



Health, Social Security and Housing Scrutiny Panel Quarterly hearing with the Minister for Social Security

Friday, 1st March 2013

Panel:

Deputy K.L. Moore of St. Peter (Chairman)
Deputy J.A. Hilton of St. Helier
Deputy J.G. Reed of St. Ouen

Witnesses:

Senator F. du H. Le Gresley (The Minister for Social Security)
Deputy S. Pinel of St. Clement (Assistant Minister for Social Security)
Mr. I. Burns (Operations Director)
Ms. S. Duhamel (Policy and Strategy Director)
Mr. R. Bell (Chief Officer)

[13:30]

Deputy K.L. Moore of St. Peter (Chairman):

Welcome to this quarterly hearing of the Health, Social Security and Housing Scrutiny Panel. We will start with our introductions for the record. So, it is Deputy Kristina Moore, Chairman of the panel.

The Deputy of St. Peter:

Thank you. So, Deputy Reed I think is going to kick off the questioning today.

The Deputy of St. Ouen:

Minister, could you please provide us with a list of ministerial oversight groups you currently sit on, or tell us?

The Minister for Social Security:

I can tell you. I sit on the health ... well, the reform of health ministerial oversight group. I am not quite sure of the ...

Deputy J.A. Hilton:

Is that H.A.S.S.M.A.P. (Health and Social Security Ministerial Advisory Panel)?

The Minister for Social Security:

No, M.O.G. (ministerial oversight group) for the Health White Paper, effectively.

Deputy J.A. Hilton:

Okay.

The Minister for Social Security:

The housing transformation programme ministerial oversight group and a new ministerial oversight group we have recently set up for the long-term care, or a steering group I should be calling it, long-term care benefit. I also sit on the Skills Executive, which I suppose is ... consists of 3 Ministers, myself, Education, Sport and Culture and E.D. (Economic Development).

The Deputy of St. Peter:

Is that in charge of the skills strategy?

The Minister for Social Security:

Yes. I would not say in charge. The Skills Board, who are in charge, we sit in ministerial oversight of the Skills Board.

The Deputy of St. Peter:

Alongside Education?

The Minister for Social Security:

Education and Economic Development. Obviously, there are officers at officer level working with the appointed members of the Skills Board.

The Deputy of St. Peter:

Good, thank you. That is a healthy list. We will move on to income support and the housing transformation programme, if we could. Can you describe what work has been undertaken with the Minister for Housing to address the issue of private sector income support levels?

The Minister for Social Security:

Okay. I understand the Minister for Housing appeared before scrutiny this morning and that he has told you of some changes to the original proposal, so I am able to discuss those I think in public. Essentially, we have been working with officers at Housing and also at Income Tax to share information to arrive at what we anticipate would be the impact on income support of raising rents in the social housing sector to 90 per cent of market rents, albeit this would be over a staggered period. As you now know, it will not have an immediate effect on sitting tenants. So we have been working to try to analyse the financial impact on our budgets for income support. Insofar as the private sector, we have used I think it is called the Cambridge University Centre for ... I cannot remember the full title of it, to do a study for us on various options for decoupling, if you like, the private sector housing component from the social sector, and we have given you the paper. We have a meeting with you next week with the gentleman who wrote the paper. As it is policy in development, I probably cannot talk too much about it in the open forum.

The Deputy of St. Ouen:

In your business plan you clearly speak about need for separate support for private sector. Is that still the intention?

The Minister for Social Security:

That is still the intention. We have to remember that there is no money in the medium-term financial plan specifically for our department to deliver improved private sector rental support. The money that had been budgeted is being retained in contingencies by the Treasurer, but we have first call on that if and when we introduce the new method of assessing rents in the private sector.

The Deputy of St. Ouen:

Are you suggesting that the outcome that is identified in your business plan that says the plans for changes to legislation and operational procedures well advanced by the end of this year may not be met?

The Minister for Social Security:

No, I am not suggesting that. I am just suggesting that the intention of the Minister for Housing is to introduce the new method of calculating rents and the new reform of housing, the housing authority, et cetera, is from April 2014 we have nothing in our budget to introduce a new improved

system for assisting people in the private sector. But, as I said before, we had budgets and we have asked the Treasurer to release those budgets as and when we introduce a higher ... well, it is not higher components, but when we need to draw down on money for extra income support to support private sector tenants, because we are trying to move from a situation where at the moment 44 per cent of tenants are able to cover their actual rent with the housing component they receive. We are trying to move that to a position where 67 per cent are able to do that and there is a cost to that extra 23 per cent, which is about £1 million a year assessed. But that was assessed in 2011 so obviously market rents have moved since 2011.

The Deputy of St. Peter:

Thank you very much for that answer. With relation to tenants in the social housing sector, what are the perceived impacts of the rise to 90 per cent of fair market rent?

The Minister for Social Security:

Well, I think the Minister quite clearly has taken notice of what your Scrutiny Panel have said and other Ministers have also had an impact at the Council of Ministers in that introducing a sort of D day when everything goes up was not the right way forward. Therefore, these increases will only be significant if you actually move tenancy or if you start a new tenancy, i.e. coming in from private sector into the social housing. So it will take almost a 20-year period for the higher rents of 90 per cent to actually come into force across the whole tenure of social housing.

The Deputy of St. Peter:

Do you think that was a good decision?

