

2016.04.26

3.15 Deputy S.Y. Mézec of the Minister for Treasury and Resources regarding provision of support to Islanders in the poorest quintile of society:

Why has the Minister not asked for the substantial States underspend of last year to be redirected towards providing support to those Islanders in the poorest quintile of Jersey society to compensate for the cuts to support which were approved last year?

[11:15]

Senator A.J.H. Maclean (The Minister for Treasury and Resources):

The benefit changes that were agreed by this Assembly form part of a package responding largely to the need to prioritise spending towards the ageing population, including some of the most vulnerable in our society while at the same time improving the sustainability of States finances. Those measures focused on promoting independence, targeting resources to greatest need and minimising the impact on individuals. Underspends from 2015 have been allocated at the request of departments including areas that this Assembly have agreed as strategic priorities which includes over £3 million for health; again to the benefit of some of the most vulnerable in our society. The majority of the instances of so-called underspending do not give rise to recurring funds available for other pressures but funding the departments have been planning for in addressing much needed expenditure usually of a one-off nature.

3.15.1 Deputy J.A.N. Le Fondré:

Very simply, to the Minister, could he explain the difference between an underspend and a saving?

Senator A.J.H. Maclean:

Well, I think I did in the final comments in effect. The underspend is not recurring. It is agreed budgeted spend in departments that perhaps has not occurred in the given year. The project, for example, may have ... the spend may have been delayed for whatever reason but the requirement is still there; it was originally budgeted, and therefore the request is to carry it forward into the following year to either complete or to start and complete the project that has been delayed. A saving is something that is taken out and is not going to be occurring in the base budget again.

3.15.2 Deputy J.A.N. Le Fondré:

I was wondering, therefore, if an underspend is just a timing difference. In other words, the money is going to be spent at some point. Why do we make all the fuss? Surely the thing that we should be making a fuss about is the success of savings because from a public perspective an underspend is irrelevant.

Senator A.J.H. Maclean:

It is largely about timing; the Deputy is absolutely right. I am not sure who is making a fuss. I am not making a fuss about it. It has been a fact of life for some years. In fact if we look back over the last 5 years there has been an average of around about £25 million of underspends each year for the reason in part that the Deputy has just alluded to. I think what is more interesting on the subject of savings is that in 2015 departments were required to take out 2 per cent, that was £12 million, and a further £5 million. So £17 million was taken out of departments in 2015 and we still had underspends for the reasons largely mentioned by the Deputy.

3.15.3 Deputy G.P. Southern:

The Minister made great play about protecting the elderly pensioners in our society and indeed the vulnerable, the most vulnerable. Does he not accept that the cuts that took place last year in income support directly made the lives of those very same people, pensioners and the vulnerable, much more difficult by removing in the order of between £500 and £600 from their annual income?

Senator A.J.H. Maclean:

Any changes of the nature described by the Deputy are going to be difficult. We recognise that. I am sure the Council of Ministers do certainly and Members do. It is not easy making adjustments but nevertheless adjustments need to be made in order that we can prioritise funding to the areas that it is most needed. There is still significant investment in areas that support the vulnerable in our society and those that are less well-off. We need to continue to focus on that to ensure that the right resources are targeted into the right areas at the right time.

3.15.4 Deputy G.P. Southern:

Does the Minister not accept that by targeting income support, which delivers to the most vulnerable, he has made their lives worse by the changes last year?

Senator A.J.H. Maclean:

There are many factors that come into consideration when making changes of this nature. The Department of Social Security have looked very closely. They found it extremely difficult but there again it is about trying to be as fair as possible in ensuring that the resources that are available are targeted in the most appropriate way. That is what they have sought to do. I support them. The Council of Ministers support them but we all accept it is extremely difficult.

3.15.5 The Deputy of St. John:

The Minister has just mentioned about the money being targeted in the most appropriate way. The underspend press release that was sent out stated that there was £650,000 going to sports as a carry forward. When there is a 5-year strategy in place can the Minister explain why that is not in the baseline funding?

Senator A.J.H. Maclean:

That particular funding request, and indeed the budget for improvements to the Sports Strategy, or implementation I should say to the Sports Strategy, was not included in the base budget and indeed I cannot give an answer to the Deputy for the reason that it was not originally there, but nevertheless that funding had to be put in place in order to bring forward the strategy which was believed to be essential for developing sports in the Island and also the associated benefits that gives to the health area of the Island community.

3.15.6 The Deputy of St. John:

If that is the case and that sports is a priority and is needed and the Council of Ministers know they are going to need that money next year, are they going to have to find £650,000 from underspend or from another area in the department?

Senator A.J.H. Maclean:

Well, that is yet to be established but that will be established and the details will be brought forward.

3.15.7 Deputy M. Tadier:

So can we just clarify that it is the policy of the Council of Ministers and the Minister for Treasury and Resources that in order to redirect money to the vulnerable and the ageing population we have cut £10 million from the budget that was going to the vulnerable and the ageing population? Is this a coherent and reasonable policy to be putting forward and even to be supporting in this Assembly?

Senator A.J.H. Maclean:

Well, the question was originally about underspends which relate to 2015 but as far as the changes to benefits, that relates to £10 million of savings over the entire period of the M.T.F.P. through to 2019. As I have said, there are difficult decisions that have been taken in order to target appropriate funding in the right area. Those have had to be taken and the decisions have been made and are being implemented.

3.15.8 Deputy S.Y. Mézec:

Following on from the question just asked by Deputy Tadier, I think the point he was trying to get out of the Minister is: how is it consistent to say that they are putting forward measures to help the poorest and most vulnerable in the Island when they are directly taking money out of these people's pocket and when they are making so-called investments, they are often years down the line, not impacting these people directly today, people who have seen hundreds of pounds taken out of their annual income? He used the word "fairness" in an answer before. How on earth is that fair?

Senator A.J.H. Maclean:

I have also used the word "tough". It is difficult to make changes but nevertheless we see benefit cost rise during the course of recession, as indeed we have done over recent years. As the economy has started to recover we have started to see the pressures on the benefit spend reduce to a certain extent and that is not unusual for Jersey. It is a position that one sees in many other areas.

Needless to say it has nevertheless required, when looking at the M.T.F.P. over a 4-year period, a requirement to prioritise the funding that we have available to target it in the best way that we can and to make it as fair as we possibly can. There will be those that do not feel it is as fair as it should be, change is always difficult, but that is the situation that we find ourselves in.