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#### **4.7 DEPUTY G.P. SOUTHERN OF THE MINISTER FOR SOCIAL SECURITY REGARDING THE ASSESSMENT OF THE IMPACT OF THE MEDIUM TERM FINANCIAL PLAN PROPOSALS TO DELIVER £10 MILLION IN BENEFIT SAVINGS BY 2019:**

Will the Minister detail for Members the extent to which the impact of the Medium-Term Financial Plan proposals to deliver £10 million in benefit savings by 2019 have been subject to research or consultation, and in particular whether a distributional impact assessment has been conducted, and if not why not?

##### **Deputy S.J. Pinel (The Minister for Social Security):**

As a member of the Council of Ministers I was asked to identify £10 million worth of benefit savings. It is never easy to take the decision to restrict a benefit budget, but it is right every arena of government spending should play its part in returning to a balanced budget. The £10 million amounts to just 7 per cent of the £145 million that must be found in total, and my proposals will keep the total benefit budget more or less flat over the next 4 years. Given the difficult decisions that had to be made, every benefit was looked at and every proposal was judged against the principle of making the benefit system fairer. Three specific tests were used to identify appropriate measures: promoting financial independence, improving the targeting of benefits, and minimising the impact on individuals. All benefits were considered according to these tests before these proposals were put forward. The overall distributional impact of the M.T.F.P. (Medium-Term Financial Plan) includes the investments in health, education and the economy, as well as changes to benefits and reductions in staffing cost throughout the public sector. This analysis is being organised by the Chief Minister, as indicated in the States meeting of 8th September.

##### **4.7.1 Deputy G.P. Southern:**

In devising your mechanisms for cutting £10 million from the pockets of the poorest and the most vulnerable in our society, it contained no research as to its impact whatsoever. For example, was any research done on the impact of either children or pensioners in relative low income, because that is the figures that we have from the 2009/2010 income distribution survey?

##### **Deputy S.J. Pinel:**

The Deputy asks whether we consulted with any other bodies, we did with the ...

##### **The Deputy Bailiff:**

I think the Deputy asked whether there was any research.

##### **Deputy S.J. Pinel:**

As I mentioned in my opening answer, the research is being done in conjunction with the release of the addition to the M.T.F.P. But the whole broad aspect of this is the investment in health and education services which, to answer the Deputy's question, are a great benefit to children and vulnerable groups. When we look at an ageing demographic this is where the consideration of the older aged person, pensioner, comes into account.

##### **4.7.2 Deputy M. Tadier:**

The Minister will be aware that when it comes to deficit reduction one option is to cut the budget, the other is to grow the budget. Has she done any research ... she has done research I know into the living wage, which would increase her budget if more people are taken off poverty wages and put on to decent wages. Not only does that give them dignity and make them self-sufficient but it also increases potentially her social security contribution. I would ask her that rather than seeking to cut £10 million from the most vulnerable in our society should she not be supporting higher wages at the lower end so that it is better for everyone, including her own budget.

**Male Speaker:**

May I lift the default on the Constable of St. Mary please?

**The Deputy Bailiff:**

Do Members agree? The default is lifted.

**Deputy S.J. Pinel:**

The Deputy is quite right, we did conduct a lot of investigation into the possibility of a living wage, but although the Social Security Department did a lot of the work it came from the Chief Minister's office, and until such time as this Government considers that it should be a statutory government living wage then there is nothing more that we can do about that.

**4.7.3 Senator Z.A. Cameron:**

There is ample evidence that widening inequality and increasing poverty among those most vulnerable in our society has a significant impact on health, increasing those diseases linked to stress such as mental health, heart disease, diabetes, asthma and epilepsy to name but a few. Has the department considered the impact on our Health Department of cutting the benefits by £10 million?

**Deputy S.J. Pinel:**

Yes, the whole consideration across the whole of the £10 million was considered on the impact on each group and individual. The department has not decreased in any way the income support to those with disabilities, and the whole essence of the budget savings of the M.T.F.P. is to direct more money to the vulnerable in health, and the children in education - by which we can use the example of a pupil premium - and our ageing demographics with the massive amount of research we did on the long-term care plan goes to show that more investment in health is absolutely what is required. But in order to get a balanced budget across the board there has to be some cuts in benefits and in staff costs.

**4.7.4 Deputy S.Y. Mézec:**

When deciding the specifics of the forms that these cuts to benefit would take what consultations, if any, did the department engage with charities and third sector groups on how this will affect the most vulnerable people that they are having to currently pick up the end for?

**Deputy S.J. Pinel:**

As I tried to answer earlier, we consulted with the Citizens Advice Bureau, Jersey Childcare Trust and Age Concern before any of the proposals were published. Because the benefit system is so complicated, the people most equipped to deal with examining all these proposals across the board are the staff at Social Security. They understand the legislation behind all the proposals that we make and there is a huge amount of work done by the staff and the distributional impact analysis will be done and produced by the second quarter of next year.

**4.7.5 Deputy G.P. Southern:**

Will the Minister commit to bringing the results of her consultation or research to the House before we debate these measures on 6th October, and if not, why not?

**Deputy S.J. Pinel:**

The reports to all 4 propositions that I would be bringing after the M.T.F.P. are very detailed and attached to the propositions. All the information is there.

**Deputy G.P. Southern:**

So there has been no research or consultation.