The Minister for Social Security:

Absolutely, yes. The impact for income support, and we are still working with Housing just to check the figures that they have produced, but the impact is a gradual increase in the cost of income support for the housing component, starting at about 0.3 or 0.5 rising to a peak of 2 million in about 20 years. Obviously, these are all projections; the actuals may be different but those are the projections.

The Deputy of St. Peter:

I see. Thank you. What about new tenants who will become eligible for income support? Do you have those figures now?

The Minister for Social Security:

Well, that is part of the work that we have been doing with data sharing and trying to provide estimates for the likely cost. I think there are something in the region of 1,300 tenants in the social

housing sector, certainly States housing, who are not receiving income support. We are trying to work out the likelihood of them claiming income support in the future as rents rise by R.P.I. (retail price index) plus 0.75 per cent, which is the proposed increase. We know that some of those people have quite high incomes at the moment and that they would not qualify for income support under our current guidelines. So built into the estimate of 2 million rising over the next 20 years as a peak is the impact of some of those people coming into income support for assistance but, of course, some people might choose not to. They are not obliged to if they want to try and manage the rents without coming into income support.

The Deputy of St. Ouen:

One of your other areas identified in your business plan is to work with other departments to administer the housing affordable gateway. Can you just explain how far you have got with that particular proposal?

The Minister for Social Security:

Not a lot of work that I have been involved in in respect of that. Perhaps, Sue, would you like to update?

Policy and Strategy Director:

It is just an administrative function. We would not have anything to do with the policy, but as we have a front office which deals with lots of different people on a daily basis, it makes sense to put those functions together. So it is just purely an operational issue rather than a policy one. We are not involved with the policy of the gateway, just the operational level.

The Deputy of St. Ouen:

That is the same with regards working with the Population Office, is it, with the registration card system?

The Minister for Social Security:

Yes. We have already had a discussion at another meeting about the fact that the new cards will be essentially issued from Social Security, but obviously the Population Office will have the ability to issue cards as well as and when required when the new law comes into place.

The Deputy of St. Ouen:

In the list you gave us earlier, I am not sure if you mentioned your involvement in those 2 areas. Is it minimal or have you been actively involved in looking at the introduction of the Control of Housing and Work Law and the support that your department may or may not be able to give to it?

The Minister for Social Security:

Yes, the department have been involved, but we are more involved because of the actual administration of the issue of the cards. My Assistant Minister sits on the migration advisory panel ... group, sorry, and therefore some of the consultation on the regulations that we are going to be debating next week and the introduction of fees has been channelled through the migration advisory group before coming to the Council of Ministers. I do not know if you want to comment on that.

Assistant Minister for Social Security:

Well, the discussion about the registration cards, is that what you ...?

The Deputy of St. Ouen:

Yes, I am just trying to work out your involvement. We spoke about belonging to certain groups and, okay, you have now told us that your Assistant Minister has been delegated to take responsibility perhaps, so ...

Assistant Minister for Social Security:

I think you said ministerial oversight groups.

The Deputy of St. Ouen:

One could argue that it is a delegation of responsibility because it could quite easily be the Minister that sits presumably on the migration advisory group. Is that not the case?

The Minister for Social Security:

We have to remember that the migration advisory group has only 2 decision-makers on it, which is the Minister for Housing for the (j) licences, and the Minister for Economic Development to do with the licences that are issued for employers to employ non-local licences, and also new businesses setting up. So we sit on there as an advisory role because obviously Social Security having the prime responsibility for helping people who are unemployed we obviously are anxious that licences are tightened up and things like that. So that is why we sit there and my Assistant Minister attends all M.A.G. (migration advisory group) meetings. I would go if she is unavailable, and that is the way we work it.

The Deputy of St. Ouen:

Okay, thank you for clearing that up.

Deputy J.A. Hilton:

Can I just ask you a question around that? Are you satisfied that enough is being done to remove the excess licences that already exist in the market with regard to non-local licences? Because I know that in the last 3 years ... licences come up for renewal every 3 years, and certainly when I made enquiries at the tail end of last year non-local licences had only been reduced by 17 per cent.

Assistant Minister for Social Security:

There has been considerably more reduction and I think it came up in the last quarterly hearing in 2012. There is going to be a review in 2013 because there has historically been an actual capacity, i.e. the licences being used, which is normally well below the issued capacity. In 2013 the idea is with this review to work out what the excess capacity is and remove those licences. The hospitality industry require or say that they require the excess licensing for flexibility because they have a business that runs very quickly from day to day and want to have flexibility, but we cannot allow those excesses to stay.

Deputy J.A. Hilton:

I have also heard that it involves retail shops, large retail businesses as well, have quite a lot of spare capacity in their licences. I understand what you are saying about hospitality, but I think there is concern out there that there is this excess there. If we are going to address unemployment, those excess licences need to be removed.

Assistant Minister for Social Security:

Well, there is a review this year that is going to do that.

Deputy J.A. Hilton:

Thank you.

The Deputy of St. Peter:

Right. Back in 2009 a Scrutiny Panel review, the Income Support Review, was written and in his response the then Minister said that there would be some improvement in communication. We wanted to just follow that up and ask how many clients are now made aware of their benefit entitlements.

