

Health, Social Security and Housing Income Support Sub-Panel

FRIDAY, 6th JULY 2007

Panel:

Deputy J.A. Martin of St. Helier (Chairman)
Deputy S. Pitman of St. Helier
Deputy G.P. Southern of St. Helier
Senator B.E. Shenton

Witnesses:

Mr. C. Powell (Chairman, Jersey Childcare Trust)
Ms. J. Hairon (Acting Executive Director, Jersey Childcare Trust)

Deputy J.A. Martin of St. Helier (Chairman):

For introductions, I am Judy Martin, Chair of the Scrutiny Panel looking into Income Support and with me is Senator Shenton, one of my panel members. Just for the tape can you say your title and what you do?

Mr. C. Powell (Chairman, Jersey Childcare Trust):

I am Colin Powell and I am Chairman of the Jersey Childcare Trust.

Ms. J. Hairon (Acting Executive Director, Jersey Childcare Trust):

I am Jane Hairon, Acting Executive Director of the Jersey Childcare Trust.

Deputy J.A. Martin:

Yes, as I say, we had Fiona in to talk about different aspects at the beginning of income support, when we thought it was coming in last year, she had some sort of concerns of losing control of different parts - which have gone now, I think. I briefly spoke to her on telephone about 3 months ago and she had had sight - and we had had sight - of the new rates, and she was not that concerned. She thought they looked okay but they were still a moving target. Do you know the rates? Do you have the rates?

Ms. J. Hairon:

I do not have the rates.

Mr. C. Powell:

We have the latest rates which were the ones that --

Deputy J.A. Martin:

They might have moved a few pence. It is under 3 years is £5.15, 3-4 £4.03 and 5-11 is £2.90. I do

not know if this is --

Mr. C. Powell:

They are the latest figures, are they?

Deputy J.A. Martin:

They are hot of the press yesterday.

Mr. C. Powell:

Right, I do not think we have had the most recent ones --

Deputy J.A. Martin:

As far as I can tell they are not moving. They have moved a few pence around and that is because everything has got to be divisible by 7 because obviously it is 7 days in a week, whatever day it is. So really it is just to ask you if you think what they are aiming for is a 35-hour week, and we know it will not be everybody but there is going to be a lot of encouragement - well not even for a mum, there might be a dad working, a single parent father with children. We just wanted to think really if those rates were realistic.

Mr. C. Powell:

I think that the -- as the scale would have indicated before, I do not think we have too much of an issue with the rates. One of our concerns has been really about who was going to benefit, and particularly with the situation where we are -- where the Income Support Scheme is substituting for the school age discount scheme, is that whether we are going to get some losers, because there are people who are presently getting a benefit, presently getting assistance who then find that they cannot get assistance under the new Income Support Scheme. So it is not just a question of what the rates will be, which I think is one thing, but it is also who is going to be able to benefit from those rates and where the cut off points are going to be. I am not sure we have a very clear picture on that at the present time.

Deputy J.A. Martin:

Nor do we. How much do you earn and then when do you start losing part of your --

Mr. C. Powell:

That is right. We are very pleased obviously that there is a childcare component in the scheme. That was obviously something that we were very keen on it. It was essential given that the importance of the school age discount scheme in particular for those on low incomes with children under the age of 12. So it was very important that we should maintain that and Fiona and I have tried the best we could to try and get some information which could allow us to judge as to what proportion of those are benefiting from that scheme at the present time and might not be benefiting from the Income

Support Scheme. It is very difficult to find the answer to that question because we do not know all the parameters.

Deputy J.A. Martin:

But the people who are getting the school age discount, because we were told everyone who is getting some sort of allowance now should be filling in the forms at Social Security and -- this is Deputy Pitman, another member. We thought we would get underway because everybody was here. As you say, you know the people, I do not, obviously because of data protection and things like that but we have been advising anybody who gets any sort of assistance now to go down and fill in the form. Because if they do not, firstly they miss out on the transitional payments because the scheme should not make anybody worse off. That is another debatable, will it be 6 months, will it be a year? Then they will take 40 per cent away. We do not know that yet and until we see the RC(?) next week, it is moving. But if they are not on the scheme and then they find out that they are going to be, as you say, one of the losers they will not get any transitional payment.

