:

- Changes to recent trends
- Actual numbers of claimants in the period to date.
- Actual average rates paid to claimants in the period to date
- Latest assumptions agreed between the Department and the Economic Advisor including forecasts of indices such as the RPI and assumptions of employment and, more significantly, unemployment.
- Latest knowledge of other factors, the most significant being the removal of LVCR and its potential effect on the fulfilment industry.

In the 2012 ABP, Residential Care costs for 2012 were based on a forecast of both changes to claimant numbers and uprating for inflation but for 2013 onwards were based on an uprating for inflation only due to the planned transfer to the Long Term Care Fund. As the Long Term Care Fund will now be introduced in 2014, the MTFP now contains a forecast based on both changes to claimant numbers and uprating for inflation for 2013 but which has been uprated for inflation only for 2014 and 2015.

**Budget reductions - S7 in the MTFP page 102**

The Minister is considering a number of potential changes to benefits which could deliver budget reductions. These savings could generate a saving of £3 million from 2014.

## States Grant in respect of Supplementation

The Grant is forecast based on a supplementation model and between the ABP and MTFP has been reforecast several times. The model incorporates historic trends, actual values for the period to date and forecasts of employment and unemployment and economic indices agreed with the Economic Advisor. In addition, the MTFP proposes to fix the value of the States Grant in respect of Supplementation to 2013 levels inflated for increases to average earnings and therefore extend “certainty” over the period of the MTFP (see S8, page 102)

### Contingency – States Grant for Supplementation

As a result of the proposal to make changes to the formula in order to provide certainty to the cost of the States Grant in respect of Supplementation over the period of the MTFP, contingency held in respect of these costs is no longer required resulting in a reduction in the Department’s budget.

## Bids for Growth – Back to Work

As detailed in the MTFP, in order to support Back to Work and employment initiatives and to strengthen existing employment services, the department has made bids for growth as follows :-

	2013	2014	2015
	£m	£m	£m
<b>Bids for Growth - Annually Managed Expenditure</b>			
Back to Work Projects	2.3	2.3	2.2
Employment Schemes & Incentives	3.1	4.6	4.7
	5.4	6.9	6.9

Back to Work Projects - £2.16m by 2015; and Employment Schemes and Incentives - £4.66m by 2015. Due to predicted economic conditions over the next 3 years, unemployment is assumed to increase further, beyond current record levels, before stabilising. Therefore the Strategic Plan’s most urgent priority is to ‘Get People into Work’. Government will, over the 3 year period, aim to implement a ‘Back to Work’ policy leading to lower unemployment. This will be achieved through investment in a broad range of support schemes to help locally qualified unemployed people improve their employability and find employment in order to support themselves and their families. This activity will include further investment in existing schemes to support the increasing levels of those unemployed:

- Work zone
- Advance to Work
- Advance Plus
- Work Wise

We will also create a central Back to Work Employer Engagement team to maximise opportunities with employers for the recruitment of locally qualified unemployed people. This team will work across all support schemes and initiatives. Additionally we will invest in

schemes to improve the employability of those groups furthest away from unemployment (e.g. Long Term unemployed) and to encourage employers to take on those who are locally unemployed and reduce reliance on migrant labour (Job Substitution). Starting in 2012 investment will be made in the following initiatives:

- Employment Grant – incentive for employers to recruit the long term unemployed;
- Long Term Unemployed Unit - focused support to improve employability of the long term unemployed;
- Sector Specific Training Initiatives – extensive programme of training to be developed with specific industries to place higher numbers of unemployed locals into work;
- Job Training Fund – Fund to source short term interventions to improve employability;
- Work Readiness Fund – Fund to provide training in areas such as motivation, C.V. writing, confidence building, numeracy and literacy;
- Job Clubs – supported group sessions to improve employment search;
- Employment Projects – activities to improve employability for those with significant barriers that limit commercial work placements opportunities (e.g. Environment projects); and
- Targeted Employment Grant – a subsidy scheme to place specific unemployed groups into positions with employers – aimed at those furthest from employment.'

### Service Transfer

To improve coordination of employment Services a Service Transfer from Education to the Department of Advance to Work staff has been made which further increases the department's Cash Limit in the MTFP by £0.95million for each of the 3 years.