[13:45]

The Minister for Social Security:

Well, we could not put a figure on that because that would be pure guesswork. I think a lot more people are in general aware of the income support benefit system. There is information on the States of Jersey website. There is a leaflet available which is being presently rewritten and updated. We obviously have done a lot of work and I think some of you have been to our presentations on the new application form - which has been tested with various groups such as Citizens Advice Bureau and other user groups - as a more simplified document to assist people filling in their first claim. We also now have a letter that goes out on ... the first benefit letter sets out the makeup of the claim, the components and what disregards have been taken into consideration. That is for people who have applied. We have officers who work with ... for example, I think one of the questions related in that report was youth. The Youth Enquiry Service, which is just next door to the building Le Feuvre House, we work with them because obviously they are dealing with younger groups. We have done presentations to them about the income support scheme. I think you can send a letter to everybody ... another good example is when people qualify for a pension, they get a letter setting out what the income support scheme is all about and any other benefits they might be entitled to such as the 65-plus health scheme, cold weather payments, food cost bonus, et cetera.

The Deputy of St. Ouen:

Previously, Minister, you raised concerns publicly that there were groups of individuals that actually were entitled to receive benefits but were not. I just wondered what efforts have you made in that area to ensure that those who do require and need support get it.

The Minister for Social Security:

I think the group in question there, Deputy, was the pensioners, pensioner households. I think there was concern and I think it arose from talking about the housing transformation programme pensioners might for the first time wish to apply for income support if their rent was going up. Of course, we now know that that scenario is not as acute as we first thought. What we are doing, and it is taking time obviously because our premises are limited and there are a lot of people working in the building and we have to rearrange things gradually, but we are looking to place more of the support for pensioners in one area rather than them having to go across to income support, the other side of the building. We would concentrate all the services for pensioners in one area so they would be dealing with an officer who could help them with their first claim for their pension or any query about their pension, also find out more about income support and some of the other benefits that relate to the 65-plus group. So we are working towards that and, as I said before, as soon as somebody qualifies for the pension we notify them of the various other benefits.

The Deputy of St. Ouen:

Are there ways of identifying these people by utilising information that is already gathered by another States department, for argument's sake Income Tax?

The Minister for Social Security:

Income Tax?

The Deputy of St. Ouen:

Yes, as a for instance.

The Minister for Social Security:

Well, it is difficult because income tax is about income and some people who are pensioners, for example, could have a lot of assets but not much income. They could have property which they are not collecting a rental return on or investments or whatever. So I am not sure the tax information would be sufficient indication that somebody might need income support. As I say, I think the only way is making pensioners, as they qualify for a pension ... and also we do an uprate every year and there is another opportunity there to notify them of any benefits that they might be entitled to.

The Deputy of St. Peter:

There are a lot of older people out there who as they age are probably sitting on a diminishing capital base and, therefore, their position deteriorates. Due to their age, they have different perceptions of income support and what Social Security does. How do you reach out to those people?

The Minister for Social Security:

Well, another example of what we have done recently is using the Jersey Consumer Council newsletter, which goes to every home in the Island, or I think it does anyway; it comes to mine. We have articles in there. We have had an article I think it was before Christmas and I think that was directed at pensioners, was that one?

Policy and Strategy Director:

There was one focused on healthcare costs and the next edition is going to have a more general income support ... how to apply for income support, a general article about it, so that would again encourage people and give people specific information about how to make an application.

The Deputy of St. Peter:

For example, I spoke to one parishioner recently who said: "I do not want to succumb to the poor law, my dear". There is still that perception among the older section of our community of something that is very different to what it is. It is perhaps a difficult barrier to break down, I imagine.

The Minister for Social Security:

Well, I am sure you dispelled the myth about that, did you not? **[Laughter]**

The Deputy of St. Peter:

I think really why we are raising the point is it is a very entrenched view, is it not, and it is actually quite difficult to dispel that myth.

The Minister for Social Security:

Yes. One cannot get away that income support is a statutory benefit now and I think some people still ... you still hear people in the States Assembly referring to it as parish welfare, which of course it is not. That is only a small element of income support, 14 benefits combined. We have to accept that this benefit is here to stay. Certainly, we produced our annual report on the income support benefit scheme last year and we will be doing another one this year, which we hope to combine with our annual accounts. So the information is in the public domain if people want to find out about it.

The Deputy of St. Peter:

Talking about correspondence, another parish matter we have been communicating with each other over is the issue of the way you correspond with people when their situation is changing and the concern that telephone calls are made sometimes to inform people that they are reaching 60 and about to receive their pension. There is the suggestion that people would prefer written communication so that they had a trail of communication with yourselves. What do you think about that?

The Minister for Social Security:

I think I will refer to ...

Operations Director:

Yes, we do write to people significantly in advance of their pension age coming up, 65 and so on. It is not normally a phone call so I would be interested to find out more about that because that is not what we do.

The Deputy of St. Peter:

Okay. That is interesting. I was told that it was literally a phone call and that was it.

Operations Director:

We might follow up concerns or lack of response with maybe a phone call, but no, we would ... absolutely right.

The Deputy of St. Ouen:

Just as a follow-up question in this area before we move on, again you speak about a review, reviewing access to income support services for older residents and implementing operational changes. From what you just described, is that the work that you have been undertaking?

The Minister for Social Security:

Yes, it is.

The Deputy of St. Ouen:

Those changes will be acted upon by the end of this year?

The Minister for Social Security:

Subject to the space being available and the staff being trained appropriately, yes.

The Deputy of St. Ouen:

Then you also say you are looking to seek approval for primary legislation in respect of food cost bonus and cold weather bonus. Can you just explain a little bit about what plans you have in that area?