Mr. C. Powell:

No, that is our concern, I think. We recognise that everybody -- you say you are encouraging everybody to go down and fill in their forms. At this stage what we do not know is whether everybody who is getting a benefit at the present time is going to end up getting a benefit in the future. What we know is, we have given this information to Social Security, the number of parents receiving the school aged discount and they get a portion back and if -- I think the last figures I was looking at, if you take something like Centrepoint, which is a major unit, I think there were 234 parents receiving the discount. Now, 46 of those parents were getting a 60 per cent discount. I imagine they will certainly continue to get a benefit. But 88 parents were getting a 10 per cent discount so their income is at the margins and I think what we are not sure of is whether all of those people are going to continue to get benefit or whether they are going to be the ones that drop out. Now, you might say: "Well, if they are going to lose the 10 per cent discount is that material." But I think for these families it is material.

Deputy J.A. Martin:

But you pay the discount or is it --

Mr. C. Powell:

We administer it on behalf of Social Security.

Deputy J.A. Martin:

You know all the people?

Mr. C. Powell:

We know who is getting it and -- so we have the information, we are acting as the agents for Social

Security, but we will lose that obviously with the change over to the Income Support and it will all be with Social Security.

Deputy J.A. Martin:

Social Security tell us that every benefit that people get through them, either family allowance or disability, anything, they - and Housing have done the same, anyone who is on a rent rebate - have all received the new forms because they administer it and they are on their data base. Are these people on Social Security's database anywhere?

Mr. C. Powell:

Yes, they should be.

Deputy J.A. Martin:

So they should have received forms.

Mr. C. Powell:

Yes, everybody should be covered in that sense. What we do not know is whether -- I do not know the parameters --

Deputy J.A. Martin:

Yes, of when they stop getting their part benefit.

Mr. C. Powell:

-- of when they put in their forms as to whether they will qualify for income support.

Deputy J.A. Martin:

Well, as I say, they should qualify in the first instance for transitional payment because under the scheme you should not be made any worse off, we were told in a year and then --

Mr. C. Powell:

We would like to look a little beyond the year and hope that --

Deputy J.A. Martin:

Yes, it is going to be phased, as I say, so in the first year you will not be any worse off and in the second year you might lose 40 per cent but then eventually if you are getting obviously more than what they say is under the new scheme you will lose it unless, obviously, rates go up and then you are still in the scheme. You might be, as you say, at 10 per cent. It is something we really need to discuss, it is not just the components, it is the school age discount that some people get 60 per cent and some people only get 10, but 10 per cent is probably that extra incentive if you are working a good few hours and the hours are the hours they want you to work or are going to encourage you to

work up to 35 hours.

Deputy G.P. Southern of St. Helier:

I think that is the crunch in this particularly, it is about getting work benefit and we are supposed to be encouraging people to work. Now, certainly with childcare rates at the level they are, I am sure you recognise that the benefits are very marginal in terms of the cost of childcare versus what the income is, particularly if it is in low skilled areas, where it is probably most important to get those kids into an environment where they are flourishing, good quality childcare, and that is where the crunch will come. I am already aware that childcare components is not reaching all those that it could do. Certainly the numbers over the years have declined and dwindled. One wonders to what extent this will reverse that trend, which I believe it should do, especially if the political aim of getting as many carers into work, parents into work, as possible. One wonders how this is going to work. It is not clear to me at the moment whether the new scheme is going to do that.

Mr. C. Powell:

Neither is it clear to us, which is a concern. I think there are also some other wrinkles -- not so much wrinkles but issues which concern us and that is that what we are seeing with the problems of obviously coping with the cost of childcare, particularly where it is provided in private childcare establishments, is that for many families -- particularly now that we have cleared the position on children being able to be looked after jointly, say 2 families together using a nannies at home, so we have gone down the road of having accredited nannies. We have just recently received a copy of a letter than Senator Routier has written to Senator Le Sueur on this subject, which says that during the development of Income Support there was discussion as to whether the use of accredited nannies for childcare would qualify as an expense under the Income Support System. I can now confirm that the use of accredited nannies has not been included in the Income Support legislation and this expense will not be considered in any Income Support calculations. So that is an area of childcare which we are certainly encouraging which is not covered. Now, we are getting the cost of accredited nannies in as an allowable expense against income tax liability. That is fine for those who have enough income to have an income tax liability, for those families who are below income tax levels. He says: "I understand the arguments put forward by the Jersey Childcare Trust and will ask my department to carefully monitor Income Support applications to identify whether there is a genuine need within the Income Support population for an Income Support allowance of this type to be made. However, any change of this nature will not take place under the new system until the new system is well bedded down."

