

**WRITTEN QUESTIONS TO THE PRESIDENT OF THE  
EMPLOYMENT AND SOCIAL SECURITY COMMITTEE  
BY DEPUTY G.P. SOUTHERN OF ST. HELIER**

**ANSWER TO BE TABLED ON TUESDAY 7th DECEMBER 2004**

**Question 1**

Further to answers provided by the President to written questions on 9th November 2004, would the President—

- (a) confirm that the figures provided in response to question 1(b) show a marked decrease from 18 per cent to 6.6 per cent in those claiming a dependency increase for Short Term Incapacity Allowance (STIA) and that if this reduction were indicative of the year it would produce a saving on annual STIA spending of around £1.2 million?
- (b) explain the meaning of the answer to question 2(a) that “if the CRSP research set the level of contributory benefits, this would mean substantial reductions in benefits” given the fact that the CRSP figures contain no housing element?
- (c) explain, if there is to be no connection between the CRSP minimum budget standards and contributory benefit levels, how and when these levels were set, and whether they are to be reviewed in the future?

**Answer**

- (a) The figures supplied in the answer on 9th November 2004, were based on only one month’s experience of the new incapacity benefits but did show a reduction in those claiming dependency increases from 18 per cent to 6.6 per cent in STIA. If this reduction continues, and the future incidence of sickness is at the same level and depth as that in 2003, (though it is impossible to make such a prediction), the estimated reduction in the payment of short term incapacity allowance compared to sickness benefit would be between £800,000 and £900,000. However, this is not the whole picture as the system now allows payment of LTIA to those in work.
- (b) The figures published by CRSP were for a modest but adequate budget and were found to be lower than the standard rates of Social Security Benefits. Neither the CRSP figures nor Social Security Benefits contain an element for Housing.

Housing support is currently provided through other mechanisms such as the Rent Rebate and Allowance Schemes and Welfare Grants for those in need.

- (c) Contributory benefit levels were set in 1974 and since that time have been annually increased firstly by the index half way between the cost of living and the earnings index and latterly from 1992 by the earnings index alone. Originally, the rates were set at the Welfare level except for the pension which was set 20 per cent below this figure but this was equalised in 1987. The effect of increasing benefits in this way has resulted in Social Security benefits outstripping price inflation and, therefore, Welfare benefit levels.

The levels of benefit were last reviewed in the ‘Continuity and Change’ consultation in 1996 and were generally considered to be reasonable in relation to contribution levels. At that time, no-one wanted to increase contributions to provide a higher rate of benefit, preferring to increase contributions to sustain the benefit system through the demographic period.

As the Deputy is aware, the Committee has embarked on another ‘Policy Review of the Social Insurance system in Jersey’ and recently presented an interim report to the States (R.C.49/2004). No doubt, as this Review proceeds, benefit levels will be discussed, amongst all the other priorities identified in that report.

## Question 2

- (a) Will the President undertake to produce for members estimates of the following annual figures in January, based on the 4th quarter of 2004 –
- (i) the numbers claiming dependency increase for STIA as in question 1(b) of 9th November 2004?
  - (ii) the numbers moving to Long Term Incapacity Allowance (LTIA) with wives, working and non-working, now unable to claim dependency increase as in question 2(c)?
  - (iii) the numbers claiming LTIA now assessed at a percentage of benefit who previously would have claimed invalidity benefit at the full rate, and the consequent reduction in this budget?
- (b) Will the President confirm whether LTIA does not only apply to those with ‘permanent loss of faculty’ as implied by his answer to question 3(a) on 9th November 2004, but to those persons who have a long-term illness and who are receiving treatment and who may recover sufficiently to return to work?

## Answer

- (a) The Committee will, as a matter of course, review progress and is happy to share any statistics with interested members. The Committee will be receiving a quarterly comparison from the Department to avoid any seasonal bias. This will also include all new incapacity benefits to ensure that a full and honest comparison can be made, including those who may not have qualified for benefit under the old system. The Committee would also add at this stage that one quarter’s evidence can be superficial and will be conducting a post implementation audit after one full calendar year of operation.

- (b) I can do no more than quote Article 16 (1) (c) of the Law –

Subject to the provisions of this Law, a person who.....

‘as a result of the relevant disease or injury is suffering from a loss of physical or mental faculty which is likely to be permanent, and....’

shall be entitled to long term incapacity allowance.