The Minister for Social Security:

Well, the current food cost bonus and cold weather bonus is in place by regulation, triennial regulations, which obviously have to be renewed every 3 years. Because that is extra work for the department every 3 years, the idea would be to write it into primary legislation. Sue can perhaps clarify.

Policy and Strategy Director:

Yes, triennial regulations are a way in which you can enact legislation very quickly and that runs back to the G.S.T. (goods and services tax) bonus, which was brought in quite quickly before G.S.T. came in. You are not really supposed to keep on renewing them. They are not supposed to be there like a thing you can replace every 3 years. If you look to the TV licence benefit, that is a very similar example where a budget debate agreed literally in debate that there should be a TV licence benefit and the department at that time very quickly put in place a triennial regulation. If

you look at the TV licence benefit law, it is about one line long and it just says: "There will be regulations" and then the regulations list it there. So it might just be a procedural thing to get primary legislation in place but we would obviously take the opportunity at the same time to have a look to see whether we do need to make some changes. But we are really just trying to remove the triennial regulations which are not supposed to be a permanent feature and replace it with a proper primary legislation. It is more of a procedural thing than a policy thing.

The Deputy of St. Ouen:

Does this mean that the food cost bonus and cold weather bonus will continue to be provided for ever as part of the overall support?

The Minister for Social Security:

Well, if we wanted to change that we would have to bring a States debate on that very issue. As far as I am aware, we have no plans to change, but that would be subject to States approval if we were to change the schemes in any way.

The Deputy of St. Ouen:

If you introduce it into primary legislation it makes it more permanent, does it not?

The Minister for Social Security:

Well, exactly, that is my point. You asked the question whether we would want to change it. If we want to change it, we would have to have a States debate, which would change the scheme in some way or other or perhaps cease paying something, and that means ... we are making provision at the moment to put an enabling provision in primary law, which would be backed up by regulations as Sue has just described. But if between now and then there was a States decision that we stopped paying a particular benefit or we changed a particular benefit, then obviously that would take effect. As far as I am aware, we have no plans to do that.

The Deputy of St. Ouen:

I just need to clarify this for my own peace of mind. If the States agree to include food cost bonus and cold weather bonus in primary legislation, it will mean that that will be an ongoing cost or provision included in the overall benefit scheme that we currently provide?

The Minister for Social Security:

Correct.

The Deputy of St. Ouen:

It will be more secure than if it was left in the triennial regulations, which could be adjusted on a 3-year basis?

The Minister for Social Security:

Yes, that is correct.

The Deputy of St. Ouen:

Thank you.

The Deputy of St. Peter:

That is actually a good point to raise our next question. We noted in your business plan that there is an intention to save another £3 million in addition to your C.S.R. (Comprehensive Spending Review) saving. We were interested to know how you anticipate achieving that given we have already spoken of at least 2 items that are going to increase the burden on income support and, of course, we already have a deteriorating situation with jobs.

The Minister for Social Security:

Yes. We have not done a lot of work on this yet. It is 2014 we have to start to make the savings. It is a piece of work that we will be doing in the latter half of this year. We are starting to look at ideas of how savings might be made, but I cannot give you any detail because we have not decided on the detail of it at all yet.

The Deputy of St. Ouen:

Just to conclude this, you are suggesting that operational changes would be completed to deliver the £3 million annual savings by 31st December this year. You are saying that currently no work has been undertaken to identify the £3 million savings, which is significant by anybody's view.

The Minister for Social Security:

Well, work is going on at officer level but we have not at ministerial level discussed the options that would be available to us to make those savings. But there is still time in my opinion to do that. We obviously are progressing some of the other bits of legislation that we have been told to get on with; for example, changing the method of calculating the old age pension which we have lodged, the backdated payment that we have had to make arrangements to do. There is a lot of other work taking place, but we will be giving this a higher priority once we get some of that legislation out the way.

The Deputy of St. Ouen:

Can I ask how does that fit in the bigger picture when we know that we have a greater demand on the department regarding benefits because we have large numbers of people unemployed, economic conditions are depressed, and yet you seem to be suggesting that with relative ease £3 million savings can be achieved. The signs are, certainly up to date, that actually your department is requiring additional funds to meet the extra need, not less. Can you just explain the rationale behind that?

The Minister for Social Security:

Yes, I think I can explain it. We are talking about saving of the core system of funding taxable benefits. So it does not have to be income support, it could be other taxable benefits that we provide. Those of you with a good memory will remember that we changed the Christmas bonus. That was to make savings under C.S.R. and that is a tax-funded benefit. So there are other benefits that we pay that we could look at.

[14:00]

It is about changing the core funding, not about the need for extra money for the number of claimants that might be coming through at the moment. So we are not going to just close the door because we have run out of money because there are more people asking for benefit, but it is about looking at the core costs of some of these benefits and seeing where the savings can be made for ongoing savings in the future. There is a difference. I am not sure I have explained it that well. Richard, do you want to explain it better than that?

Chief Officer:

I will try. **[Laughter]** Yes, I know from the outside it looks a bit odd that you would actually grow the income support budget and say that you have made a saving, but the position would be that, say, if income support was going to cost £66 million, this would mean that you would spend £63 million. If it grew because there was greater unemployment or more need and it grew to £70 million, this £3 million would make it £67 million. That is in a nutshell how it would work. It means whatever the income support costs would have otherwise been this will reduce that cost by £3 million. I think you have probably explained it better.