Deputy J.A. Martin:

That is looking at the system of the Income Support population who they are encouraging to work. Childminder, nanny, if you are -- it is a snobbery of not doing it to me. That is the only reason because you have a nanny. You might be sharing it but it is a childminder who has been accredited and been trained up. That is unbelievable.

Mr. C. Powell:

That is why we put the emphasis on accredited there because we can understand the problem that people had if you said just childminders, it could be an auntie or uncle or anybody else doing the childminding but accredited nannies, this is something which is formal and limits it to --

Deputy J.A. Martin:

But they cover childminders. The aim of the £2.90, all these figures are confidential until next week but we cannot have you in and not discuss the figures, is looking at a childminder. That is what they work on for an average childminder but childminders now have to be registered, they have to have their homes inspected, they have to have a certain degree -- in fact it is very hard to even look after your best friend's children. A relative you can. A nanny can look after them or auntie but as long as they are cared for and they would not obviously be paid. They say they are not paid or whatever but if they are paid then a nanny is a childminder under any other name. It is a person who looks after a child, it cares for a child in their own home but it might be, as you say, on a small income with one child each and they might even be doing a job share and then they share a nanny. They are not going to cover the cost of that under the Income Support.

Mr. C. Powell:

No, so they say.

Ms. J. Hairon:

It is as cost effective to do that as it is to use their childminder or family daycare. It is the same sort of thing but it perhaps offers a bit of a degree of more flexibility because you can use the individual in their own home rather than --

Deputy J.A. Martin:

For younger children they are in their home and if it is, as I say, a shared nanny or whatever the child prefers or whatever the home, which home is the best for the 2 children, or it might be 3 children, whatever.

Mr. C. Powell:

So our concerns are: one is that will there be any losers from the present system and there may be a transitional arrangement which might be fine but we would hope that there would not be losers longer term, rather than just in the transitional period. Then there is this question of accredited nannies. One other aspect which is, you might say, a wrinkle but it is still something where I think we would like to see as much flexibility in this process as possible, is that under the childcare component criteria it says there: "Is exempted from the requirement to be in full time remunerative work by virtue of ..." and the second part is: "If the educational training being undertaken is likely to result in an increase in the member's earning capacity." Now, we are very supportive of -- because

we pressed for this, that this scheme would apply to those who are students or in training. So that if someone is in training but not in full time work. and they cannot be in training if they have children unless you have childcare so they need to be covered as well. But I was a bit disappointed in the qualification that if it is likely to result in an increase in a member's earning capacity, because there are quite a few situations where we have people who might presently be, for the sake of argument, working in the finance industry, who feel that they would like to go into childcare, into nurseries, and go and train in the one thing that they really want to do. They are going to go down in earnings but they want to do it because they feel they would be more satisfied with that work than the work that they are doing. So they would not be increasing their members' earning capacity in that sense, they might be going in the opposite direction.

Deputy G.P. Southern:

Or even that while it might be less well paid it might give you more flexibility to do their own parenting role. There are all sorts of reasons. That is one that I in particular fought for at the time, people in education, it seems to me that that is just a phrase which then allows them to limit it and pick and choose and it does not belong in there.

Mr. C. Powell:

It seems to me to be an undesirable --

Deputy G.P. Southern:

There should be a criteria that says: "We think this will qualify and this will not." That is nonsense from the start. It just becomes arbitrary then.

Mr. C. Powell:

So those are our concerns. As I say, whether there will be losers, the question of accredited nannies and the education proviso which we think is undesirable and just generally making sure that the Income Support Scheme does do what we want it to do and that is encourage people to maintain their employment.

Senator B.E. Shenton:

Have you raised the education proviso with the department or not?

Mr. C. Powell:

No, I have only just seen the regulations that came on my desk this week so I was not --

Deputy G.P. Southern:

They are still coming out, are they not?

Mr. C. Powell:

I was not aware of that proviso until I read the papers this week so we will obviously be raising it with them but --

Deputy J.A. Martin:

If they do not listen there is lots of amendments, as you say, little things that have popped in and what we have fought for is: "Yes, if you want people to work they will need training and they need childcare." We are coming from the premise that they are not working and maybe retraining, but, as you say, it is a person's choice and if they want to do -- because it also says: "On suitable courses" somewhere, does it not? Recognised educational --

Deputy G.P. Southern:

Well, recognised is probably valid but that particular limitation to earn more, it could well be that someone wants to retrain in the caring trades, which are notoriously badly paid, in which case where are we recruiting from? I do not think it makes sense at all.

