

#### **4.9 Deputy K.C. Lewis of the Minister for Social Security regarding measures to ensure less well-off people would not be disadvantaged by budget cuts:**

What action is the Minister taking to ensure that less well-off people are not disadvantaged by the £10 million cuts to the social security budget?

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

I am grateful to the Deputy for raising this question so that I can clarify the position. Last year States Members agreed to hold the benefit budget of the Social Security Department at its 2015 level throughout the Medium Term Financial Plan. I can reassure you that all necessary changes to departmental budgets were approved to identify the £10 million contribution to invest into the vital areas of health and education. No Minister takes pleasure in restricting a benefit budget. The changes agreed last year were a small but vital component of the overall plan to maintain sustainable public finances. With regard to the Social Security Department, there is no need for any further measures to achieve the targets set within the Medium Term Financial Plan. In particular, and contrary to some recent reporting, a budget has already been allocated for an increase in income support rates and allowances each year from 2017 onwards. The best way that we can help people is to support them in the move towards financial independence. We have had significant success in getting people back into employment and have expanded our services to include some people with long-term health conditions and also to parents when their children start nursery.

#### **4.9.1 Deputy K.C. Lewis:**

I love the term “financial independence” there. I would like to congratulate most sincerely the Health and Social Security Panel for their excellent report. Has the Minister read the report and will the Minister agree with Scrutiny’s recommendation 78 that the Minister should suspend the freezing of benefits in 2017 in order to alleviate the pressure on low income households?

#### **Deputy S.J. Pinel:**

Yes, I spent the best part of a very beautiful weather weekend reading the report, and as the Scrutiny Panel know, we will be producing a very considered response within the 6 weeks allocated. As regards to suspending the budget, freezing it, as I just said in my answer, it will be increased in October 2017.

#### **4.9.2 Deputy G.P. Southern:**

Will the Minister accept that the changes she made to the disregard from income support to pensioners amount to something like £9 a week on disposable income of only about £145 a week, and that is significant and causes hardship for some pensioners? Is that not the case and does she accept that is the case?

#### **Deputy S.J. Pinel:**

The introduction of a 23 per cent disregard has been introduced and will only affect pensioners coming into the scheme now; it does not affect pensioners already in the scheme, who take advantage of the £55 disregard that they already have. The disregard was brought in to be comparative with earned income.

#### **4.9.3 Deputy G.P. Southern:**

Does she not accept the figures that previously those in the scheme would see themselves with disposable income of around £145, and this will be £9 less for new entrants into the scheme? Is that not the case?

**Deputy S.J. Pinel:**

It is the case that, with new entrants into the scheme, it will be less. The reason for doing this was to encourage people to make arrangements for their own pensions in the future. It will not affect people already in the scheme. People coming into the scheme will not lose £9 because they will not have had it in the first place.

**4.9.4 Deputy M. Tadier:**

The Minister a moment ago said that the cuts were a small but vital reduction in States spending. I dare say that, to those who are already living below the poverty threshold, or the relative low income threshold, it is anything but small for them. Does the Minister accept the findings of the report that, for those who subsist solely on income support and/or long-term incapacity or other benefits, the value of their income is already below the relative low income threshold? That is before her cuts were even implemented. If she does, what actions will she take to remediate this situation?

[11:00]

**Deputy S.J. Pinel:**

I have a little problem with the word “subsist”; the whole reason behind income support is to look after people who, for reasons possibly beyond their control, cannot work and therefore have to rely on the States to provide some basic income for them. The reductions that we made were asked to be made in the whole scheme of the Medium Term Financial Plan, and the States agreed them last year. There are no further measures to be cut within the Social Security Department and, in fact, within the Medium Term Financial Plan addition, there is £1 million worth of additional funding being targeted mainly at pensioners. If this is approved, it will support the 65+ health scheme, the targeted Christmas bonus and the renewal of the Food Costs bonus.

**4.9.5 Deputy J.A. Martin:**

The Minister, in answer to Deputy Lewis of St. Saviour’s question, said there is already money in her budget next year for benefits to be increased in 2017. Is the Minister completely sure that these are increases, seeing that many of these components in the benefits have been frozen now for up to 3 years? Is she just not bringing the benefits back to what they could have been, but they are still going to be below what they should have been if they had been following the increase that everything else has been following over the last 3 years, that is, inflation?

**Deputy S.J. Pinel:**

I was correct in saying that income support will increase in October next year, as do pensions every year, pensions have not been frozen, neither have rental costs or childcare costs. As to the proportion of the increase in 2017, we will have to wait and see what the inflation figures are then.

**4.9.6 Deputy S.Y. Mézec:**

The Scrutiny report describes the decision of the Minister for Social Security to abolish the single parent component of income support as being unsound. Shortly after she initially made that decision, the Income Distribution Survey came out and showed that single parent families were the largest group of people in our society living in relative low income. On that basis, with hindsight, does she now accept that she was wrong to have made that decision and will she accept the recommendation of the Scrutiny Panel that the one parent component of income support should be reinstated as a matter of urgency?

**Deputy S.J. Pinel:**

Thank you for the Deputy's question. No, I will not attempt to reinstate it; it was a States-approved decision that we went ahead with this and, having read the report very thoroughly, nowhere does it say that this reduction in the lone parent allowance of £40 a week is over a period of the Medium Term Financial Plan, so it is not removed immediately, it is by £10 a week per year.

**4.9.7 Deputy K.C. Lewis:**

It has often been said that a society is judged by the way it looks after its least well-off. I have had to go to 2 charities in recent times to find some funds for a pensioner's dentures. With the increased use of food banks, does the Minister not agree it is time to stop penalising Islanders in need?

**Deputy S.J. Pinel:**

The Deputy refers to a parishioner who needed dental treatment. With the increased input of £200,000 into the 65+ health scheme, this will allow us to improve the cost related to claimants for check-ups and also for their dental and G.P. (general practitioner) visits.