The Minister for Social Security:

This is not easy to explain but hopefully we got ...

Deputy J.A. Hilton:

So are you quite confident then that when you come to discussing the £3 million savings that you will be able to find it and that States Members will support you?

The Minister for Social Security:

Well, it is a very good point. Whatever we come up with will be challenged by States Members and I am sure by your Scrutiny Panel, but we were charged to do this in the medium-term financial plan. The States voted for the medium-term financial plan, the majority of people, so we have to find a way of making those savings. As I say, it may not just come out of the income support budget. There are other benefits we pay which we could look at as well.

Deputy J.A. Hilton:

I am just interested to know how much your income support benefit payments in the last 2 months have increased over December 2012 with the number of people who have lost their jobs in the last couple of months. Do you have any idea of the additional expenditure?

Operations Director:

The number of claimants has gone up, but I do not have the financial information here today. The number of claimants has gone up, though some of the uplift in unemployment numbers were people who do not claim income support. Some of that uplift was a high proportion of new people coming on to the register were not claiming income support.

Deputy J.A. Hilton:

I have a figure in my mind of ... I do not know whether I am correct. Has income support gone up by something like 30 per cent in the last 3 years, your budget for income support, or does that sound ...?

The Minister for Social Security:

There are various versions of that one.

Chief Officer:

We have not finalised the numbers for 2012 so I would have to come back to you on the last 3 years.

Deputy J.A. Hilton:

Yes, I would be really interested to hear how much it has actually increased by in the past few years.

The Minister for Social Security:

Well, one thing that is clear, though, we did set a budget for 2012 and the budget was not being used to the full extent that we expected until the last quarter. By the time we got to the last quarter we were actually paying out on income support per day what we had anticipated it would be, but we had a lower uptake in the first 3 quarters. So that is why we had some carry-forward figures.

Deputy J.A. Hilton:

So by the end of 2012 you were still within budget then despite the increasing numbers of unemployed?

The Minister for Social Security:

Yes.

Deputy J.A. Hilton:

Okay, thank you.

The Deputy of St. Peter:

Do you have any understanding of why the people out of work are not eligible? Is it due to lack of time in the Island or better position personally? Do you have a breakdown of that?

Operations Director:

I know it is a complete mixture of individuals. Some individuals may be in the process of claiming income support and, therefore, may end up receiving income support even if they are not today. Others may have the assets from redundancy and so on that exclude them from claiming. A total mixture.

The Deputy of St. Peter:

Thank you.

Deputy J.A. Hilton:

Have you, Minister, been asked to hold hearings or appeals for people who have applied for income support who do not actually qualify through their residence? Have you had many instances of that?

The Minister for Social Security:

Since we changed the rules?

Deputy J.A. Hilton:

Well, with people who have lived here less than 5 years who are not eligible to claim, are you asked to hold a hearing to consider those? I understand you can make decisions outside the rules.

The Minister for Social Security:

Well, yes.

Deputy J.A. Hilton:

I am just curious as to the sort of numbers.

The Minister for Social Security:

I do get asked to consider some extreme situations where people have not done their 5 years. They have to be very extreme situations that we would go outside of the rules on qualification and no, they are not numerous. They are fairly small in number.

Deputy J.A. Hilton:

All right, thank you.

The Deputy of St. Ouen:

Are you considering extending the period of time before people can access the benefits that are available to our local residents?

The Minister for Social Security:

We have no plans to do that at the moment.

Deputy J.A. Hilton:

No discussions around increasing it from 5 years to 10 years to match the housing qualification?

The Minister for Social Security:

Well, the Control of Housing and Work Law, there was discussions about whether the time period to be entitled for work should be 10 years, not 5 years, when we first debated that. I think the Scrutiny Panel has also come back with their report suggesting that we should look again at whether we should have a 10-year period before being entitled to work. Obviously, that might trigger responses to look at the income support benefit period as well. We did consult ... well, not consult, but in part of the annual social survey last year there was a question about was 5 years about the right period and there was nothing there that gave us a definite steer either way. It is something we keep under review all the time, but there are no plans to change at the moment.

Deputy J.A. Hilton:

No, okay.

The Deputy of St. Peter:

As we are on the subject of unemployment, it is difficult to avoid the latest figures that have been published this week. What are your thoughts about the position now and where we are heading?

The Minister for Social Security:

Well, we have to look back as to where we are when we lost ... when we knew we were going to lose the fulfilment industry as a result of the removal of low value consignment relief, L.V.C.R., yes. We had to make predictions then of where unemployment levels might go to. Our predictions were more pessimistic for the end of December of 2012 than actually occurred, but obviously we still have one large fulfilment company which is letting the last of their staff go at the end of March so that will have an effect on the registered unemployed. Sadly, over the last couple of weeks and certainly since the turn of the year we have had a number of retail businesses close down or have financial difficulties. So the numbers are sadly only going one way at the moment, but we did achieve through the back to work various schemes helping 1,300 people, just in excess of 1,300 people, into jobs last year, paid jobs. Without that fantastic effort, I would say we would be in a much more sorry place than we are at the moment.

The Deputy of St. Ouen:

Could you just confirm that was 1,300 did you say?

The Minister for Social Security:

I think the figure is 1,326.

The Deputy of St. Ouen:

What do you term as full-time work?

The Minister for Social Security:

Well, they are not all full-time positions. They are paid positions. I did not actually say full-time; I said paid positions.

The Deputy of St. Ouen:

Oh, okay.