Mr. C. Powell:

What we were proposing to do is to write to the Social Security Minister, obviously without -- and are more than happy to copy that letter to the Scrutiny Panel, if that would be helpful.

Deputy J.A. Martin:

That would be helpful. That would be very helpful.

Deputy G.P. Southern:

Can just take you back to the letter you quoted from. It talked about: "We will monitor the situation and see ..." in reference, I think, to nannies.

Mr. C. Powell:

This is accredited nannies, yes.

Deputy G.P. Southern:

It strikes me that if you clearly indicate that nannies will not be allowed, what application are you going to get from people wanting to include their nanny? They are going to read it and say: "Well, no point in applying." So we are not really monitoring applications, we are going to say: "We might respond if you can co-ordinate, if somebody can co-ordinate a campaign. Hammer on a door until we do it."

Mr. C. Powell:

Yes, I think it is a rather -- I agree with you, I think it is a rather peculiar position. It almost is a case of there seemed to be a suggestion: "Well, let us not tell anybody anything" and then when lots of people write in with applications saying: "Can I have Income Support because I have an accredited

nanny” then they would then judge that there must be a demand for it. But that is a rather peculiar way of going about I would think.

Deputy G.P. Southern:

Absolutely. Yes. Can I just take you back to what extent you examined your relevant role and, just as I came in, you were talking about the fact you would not have role from now on in this particular area.

Mr. C. Powell:

Not in the school age discount scheme, no, we would not. Once that goes --

Deputy G.P. Southern:

Are you still administering the --

Mr. C. Powell:

We administer the school age discounts scheme on behalf of Social Security so when that goes and is absorbed into the Income Support Scheme then obviously we will not be involved in that administration. But as far as all other aspects of childcare support is concerned -- I, for example, supported places in the -- we also have a scheme whereby we find funds either from our grant from the Education Ministry or we raise money privately to support our grant and payments for the supportive places and all that and the grant aiding of the nurseries will continue to be our role. We are in the process at some stage because we will be appearing, I would imagine, before a different scrutiny panel, I am not sure, but we have made representations about childcare. We have made a submission on the --

Deputy J.A. Martin:

Yes, on the education --

Mr. C. Powell:

There is a scrutiny panel looking at early years and childcare and I sent a copy of our submission to Senator Shenton.

Senator B.E. Shenton:

You did, yes.

Mr. C. Powell:

So we see the need for much more investment in childcare and early years. I am also chairing a parenting group at the moment which are looking at parenting services. Everything points to the importance of investing in children from the year 0 and if you can really make a major investment at that time, in all sorts of ways, then you solve many problems for the future. But that is a broader

responsibility to be engaged in.

Deputy J.A. Martin:

But it is very connected with the cost of it, is it not?

Mr. C. Powell:

Yes, I think given the kind of problems that you get later in life, as children go through the ages, but also into adulthood that investment in the early years, in that 0-3, is as, if not more, important than investing in the statutory years or education.

Deputy G.P. Southern:

Can I just ask you about after school childcare? One particular aspect that has been raised with me is that after school hours care for working parents is available up until 12, but not beyond. It has been raised with me by one or 2 individual parents saying: "Hang on, but my son or daughter is 13 and I feel would benefit from still having some attention in those hours when I cannot get home." At 13 they are more likely to be up to mischief or whatever than an 11 year old. So there is a case, I think, for allowing some flexibility for those who feel they need it. That marker should not be primary school kids and that is it. There is an advantage --

Mr. C. Powell:

No, I think there is a point there. In fact I am not sure whether I am fully up to speed on it, but a bit of an anomaly at the present time is with the children's law, which I think was recently amended. Is it still an offence to leave your child under 14 on their own?

Senator B.E. Shenton:

No, it is not. There is no stipulation of age, it is just they have to be mature enough in your --

Mr. C. Powell:

They have to?

Senator B.E. Shenton:

Be, in your opinion, responsible enough to be left on their own.

Mr. C. Powell:

Right, so there is no age.

Senator B.E. Shenton:

It is a sort of open-ended thing.

Mr. C. Powell:

It is open-ended now, yes. Yes, but I think having some facility for children in their early teens is something that would be useful. Whether that is a responsibility for the Childcare Trust or whether it is for another body, I am not sure. But I agree with the principle. So we will continue with our representations and we will copy them to you.

