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 23rd NOVEMBER 2004

Question

With regard to R.C. 48/2004, entitled 'Income Support System', would the President –

(a) give details of the calculation which results in a rise of 2.4 per cent in the single adult's budget standard, from table 2 (summary consensual budget standards 2001) of page 5 of the Centre for Research in Social Policy (CRSP) report 2001 of £125.05 to the figure of basic adult budget for 2002 of £128.03, given on page 7 of the report?

(b) what funding mechanism is envisaged for the 'citizens fund', shown on page 3 of the report, given that the 'exceptional costs' on page 8 of the report are currently met through 'one-off' grants from welfare; what thought has been given to funding the fur furniture and equipment costs for various types of families, with and without disability, outlined in the CRSP report?

(c) give details of who has been consulted and what comments have contributed so far to what is described as 'a mixed response' from consultation on HIE and health issues outlined in section 6 of the report of the report, and explain to members what the Committee regards as the way forward from the alternatives presented, and, in particular, advise whether any concerns have been expressed by representatives of general practitioners on the Island?

(d) explain why there is no mention in the entire report of the level at which the minimum wage is to be set, despite the intrinsic interaction between it and low income support in terms of means-testing and 'poverty traps', outlined on page 6 of the report, and 'requirement to work' mentioned on page 13?

(e) state at what income levels the Committee envisages the introduction of a 'very strict application of a means test with pound-for-pound regression', outlined on page 6 of the report, and give a worked example of how such a means test will operate for a single person in the income range between current benefit levels (£7,568 annual income) and the income tax threshold?

(f) explain how this means test will interact with the 'assets test' also proposed on page 6 of the report? Will this parallel the Housing Committee's rent rebate rules on incomes and savings over £50,000, which is currently awaiting a ruling on its legitimacy from the Attorney General?

(g) clarify the Committee's stance on changes to child care components to income support, outlined on page 11 of the report?

(h) give further guidance on the question of 'incentives for carers', outlined on page 12 of the report, especially in terms of the effect on carers of the inclusion of '2 individual components rather than a couple' in income support? and,

(i) confirm that he has, or will, consult the Data Protection Registrar over any privacy issues raised by the proposed database to be shared by his department and the parishes, outlined on page 14 of the report.?

Answer

(a) The budget standards were re-priced in 2002 to match the Income Distribution Survey data and not directly indexed from the 2001 figure. Therefore, the figures of £125.05 and £128.03 are not directly comparable. The budget figures will need to be re-priced yet again before the design of the system is complete.

(b) I would draw the Deputy's attention to the last paragraph of section one of R.C. 48/2004, which states –

'This report outlines the progress made and thinking to date so that States members and the public generally can comment before the final proposals are put to the States in February 2005.'

The purpose of R.C. 48/2004 is to engage both States members and the public at large in a wide ranging consultation on both the principles and practice of Income Support over the next two months. To that end seven specific meetings have been set up so far with a range of stakeholders and States Members. Information is regularly appearing in the local media and the Department is collating responses from the general public. Further meetings are planned for the New Year.

Whilst such consultation is under way, the Committee will be responsive to all the comments and suggestions that are made to it. When the consultation finishes, the Committee will assess all the proposals at that time and produce a final document which will be presented to the States early next year.

The proposed Citizens Fund will be funded by the States, as it forms part of the Income Support system which will be funded from the revenue budget. As stated in section 5 of R.C. 48/2004 it is envisaged that this would cover the kind of exceptional costs that might be covered by the UK 'Social Fund', Guernsey's Medical Emergencies Fund or, in Jersey, through a one off grant covered by the Welfare Grants System. The Committee has also recently heard from the Jersey Community Savings and Credit Ltd. group, which has an interest in this area. Final proposals for such a Fund will be developed following this consultation round.

(c) R.C. 48/2004, and, indeed the related R.C. 49/2004 outline the Committee's 'thinking to date' and also reflect some of the ideas of the Integrated Health Care group involved in the Health Strategic Review to date. The Integrated Health Care Group was originally set up with representatives of all the health care professions. In addition, the Department meets regularly with the Jersey Medical Association's representatives and some of the ideas contained in R.C. 48/2004 and R.C. 49/2004 also reflect discussions over the years. At the present time, there are a number of views and options being considered as part of the Health Strategic Review. The Committee will give further consideration to health subsidies in the light of the results of the Health Strategic Review and the current consultation exercise. This will, of course, include the views of the local medical community.

(d) The level of the minimum wage has been set and will be introduced on 1st April 2005. R.C. 48/2004 doe not make specific reference to this as there are a very complex set of interactions, not least those relating to wages in the Island (not just the minimum wage) and the size of the family unit, not to mention particular needs such as disability, childcare and health. The prime purpose of R.C. 48/2004 was to set out the key policies and methodology of the Income Support system itself.

(e) As set out in section 13 of R.C. 48/2004, the Committee has commissioned OXERA to model the overall cost of the Income Support scheme. This work is progressing well and will continue in parallel with the public consultation. Work is also continuing to refine the income figures and income levels will be included in the Report and Proposition to be presented to the States in early 2005. The report and proposition will include worked examples for a range of household situations. The principle of Income Top Up as set out in R.C. 48/2004 is that, as the income of a household rises, benefit levels will decrease. It should help many benefit recipients as some of the current means tested benefits, such as welfare grants and HIE, apply a strict cut-off rather than a graduated one.

(f) It is proposed that realisable assets will be included as part of the means test, and realisable assets will be assumed to produce an income. It is also reasonable to expect that there will be some upper value of liquid assets owned by a household, which will debar it from receiving Income Support. This is not an unusual approach to means tested, welfare, Income Support systems which are meant to target the less well off in society. Final details will be put forward to the States in the context of the whole system.

(g) The Committee is aware that the Education, Sport and Culture Committee is developing a strategy for early years education and care; final details to changes in child care components will be dependent on any proposals that may arise from the new strategy. If a childcare component is to be included in the final Income

Support scheme, this will be set out in the Report and Proposition to be presented to the States early next year. At the present time, the Committee is of the view that support should continue to be targeted to those in work with more specific alleviations to cover periods of sickness, unemployment and essential training, which might currently be covered by the Parish Welfare System. Any component, though, must ultimately support a new early years/childcare strategy approved by the States following the review of the Education, Sport and Culture Committee.

(h) The Committee is aware of the valuable work undertaken by carers within the community and that the carer is often faced with considerable loss of income through having to give up work. One suggestion is that if one partner cares for the other, within a household, then the household would receive two single adult components, thus providing extra financial support (as the component for a couple is less than that for two single adults). Other suggestions may arise from the consultation exercise.

(i) The nature of the administration has yet to be decided. In addition, the proposed database will be administered under a law that has not yet been drafted. At the appropriate time, consultation with the Data Protection Registrar will take place.