The Minister for Social Security:

Help through schemes such as Advance to Work, Advance Plus, Work Zone, long-term unemployment unit, et cetera.

The Deputy of St. Ouen:

Are you able to out of that 1,300 identify those that have remained in permanent work, those that have entered temporary or voluntary work or part-time work, shall I say, and those that have fallen out of the system? Are you able to provide ...

The Minister for Social Security:

We are doing that analysis at the moment. We have done it certainly for the first quarter of 2012. The data we have to use is the quarterly return from employers for social security and obviously for the last quarter of 2012 those returns come in in the first few weeks of January. Ian is responsible for that and he might want to clarify.

Operations Director:

Yes. So the analysis is almost completed for that first quarter and then we will be able to flex the model out over the rest of the year. What is important is all our schemes ... and, in fact, we recommend that any job is better than no job, so a temporary job for a week is better than having no job at all. So we would encourage anybody to take an opportunity, get in somewhere, and try and make the most of it, even if it is only for a week or 2 weeks because it could lead on to other employment and certainly adds to your C.V. (curriculum vitae) and gives you better chances of getting a further job. So that 1,326 jobs we talk about, they are not full-time jobs, they are not permanent jobs, they are all sorts, a mixture, but our analysis will confirm those that we thought were going to be permanent, what percentage of people stayed in those jobs, and of the temporary jobs how many of them led on to longer term jobs. That is the analysis we are conducting and completing at the moment.

The Deputy of St. Ouen:

I am interested to understand a little bit more about the way that you plan to capture the information based on manpower because forgive me if I have this wrong but I understood that for those that were seeking work or back to work we continue to provide support to those individuals on a week by week basis. So it would have seemed to me as an outsider looking in that you could quite easily make it a condition of accessing that money that you are kept notified of that particular individual's situation and where they were being employed so that ... because obviously if they obtain a full-time job at some time I presume that the benefit, £90 a week or whatever it is, will fall away and that they will then continue to obviously earn money from their employment.

The Minister for Social Security:

Well, you are absolutely right. We need to have more robust systems for capturing that sort of information. For example, where we have done this is to do with the employment grant that we offer employers who take on somebody who has been unemployed for more than 12 months. So we have exact figures on that because we have been able to establish that after 6 months 80 per cent of the people who were taken on on the basis of a full-time job or a long-term contract are still in that job after 6 months. So we have been able to do it with closely following the fortunes, if you like, of the people who were found work through the employment grant scheme. You have to remember that there is a big churn of people coming in and out of the department, coming in and out of being registered as actively seeking work. I think the figure for January was 400 new registrations. It is very difficult to have systems that can monitor all these people and where they are going and which jobs they get. For example, at Christmas we placed a lot of people temporarily with the post office when they needed extra people to help with the delivery of the post. So keeping a track on everybody and who is at any one time registered is not as easy as it might sound when you are dealing in numbers of 2,000+ now currently registered as unemployed.

The Deputy of St. Ouen:

I suppose my only question is that, and I appreciate the difficulties, but how confident are you that the support that we are offering to encourage people to seek employment actually is being directed to the individuals and not being abused by some who would maybe seek to avoid notifying the department or otherwise of their employment or lack of it?

The Minister for Social Security:

I am very confident that what we are doing on back to work is incredibly valuable in the sense of helping people find work because for the first time, because we have had the extra resources, we have been able to have people working on a one to one basis with certainly the longer term unemployed, i.e. in that sense I am talking somebody who has been unemployed more than 13 weeks. Because the first 13 weeks we tend to let them do their own job search activities in the career that they were previously engaged. After that, we tend to work much more closely with them looking at other alternative positions or training they might need, whether they are eligible for courses, et cetera. So I am very confident that we are doing a lot on a one to one basis to support people and also, and this works particularly with the employment grant and the long-term unemployment unit, we actually mentor them while they are in the new job to see if there are any issues that arise, whether we can talk to the employer or perhaps arrange some more training that they might need. So there is a lot of support going in but, as I said before, you have to remember that there is a big churn of people coming in and out of the department, registering perhaps one week, finding a job a week later, and it is very difficult to keep track of all those people. But, of course, if they are income support we will know that their claim has come to an end.

The Deputy of St. Ouen:

Thank you.

Deputy J.A. Hilton:

Can I ask you a question around social security contributions for the unemployed? You have your unemployment figures, but I understand not everybody registers as unemployed, and particularly I think people who are employed in the finance industry. What are the rules currently with regard to social security contributions? Who has to pay and while they are unemployed at what period does that actually kick in?

The Minister for Social Security:

This is quite a complex area to explain in a few sentences.

Deputy J.A. Hilton:

Oh, right.

[14:15]

The Minister for Social Security:

Because everybody ... well, not everybody, but there are different circumstances.

Deputy J.A. Hilton:

What I wanted to try and establish was whether when somebody is genuinely unemployed but they were not registered with you because maybe they are in the finance industry, do they have to pay the normal ... how much social security do they actually have to pay? There must be some people who find that quite difficult.

The Minister for Social Security:

Okay. Well, officers are here to correct me if I get this wrong. If they do not register, then they are treated by the social security contribution system as being self-employed.

Assistant Minister for Social Security:

Class 2.