Deputy J.A. Martin:

Yes, that would be really useful because we have just got sight of the new Regs, we have seen a few drafts, but they went silent for a few months and we got them probably in about the same time as you. As I say, they are being lodged so everything can become public on Wednesday at the presentation. I think it is just the States' Members, I do not know if other people have been invited.

Senator B.E. Shenton:

Do you think the general public are fully aware of the Income Support System coming on board and the changes, or do you think it could have been much better publicised and sold to the public?

Mr. C. Powell:

That is difficult because it is outside the scope of the Jersey Childcare Trust but I think that the general rule, and it is not only applied to Jersey but just about every other administration in other countries, is that people generally are never fully aware of what is on offer in terms of support that is available to them and I think there is a big education and communication problem facing all governments as to how you get to the people who are really in need and tell them what they are entitled to and allow them to access what they are entitled to. So I am sure that there are a lot of people out there who are in genuine need who do not have clue as to what is in prospect. But that is not peculiar to Jersey, that is a problem that faces all administrations.

Deputy G.P. Southern:

I think with the changeover we now have the opportunity to try and make that much more effective. Go out and grab the people who are sitting there saying: "Well, I am making do, I am surviving but I am not aware of what I might be entitled to." That is an important task, I think. If you are going through a major change you should be doing that as well.

Senator B.E. Shenton:

I get a lot of people that seem to think that Income Support is coming in but that does not affect me because I am still getting these benefits and I am not -- they think it is a whole new thing coming in and they will carry on getting whatever benefits they currently get.

Mr. C. Powell:

I am sure there will be people who feel that and that is a problem. There is a real communications issue there in getting that message across.

Deputy J.A. Martin:

I do not know what Fiona did provide us with before but it would be interesting, as you say, if there is going to be people miss out, we would like to see the rates of where people start coming down from the 60 to the 20 to the 40 with their earnings, so then we could work out from the components and then certain disregards that will be taken in their wages when people would be under this scheme so we can compare them as we are going along and maybe amend something. I do not think we ever did see the figures, did we?

Deputy G.P. Southern:

What the figures of the current regime? I have some figures on childcare, I do not know if I have school age discount stuff.

Mr. C. Powell:

Yes, I think what we have been desperately looking for is obviously some indication as to what the new scheme is going to look like in terms of the income levels. We have had to make assumptions as to what it would be.

Deputy J.A. Martin:

Yes, if we could see the income levels and how much discount they get under this --

Mr. C. Powell:

I will see what information we have got. We have the percentages but I will have a look at that for you.

Deputy J.A. Martin:

Okay, that would be very helpful, thank you.

Deputy G.P. Southern:

Yes, if you could, because we have some heavyweight number crunching I think coming up in the next month in order to be ready for September.

Deputy J.A. Martin:

We have our advisor over all day next Thursday and Friday. We can go public then after that. Hopefully, as you say, a few suggestions might be just taken on board but we know there are things in here, in the Regs, that we will try and amend and either they will be amended or they will not be, and what you have suggested as well.

Mr. C. Powell:

We did have some -- not directly related to school age discount but we did have some other figures which might have been of interest to you. When we were doing our submissions on the childcare

thing generally we got some information about the income distribution of those that were in the private childcare facilities. This was information that we got from Education. They did a survey. I just cannot remember whether I have that information. I have it quoted in one of our submissions. Yes, it was in the submission we did to the Chief Minister. They did a parent survey in February which yielded a 60 per cent return and indicated across -- this was States funded nursery classes. A third of the parents had household incomes of less than £26,000, half had incomes between £26,000 and £60,000, 17 per cent had incomes in excess of £60,000. But that was an analysis of the parents using the States funded nursery classes so whether that is of any interest to you or not, I do not know.

Senator B.E. Shenton:

As you know, I have a big problem with --

Deputy G.P. Southern:

I certainly would be interested if you could let us have that particular submission. That would be useful to us, I think. Nothing I like more than digging around even distributions and seeing what ...

Mr. C. Powell:

Okay, we will --

Deputy J.A. Martin:

Thank you very much. Thank you.

Mr. C. Powell:

It was helpful, I hope.

Deputy J.A. Martin:

I do not think anyone has any other questions or anything you feel you would like to add.

Mr. C. Powell:

No, I think we have conveyed to you our concerns.

Deputy J.A. Martin:

Thank you very much.

Mr. C. Powell:

Thank you very much for giving us the opportunity to tell you about them.

