

2015.09.08

4.2 Deputy M. Tadier of the Minister for Social Security regarding the amount lost by pensioners as a result of proposed cuts to income support and other benefits:

Will the Minister inform Members how much pensioners will lose on average from their weekly payment as a result of proposed cuts to income support and other benefits, and can the Minister also provide the maximum and minimum loss?

Deputy S.J. Pinel of St. Clement (The Minister for Social Security):

I am pleased to reassure Members that there are no plans to cut the total value of weekly benefits paid to pensioners who currently receive income support. Pensioners receiving income support will see their benefit remain at current levels. I am grateful for this opportunity to reassure those existing claimants that they will not see a cut in their total income, although I do acknowledge that we will not be able to increase most component rates during 2015 or 2016. However, pensioners and other income support claimants will still receive extra help with any rent increases during that time. In general terms, the benefit budget is not being cut rather it is being held level at its 2015 value and it is the cost of potential growth in the budget that is being removed. With the requirements to reduce the projected benefit budget by £10 million by 2019 I have applied 3 key principles to identify the changes that I have brought forward. The proposed changes are designed to support financial independence, improve targeting, minimise individual impact. I am also planning to increase the support available to low income pensioners through the 65-plus health scheme during 2016.

4.2.1 Deputy M. Tadier:

I am sure that pensioners will be reassured that the effective pay freeze that they will be receiving, which in their pockets and spending power will be a pay cut, will at least be helping them to achieve some kind of ideology that says they should be able to be more financially independent ...

The Deputy Bailiff:

Is there a question please?

Deputy M. Tadier:

... when they feel they are £9 worse off a week than average. Can the Minister confirm in monetary terms what the pay freeze, the benefit freeze for those who depend on the lifeline of income support in their elderly years, will be?

Deputy S.J. Pinel:

The changes from a fixed earnings disregard will not affect any existing claimants. It is only for new claimants to the scheme to start from ... obviously agreed by the M.T.F.P. (Medium-Term Financial Plan) which will be 23 per cent of income disregard which brings it in line with earnings disregard.

4.2.2 Deputy G.P. Southern of St. Helier:

Is it not the case that pensioners dependent upon income support to prop up their standard of living, as a result of the changes to this regard, will be £9 a week ... new entrants will be £9 a week worse off than people on the pension scheme now? Is that not the case?

Deputy S.J. Pinel:

For some pensioners on entry into the scheme, yes, that is the case, as the Deputy described. But they will not be worse off inasmuch as they will not have had the £55 earning disregard in the first place. So they will be entertaining the 23 per cent disregard and when, for existing claimants, the disregard equals the £55 or perhaps supersedes it they will then be entitled to claim that, whichever is the greater: the fixed sum or the disregard.

4.2.3 Deputy G.P. Southern:

Can the Minister confirm the change in the disregard which goes into the amount of money the pensioner can receive from income support goes from £55 fixed disregard to £46? That is £9 a week worse off in January for a new entrant than anybody joining the scheme in December. Is that not the case?

Deputy S.J. Pinel:

I have just answered that question, to the effect that that is the case for new entrants.

4.2.4 Deputy M.R. Higgins of St. Helier:

The Minister is playing with words. Will she not accept that if you do not increase the pension to these people by inflation then it is a cut in real terms? Will the Minister admit that?

Deputy S.J. Pinel:

There is an R.P.I. (Retail Price Index) pension rate for pensioners and the rates for pension has always been increased by either R.P.I. or average earnings, whichever happens to be the greater, and because R.P.I. has dropped considerably over the last few years both are now more or less in line - R.P.I. and average earnings - and pensioners will get their increase. There is no decrease at all. They will have their increase in October, as has always been the case.

4.2.5 Deputy M.R. Higgins:

Again, the Minister is playing with words and just playing around it. The truth of the matter is over the next few years the period of time she is talking about having a freeze is effectively a cut. Why not come out and just say: "We are cutting the pension" and be honest to the public?

Deputy S.J. Pinel:

This freeze or not raising the current levels is for 2 years until October 2017 and I think that is being perfectly honest and straightforward to say that is what we are doing. We are just not increasing. We are not cutting.

4.2.6 Deputy J.A. Martin of St. Helier:

That is a very good point to come in on because that was exactly my question. Can the Minister not confirm that the actual living component to top up pensions has been frozen since 2013? This is the living component for heat, food, light, everything else the pensioners are not getting. The last Minister confirmed this as he was going out. Can the Minister confirm this will be a 5 or 6-year freeze on that living component?

Deputy S.J. Pinel:

I think the Deputy is referring to the household bill of about £51 a week and that is going to be remaining at current levels, the same as the rest of the income support components. However, old-age pensioners do get the cold weather bonus which will fluctuate with the weather. If it is particularly cold then a larger bonus will be accorded to them.

4.2.7 Deputy J.A. Martin:

If the Minister does not have the information can she go back and check how many years has the living component on income support been frozen? It is not started in 2015 and will she distribute that figure, which I am sure is 2013 onwards, and that is where the money has been saved over the last 3 years and they want to carry it on for 5. So as Deputy Higgins says, this is not just a cut, you are freezing the money. But I would like it confirmed by the Minister when this started.

Deputy S.J. Pinel:

Yes, I will confirm that.

4.2.8 Deputy A.D. Lewis of St. Helier:

Pensioners feel somewhat attacked at the moment on a number of fronts. They have had notice of removal of Christmas bonuses, the notice also of television licences being removed. Could the Minister advise as to what consultation her department has done with this group of people, i.e. pensioners, before making these decisions? Although I support the need to redirect funds to where they are most needed, could she advise what consultation has occurred with this group to make sure that those that are most affected by the changes are compensated in some way?

Deputy S.J. Pinel:

These are budget savings directed by the States of Jersey. It is not a consultation paper. There is a Household Income Distribution Survey being conducted at the moment, which I think is due to be published at the end of this year, which happens about every 5 years, which is an enormous piece of work.

[10:00]

We have been asked to make benefit cuts to the tune of £10 million and it is not just pensioners. While I understand exactly what the Deputy is saying, all the income support components have been reviewed across the board, so it is not just pensioners at all. In fact, the existing income support claimants who will lose money, as opposed to having it frozen, are not pensioners.

4.2.9 Deputy A.D. Lewis:

Is the Minister therefore confident that those that really need it in this age group will be adequately catered for, regardless of what is taken away at this point?

Deputy S.J. Pinel:

Yes, I am. As I mentioned earlier, we are going to transfer some money back into the 65-plus health scheme which covers optical, dental and chiropody for over-65s, and also reassess that scheme, which I believe the delivery of the money is not accessible to all at the moment upfront. It has to be a capital upfront expenditure by the pensioner. We are going to be readdressing that so that we can turn that around. We feel that it is far more important that the pensioners should be targeted in this way with extra money, which covers their health.

4.2.10 Deputy M. Tadier:

Very much in the same theme of consultation. Does the Minister not think that not only the elderly feel hard done by by these cuts but also they feel cheated by never having been told about what was coming at the previous election when it must have been on the cards for the current Council of Ministers and those who eventually ended up in those positions? Will the Minister give an undertaking, I suppose, to wait for the results of consultation from these natural constituents to see how they will be affected before these, what I would call cuts, are put forward?

Deputy S.J. Pinel:

No, there will not be any waiting because they are part of the Medium-Term Financial Plan, which is due to be debated on 6th October. We did not, as I mentioned to Deputy Lewis's question, do consultation. It was not that sort of programme, but all groups affected were informed before this was publicly announced. It was certainly not on the agenda for the last election because this is the next Medium-Term Financial Plan.