The Minister for Social Security:

Class 2, yes, and therefore they will be liable for class 2 contributions, which is effectively based on your tax return looking back over 2 years. So that is an issue that it would be best if people were declared or made unemployed or lose their jobs that they come and register because we can obviously give contribution credits. Obviously, if they have had a ... this is where it gets

complicated because if they have taken redundancy voluntarily, then we do not give them credits. But if they are made redundant through no fault of their own and it is a compulsory redundancy, then they would get their credits. I will defer to any further comment on that.

Deputy J.A. Hilton:

Basically, I think if I have understood correctly then, if somebody is made unemployed as long as they register as unemployed their social security will be credited?

The Minister for Social Security:

Yes.

Deputy J.A. Hilton:

Okay, thank you.

Chief Officer:

Well, it depends what the reason for the unemployment was.

The Minister for Social Security:

Yes.

Deputy J.A. Hilton:

Well, if they are made redundant, yes.

Chief Officer:

In the event of compulsory redundancy ...

The Minister for Social Security:

Through no fault of their own.

Deputy J.A. Hilton:

Yes, through no fault of their own, basically, yes.

Chief Officer:

Compulsory redundancy would fall into the bracket of credit.

Deputy J.A. Hilton:

Yes, okay. Thank you.

The Deputy of St. Peter:

Shall we move on to health issues if we could?

The Minister for Social Security:

Oh, yes.

The Deputy of St. Peter:

Slight change of tack. There is a recent ministerial decision transferring £300,000 to Health regarding easy access to G.P.s (general practitioners) for the under-5s. We wanted to know whether that under-5 access to G.P.s is part of the £300,000 or if that is a separate piece of work.

The Minister for Social Security:

No, I am afraid that is not correct. The £300,000 was to do with the modelling of primary healthcare and a funding mechanism for primary healthcare. It was not to do with the under-5s, although you could argue that that particular business case fits into the modelling of primary healthcare, but it was to pay for Health and Social Services to develop the model. Obviously, we do not have any control over how it is being spent. We just transferred money from our over ... sorry, not overspends. What was it called?

Assistant Minister for Social Security:

Underspends.

The Minister for Social Security:

Oh, not overspends, underspends, from 2012 to assist them with the work that needed to be done. Because obviously primary healthcare is an issue that we are involved with as well.

The Deputy of St. Peter:

Yes, and I presume as you sit on the ministerial oversight group also you have some continuing interest?

The Minister for Social Security:

Yes, but this is to do a specific piece of work. It is not to fund anything for the under-5s or anything like that. It is purely to do with the administration of preparing a proposition really and a sustainable model of primary healthcare for the future.

The Deputy of St. Peter:

How is that work progressing? It is due to be complete before September 2014.

The Minister for Social Security:

Well, the ministerial oversight group that I sit on has not had a report back. I know that the group who are working on this have drawn up terms of reference, which I have seen and which will be coming to the ministerial oversight group for approval. Then the work ... well, the work has already started but it will obviously pick up in pace.

The Deputy of St. Peter:

Okay, thank you.

The Deputy of St. Ouen:

I would just like to explore a little bit more about the development of a primary care strategy and the need for a sustainable funding mechanism. Can you just tell us a little bit about what efforts you are making in that particular area?

The Minister for Social Security:

I cannot really comment too much because at the moment it is very much being done at officer level. While obviously we are having an input into that, it is being driven by Health and Social Services because it is their ... that is why we gave them the money. It is their drive to produce the model and we will be at officer level at the moment playing our part in attending meetings, et cetera.

The Deputy of St. Ouen:

So are we to believe that the funding will not come from the Health Insurance Fund?

The Minister for Social Security:

Health Insurance Fund? We do not know. It is entirely ... the whole point of having the group looking at sustainable funding for primary healthcare is to decide whether the existing system of social security contributions going into the Health Insurance Fund is the way forward or whether there would be a new health insurance tax or benefit ... not benefit, sorry, a tax. No decisions have been made because that is what the piece of work is all about is to find out what level of funding would be required looking into the future to fund healthcare in Jersey. Of course, healthcare extends beyond obviously the hospital.

The Deputy of St. Ouen:

But you have not personally given any directions to your department staff regarding what is acceptable and what is not regarding a sustainable funding mechanism?

The Minister for Social Security:

I have not, no.

Deputy J.A. Hilton:

I just wanted to ask you a question around long-term care and where you were with that piece of work. Are you confident that it is going to be introduced in January 2014?

The Minister for Social Security:

Yes, that is one of the ministerial oversight groups that I told you we had set up. It is called the political steering group. We have had 2 meetings so far in January. We have another meeting scheduled for the first week of March I think it is, or second week of March ... or was it April? Sorry, April, I beg your pardon, April. We are working on various ... we have been using the services of Oxera to help us develop a model that we can look at funding because obviously the big issue here is the cost of delivering this new benefit. So we have been using a model to test out various scenarios by way of how it could be funded into the future and we have had some direction from the political steering group and we will be coming back with some models that we have done on a way forward for delivering the benefit. The work with the Tax Department has very much progressed and we still are working to a delivery of introducing the collection of the contributions from 1st January 2014 and the first payments hopefully from July of 2014. It is still the target.

Deputy J.A. Hilton:

At the start of this process I believe there was talk of a charge of 1.5 per cent but I think latterly a figure of 2 per cent has been mentioned. Are you able to give us any indication of whether that figure of 2 per cent stands or do you think it is going to be even higher than that?