### Other Bids for Growth

A number of other bids for growth were made as follows:-

	<b>2013</b>	<b>2014</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Income Support - Staff Costs	414	460	460
Private sector Rental Support	0	750	1,000
Anti- discrimination Legislation	0	150	200
Employment Tribunal	45	50	50
Staff Costs- Impact of FSR Implementation	207	230	230
<b>Total</b>	<b>666</b>	<b>1,640</b>	<b>1,940</b>

### Income Support – Staff Costs - £460k by 2015

There is a forecasted annual increase in the Income Support weekly Benefit (AME) expenditure for the duration of this MTFP from £74M in 2012 to £82M in 2013; £84M in 2014; and £86M in 2015.

These increases to expenditure reflect the forecasted increase in the number and value of claims above current levels in addition to an annual allowance for inflation. It is anticipated that the number of claims will rise from the current level of 6,500 to a maximum of 7,200 before slowly reducing to 7,000 by the end of 2015. The current economic conditions have and will continue to increase the activity of changes to existing claims, as has already been experienced. Additional staff will be required on a more permanent basis to maintain service levels against this volume of activity. In 2012, the extra staffing required has been funded through carry forwards.

### Private Sector Rental Support (SSD) £1m by 2015

The Housing Transformation Programme proposes to increase rent levels in States-owned housing accommodation to 90% of the market value. Income support rates for these tenants will be automatically adjusted in line with the new rental values. This increase in Income Support costs are estimated at £7.5 million pa and will be provided through the Housing Transformation Programme directly. At present income support rental components apply across both the public/social sector and the private sector at the same level. In future, it will be necessary to set separate component values for the public/social sector and the private sector. New social sector rents will be set from April 2014 and it is proposed to reset the private sector rental components at the same time. The additional costs associated with these adjustments are estimated at up to £1 million in a full year, with the 2014 bid set at £750,000 to cover the new system from April to December.

### Anti-Discrimination Legislation - £200k by 2015

In 2011, the States took the decision (P.118/2011) to transfer responsibility for the development of anti-discrimination legislation to the Minister for Social Security and to provide funding for the implementation and operation of this new law. Development of the new law is on track. The growth bid assumes that the law will be operational early in 2014 and provides for a gradual increase in the number of cases to be heard by the Tribunal. The full cost of administration is provided for in 2015.

### Employment Tribunal - £50k by 2015

Further to growth in the activity of the Tribunal and changes to the administration, costs have risen. This growth puts the additional funding requirement on a more permanent basis and will be transferred to the Judicial Greffe, which now provides an administration and registrar service for the Tribunal.

### Staff Costs – Impact of FSR Implementation - £230k by 2015

This line item details an adjustment needed to previous base budgets following the staffing changes that were agreed as part of the Fiscal Strategy Review – increase in contributions for employers above the earnings ceiling of 2%

**2. What commitments for growth were made for the Department in the 2012 Annual Business Plan for 2012, 2013 and 2014? Have growth commitments from previous Annual Business Plans addressed the issues which prompted those requests for additional funding and, if not, why not?**

The only growth items in the 2012 ABP was in respect of base increases to benefit spending largely as a result of the changing economic situation, apart from increased funding for the Cold Weather Bonus and the Food Costs Bonus agreed by the States. .

**3. What changes in staffing levels, if any, are being proposed that were not allowed for in the 2012 Annual Business Plan?**

Staffing levels will increase beyond those indicated in the 2012 ABP (147 Full-time equivalent (FTE) :

- A) The transfer of Advance to Work and Advance Plus from Education to Social Security + 25 FTE
- B) The resourcing of MTFP bids for both the Back to Work Programme and Income Support + 66.5 FTE (see table below)

Total (147+25+66.5) = 238.5 FTE.

Area		MTFP Ref
Back to Work	11	p.90
Income Support	11	p.68
Advance Plus	6	p.90
Advance to Work	1	p.90
Long Term Unemployed Unit	11	p.90
Work Zone	25.5	p.90
Job Clubs	1	p.90
<b>Total</b>	<b>66.5</b>	

The majority of these posts have been funded in 2012 through carryforwards to employ temporary staff for the period of that temporary funding.

