

**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 15th MARCH 2005

Question

- (a) Comparative 4th quarter figures released by the Committee on short term incapacity allowance (STIA) 2004, and sickness benefit 2003, show a 7.7% drop in the number of claims. Similarly the figures for long term incapacity allowance (LTIA) and invalidity benefit show a 16% reduction. Will the President inform members how the total payments for these two benefits have changed in absolute and percentage terms?
- (b) The numbers of claims involving a 'dependency-increase' for short-term and long-term illness over the same period have reduced from 1306 to 183 and from 45 to 7, respectively, a reduction in both of 85%. Will the President inform members what the reduction in the overall dependency payments in absolute terms has been between the two quarters for these two types of benefit?
- (c) Will the President inform members what the Department's estimate of saving to its budget is, that may ensue over the first and subsequent years from the introduction in the new STIA and LTIA resulting from the Committee's change to the treatment of dependency?

Answer

- (a) The Deputy has been warned in previous answers about comparing benefits over the relatively short period of one quarter. For the sake of completeness, it needs to be explained that the numbers of claims are functions of the incidence of illness and accidents, the persistence of the incapacity and indeed the overall churn of medical certification from G.P.s. A full review will be undertaken after a year of experience with the new benefits even though in Social Security terms this is a short period. Again to help Deputy Southern, I can say that in the 4th quarter of 2004, the total cost of incapacity benefit payments was £9,291,195.45, and in the 4th quarter of 2003 it was £8,553,006.66. The increase is 8.63%. As a direct answer to the Deputy's question, STIA in the 4th quarter of 2004 amounted to £3,051,830.05 and Sickness Benefit in the 4th quarter of 2003 amounted to £2,972,876.89, an increase of 2.65%.
- (b) The cost of benefits with a dependency increase for long and short term incapacity cases in the 4th quarter of 2004 was £2,644,865.25 and in the 4th quarter of 2003 it was £2,960,693.71. The decrease is 10.67%.
- (c) As these benefits are funded from the Social Security Fund, there is no general revenue budget saving. The Committee is required by Law to have an Actuarial Review of the financial status of the Social Security system every three years. The next triennial review is about to be published and account of the changes in contributions and benefits between 1997 and 2004 have been catered for in the forward projections. This includes the changes to incapacity benefits. The move to individual entitlements within the system began in the 1980's as countries took stock of human rights, gender neutrality and international directives, which, not binding on Jersey, the Committee and the States at the time believed should, nevertheless, apply to Jersey. Over time moving to a totally gender neutral system of individual entitlement is cost neutral.