

1 Connétable K. Shenton-Stone of St. Martin of the Minister for Social Security regarding Long Term Care (OQ.255/2021):

Will the Minister explain how £394,000 constitutes “the full value of a modest family home”, as defined within the long-term care scheme; and will she advise whether there are any plans to increase this figure to reflect current prices and, if so, where these plans are detailed in the Government Plan or, if they are not in the plan, what the financial consequences of increasing the figure will be?

Deputy J.A. Martin of St. Helier (The Minister for Social Security):

I thank the Constable for her question. On page 169 of the Government Plan I confirm that the long-term care fund will be subject to a formal actuarial review in 2022. This review will include consideration of the level of asset disregard included within the scheme and will examine financial consequences of setting the asset disregard at different levels.

[14:15]

3.1.1 The Connétable of St. Martin:

When they review the scheme, if the limit is to be raised in line with house prices, is it the intention of the Minister to index-link these limits in the future?

Deputy J.A. Martin:

The Constable is asking me to predict the outcome of the review. The long-term care scheme is there so people do not sell all of their home and all of their assets at the moment, which they used to do before it was brought in. It has to have enough money coming in so it can cover the cost of care and also then it has to be financially sound so that people can keep some of their assets. I have no idea where it will be paid out. As I say, that is for the review to tell us. Again, if more money people can keep or there is more money paying out we will have to look at the scheme. I was stopped by putting it up by a percentage 2 Government Plans ago. I have 0.5 per cent but that is where we are.

3.1.2 Senator S.Y. Mézec:

Would the Minister agree that to help secure the long-term sustainability of the long-term care scheme when setting this value at something more realistic, the way that that could be balanced out would be to raise the upper earnings cap on the long-term care tax.

Deputy J.A. Martin:

Again, this is all something that I hope will be looked at in the review next year, is if everything was simple we would all do it, collect money in, that may be one of the ways to do it. But you have to be very careful when you are trying to raise tax and make sure the people are still there that are paying it.

3.1.3 Senator S.Y. Mézec:

Is that the Minister therefore confirming that this review being conducted next year will be looking at the upper earnings cap, and whether that is placed at a suitable level to maintain the sustainability of the funds into the future?

Deputy J.A. Martin:

It is going to be an actuarial review and then if we need to look at changing the house prices, changing the disregards, the money you can have in the bank, different pay-outs, I would not rule out different things but again that is probably this will be done and then that is for the new Council of Ministers to decide on.

3.1.4 Senator K.L. Moore:

Given the considerable increase in house prices over recent years, why has the Minister not sought to readdress this imbalance in simply this focused item rather than waiting a considerable period of time before a full review?

Deputy J.A. Martin:

I thought I had answered that. There are not many people who take a loan out on their house so we think at the moment it is sort of pegged at the right price but it is going to be reviewed. Again, it is a very young fund and when I went for 1 per cent I was going to make it a much more stable fund and there was an amendment brought 2 Government Plans ago that stopped me doing that; so it is 0.5 per cent. As I say, when you are paying out money and you are letting people have disregards you have to have the money there to cover the scheme. I say it is 1,000 times better than before where you lost your whole home and lots of the people who have been in the Assembly a long time, especially Constables, will remember that when it was under their jurisdiction and the whole home is signed over.

3.1.5 The Connétable of St. Martin:

I thank the Minister for her answers and I ask the Minister: would she agree that £394,000 is a very unrealistic price for a family home at the moment and that this review is long overdue?

Deputy J.A. Martin:

The figure was set and if you add the disregards it is £419,000; that is the £25,000 you can have in cash. It was set as a small modest 2-bedroom house when the scheme was introduced. There has only ever been in the one year about 10 loans. All of it needs to be looked at but with the house prices I doubt if they will ever be pegged at the price unless people want to pay into the scheme a lot more. That is what I think, but let us wait for the actuarial review, who is going to take all this into consideration.