**4. How does the Department's budget break down into service areas? How does that breakdown compare to that provided for within the 2012 Annual Business Plan?**

Please see page 92 of the annexe to the MTFP with the explanation for movements provided in the answer to question 1 above.

**5. What existing services in the Department, if any, are due to be changed and, if so, how will they be changed?**

Back to Work will become the umbrella structure for all adult work and employment schemes. Advance to Work and Advance Plus will transfer to the Social Security Department from 1<sup>st</sup> September 2012.

Under the Back to Work programme we will continue to develop new approaches to supporting unemployed locals to find paid employment.

**6. What will Carry Forward funding for 2012 be used for in the Department? What ongoing items, if any, have been funded through Carry Forwards?**

Please see attached schedule of Carry Forwards with explanations. Ongoing items have been provided for in the MTFP in Bids for Growth.

**7. What funding pressures are facing the Department and how will they be addressed?**

Funding pressures are predominantly those arising from the economic situation and have been addressed through the MTFP.

**8. Which bids for growth in revenue expenditure have been taken forward? For those which have, is it proposed that they be funded from Growth expenditure; Contingency expenditure; Restructuring provision; or another source?**

All bids have been funded from growth apart from £45k Employment Tribunal and £207 Staff costs which are for 2013 funded from Central Contingencies.

**9. Which bids for growth appear for the first time in the Medium Term Financial Plan and which relates to bids which have been made by the department in previous years?**

The Department's bids for growth are summarised on page 94 of the Annex to the MTFP and consist of the following:

DEL

- Income Support – Staff Costs
- Private sector Rental Support
- Anti-discrimination Legislation administration costs– although previous bids may have been made by other departments.
- Employment Tribunal
- Staff Costs – Impact of FSR implementation – this was identified in the ABP 2012, but not provided due to error as opposed to being refused. It was funded from carryforwards in 2012.

AME

- Back to Work Projects
- Employment Schemes & Initiatives

**10. Which bids for growth in the Medium Term Financial Plan were unsuccessful and what will be the likely impact?**

A bid was made for growth of Invalid Care Allowance in order to ensure the budget would be sufficient. That bid was unsuccessful due to the CSR proposals, which if successful (see attached) the growth will not be required.

**11. In which areas of the Department were CSR savings targets identified? Will the Department meet those specific savings targets? If not, in which areas will the savings not be met and what contingency plans, if any, does the Department have in place?**

Please see the attached document which describes CSR savings. The successful implementation of CSR measures yet to be implemented will be dependent upon the approval of the States Assembly.

**12. What capital projects are proposed for the Department, both specifically for 2013 to 2015 and for the Long Term Capital Plan for 2012 to 2032?**

N/A

**13. Have any capital projects been delayed or not provided for?**

N/A

**14. What policy changes being considered by the Department (but which have yet to be agreed and / or implemented) which could impact upon other Departments or the Public?**

To achieve CSR and other savings targets, potential policy changes are currently under consideration. Whilst none will impact to the detriment of other Departments, these changes will include changes to benefits, some of which will impact benefit recipients and will require States debate. Details of these changes will be announced shortly.

**15. What new 'user pays' charges have been considered and which will be pursued? What increases to existing 'user pays' charges have been considered?**

N/A

**16. What requirement, if any, does the Department have for restructuring provision?**

At present no allocation is required.

**17. What sources of income does the Department have and what changes, if any, are proposed to the levels levied?**

Only very small income.

**18. What funding, if any, does the Department receive from charitable or other sources in order to support the delivery of its services and for what purposes?**

N/A

**19. What outstanding issues facing the Department, if any, have not been taken into account in the Medium Term Financial Plan?**

**If applicable;**

N/A

**20. What delivery plans have been developed to ensure that clear systems, action plans and success criteria are developed for the Strategic Plan priority entitled 'promote family and community values'?**

As yet, no Department specific systems, action plans or success criteria have been developed in respect of this criteria. However many of the existing activities and growth in activities will support the delivery of this outcome and we shall work with other Departments to confirm reporting required.

**21. What funding has been allocated to ensure the delivery of these plans?**

See the answer above