The Minister for Social Security:

Well, I think it is important to consider the current economic climate in Jersey before we start publicly saying it is going to be 2 per cent. We are very mindful that many people have had a pay freeze; some people are obviously losing their jobs. We do not want to impose a high contribution on the public because, of course, it will be paid by employees and some pensioners. So that is why we have been very careful in looking at the model that we come forward with for establishing the benefits. I would not want to be committed today at all to say what the rate would be.

The Deputy of St. Ouen:

Do you have any concerns overall when you look at the funding that is going to be required or the increased funding that is going to be required to deliver long-term care, for instance? We are talking of a 2 per cent increase in contributions. Primary care funding, again there is likely to be an additional requirement. We are talking of possible contribution rate increases linked to pension funding, which you mentioned again in your business plan. That is apart from obviously all the

other numerous areas that we know funding is required to be increased. What views or comments are you making on these ministerial oversight groups when sitting down and discussing these matters? Because these are significant increases which the individual and local person will have to face.

The Minister for Social Security:

Well, absolutely, and that is why we have to look at everything in a global view rather than just pursuing the interests of one particular group who might benefit from a particular initiative. We have to and we are very mindful, as I said before, of the impact on employment and the economy. If we take more money out of the economy by raising contributions, whether it is for social security, long-term care, health, all of those things take money out of the economy at a time when we are trying to grow the economy again and get people back into work. These are all things that have to be phased in. We have a medium-term financial plan that says there will be no increases in taxation in the next 3 years. Obviously, the work on the next medium-term financial plan will start, if it has not already started, certainly in late 2014. That has to take into account which ... we are doing an actuarial review of the Social Security Fund this year and the Health Insurance Fund so we will know by the time we get those responses from the Government Actuary as to whether the scheme is sustainable without any further increases for another period or whether we need to start gradually increasing contributions again. We will be guided by the information certainly at Social Security that we receive from the Government Actuary, but you are absolutely correct that they are costs to the new Health White Paper which have not been finalised or have not been really calculated, I think. All these things have to be looked at together because it will obviously remove money from people's pockets.

The Deputy of St. Ouen:

I suppose a final question on this matter is how realistic is it, do you believe, to raise the public expectations and perhaps even States Members that these matters would all be dealt with and delivered within the next 18-20 months and if they are who is thinking about the overall impact on those in employment and otherwise, in fairness.

The Minister for Social Security:

Well, who is looking at it; I would say the Council of Ministers because all proposals to increase contributions, taxes or whatever come before the Council for discussion. Obviously, the Council are taking an overall view of what is happening in the economy and the effect that raising taxes or contributions has on the economy and people's wage packets or whatever.

The Deputy of St. Ouen:

Right, so are you confident that the timescale set will be met?

The Minister for Social Security:

Which timescale, sorry?

The Deputy of St. Ouen:

Well, for long-term care, primary care funding, the bringing forward proposals to address pension fund, actuarial results and so on and so forth.

The Minister for Social Security:

I can be confident about the ones that I am responsible for, but I cannot be speaking for other people's areas of responsibility.

The Deputy of St. Ouen:

So which are? Because it seems as though you are responsible for long-term care, primary care funding, contribution rate increases, pension funding. These are all parts of your business plan, not anybody else's.

The Minister for Social Security:

Yes, but you have labelled primary healthcare funding, I think you really mean health funding across the whole parameters of health in the Island.

The Deputy of St. Ouen:

There is actually development of primary care strategy and development of sustainable funding. You already allowed and agreed, promoted to the States, that we should use the Health Insurance Fund to fund additional services to G.P.s for argument's sake. We know that that contribution subsidy is there. You are directly responsible for that fund, are you not?

The Minister for Social Security:

Yes, absolutely. Yes, you are right, but we are not going to do something in isolation with the Health Insurance Fund contributions if it is not part of the overall strategy for healthcare in Jersey because that would be rather foolish. We already have a mechanism, obviously, with the Health Insurance Fund of collecting contributions for healthcare so we are not going to change the current rates of contribution unless it is part of an overall review of healthcare in Jersey, which of course is what has taken place. But so far as social security contributions, that is entirely down to myself and the officers based on the actuary reports to decide if we need to start increasing contribution rates and the long-term care benefit is subject to the political steering group signing off the proposals that we put.

The Deputy of St. Peter:

The time is against us, but if you will indulge me can I ask one more quick question, please? It is about the Discrimination Law, which we have not yet touched on today.

[14:30]

It is obviously one of your main pieces of work coming to the States very soon. As you just mentioned, we have to take into account the position of the economy at the moment. I wonder if you have had any discussions with the Minister for Economic Development about his views regarding the introduction of the Discrimination Law and any impact on the economy.

The Minister for Social Security:

We have had discussions at the Council of Ministers when I brought the draft law to the Council of Ministers. The Minister for Economic Development quite rightly said that there may be an impact on businesses, particularly small businesses, and that needed to be taken into consideration. Really, what I would say is that the Jersey Advisory and Conciliation Service, J.A.C.S., have been doing training for employers on discrimination issues for something in the region of 3 to 4 years. We have agreed that we will fund out of our Social Security budget free places for people to attend relevant training with J.A.C.S. The surveys that have been released recently all indicate that the first characteristic that we intend to introduce of race is not one that should cause the majority if not all businesses any particular concerns. I think the Minister for Economic Development is supportive of the direction we are taking. He did vote for the law when it came to the States, as did the majority of States Members.

The Deputy of St. Peter:

Okay. Thank you very much. We will close the meeting.

[14:31]