

STATES OF JERSEY

Health and Social Services Scrutiny Panel Quarterly Meeting with the Minister for Social Security

THURSDAY, 29th JUNE 2017

Panel:

Deputy R.J. Renouf of St. Ouen (Chairman)

Deputy G.P. Southern of St. Helier

Deputy T.A. MacDonald of St. Saviour

Senator S.C. Ferguson

Witnesses:

Deputy S.J. Pinel of St. Clement - The Minister for Social Security

Chief Officer, Social Security

Director, Policy and Strategy

Operations Director

[14:32]

Deputy R.J. Renouf of St. Ouen (Chairman):

Ladies and gentlemen, this is a meeting of the Health and Social Security Scrutiny Panel and we are having one of our regular quarterly meetings with the Minister for Social Security and her officers. So in the usual way we will introduce ourselves and I will ask the Minister to introduce herself and her team. So I am Deputy Richard Renouf and I am Chairman of the Panel.

Deputy G.P. Southern of St. Helier:

I am Deputy Southern, the Vice-Chairman.

Deputy T.A. McDonald of St. Saviour:

Deputy Terry McDonald, member of the Panel.

Senator S.C. Ferguson:

Senator Sarah Ferguson, member of the Panel.

The Minister for Social Security:

Deputy Susie Pinel, Minister for Social Security.

Chief Officer, Social Security:

Chief Officer.

Director, Policy and Strategy:

Director

Operations Director:

Operations Director

The Deputy of St. Ouen:

Thank you. We are accompanied by our officer, Kelly Boydens and apologies from Deputy Jacqui Hilton who is out of the island. So can I ask Deputy Southern put our first question to you.

Deputy G.P. Southern:

Yes, we note your decision to uprate the income support benefit by 2.9 per cent and we wonder if this is the beginning of a new policy of what we will see in the years to come on benefits?

The Minister for Social Security:

Inasmuch as the income support agreed by the Assembly frozen across all components with the exception of rental component and childcare component for 2 years as part of the Medium Term Financial Plan, and it was always the policy of Social Security to agree an uprate, i.e. releasing the freezing in 2017/2018 as part of that Medium Term Financial Plan and the 2.9 per cent has been agreed in line with R.P.I. (Retail Price Index).

Deputy G.P. Southern:

Will there be future upratings? Is this going to be the norm or not?

The Minister for Social Security:

We are not setting the rate, an uprate, for 2018 until we see obviously what the R.P.I. levels are but we did agree that we would increase the components in 2017 and 2018. But it has got to be with the agreement of the States.

The Deputy of St. Ouen:

Yes, but there is a planned increase for next year?

The Minister for Social Security:

Yes, but we do not know what it will be.

The Deputy of St. Ouen:

No, I understand, but that is in the programme?

The Minister for Social Security:

Yes.

The Deputy of St. Ouen:

Okay, is that all components?

The Minister for Social Security:

It is across income support components, yes.

Director, Policy and Strategy:

I think it is too soon to say. So the certainty that we have is that the budget exists for an uprate in 2018. There need to be an analysis of where that money should be allocated to so it is much too early to say whether it would be like this year across the board or whether it would be targeted in particular areas.

Deputy G.P. Southern:

Talk to us about targeting. What do you mean there?

Director, Policy and Strategy:

I do not have it with me today.

Deputy G.P. Southern:

So it may be targeted in future, so talk to us about what you think that targeting may involve, please?

Director, Policy and Strategy:

I would suggest it is a bit too early to discuss today what we should be doing the end of 2018. We need to see where we are in terms of pressures from pertinent areas as to where we should be. So this is not a random uprate, which is very good news compared to the last 2 years where we have not been able to target the money.

The Minister for Social Security:

Bearing in mind that the rent component and the childcare component has been excluded all the way along from being frozen.

The Deputy of St. Ouen:

Is there any desire to catch up because the adult component was stuck at 2010 rates until the recent increase, so there is a loss of a number of years R.P.I. there? Is there any desire to catch up and restore the rates to the original value, the 2010 values?

The Minister for Social Security:

What do you mean 2010 values, that is an increase over 7 years? We are increasing it by 2.9 per cent, which is the R.P.I. for a year. It will depend next year, we have already said there will be an uprate but we do not know what that level it is.

Deputy G.P. Southern:

Is there any consideration being given to the uprating by more than R.P.I. to accommodate the fact that, for example, the adult rate has fallen £11.50 behind where it started so people are relatively less well off? Is there any attempt over time to play catch up with that?

The Minister for Social Security:

In my view, no, because there is not the money to do that. That is why in the M.T.F.P. (Medium Term Financial Plan), which was agreed by the States Assembly that the components, all the components not just the adult components, apart from rental and childcare, would be frozen for 2 years. Which meant that it stayed static. It does not go backwards, it just stayed static.

Deputy G.P. Southern:

It goes backwards because inflation does not stop.

The Minister for Social Security:

But inflation has been negligible as you ...

Deputy G.P. Southern:

Inflation since 2010 has been 16 per cent, Minister, you are aware of that surely.

The Minister for Social Security:

Now we have said, as we promised we would do to accommodate some increase, we are doing that providing States agree this when I bring the proposition.

Deputy G.P. Southern:

There may be at some stage a decision to target benefits in some way or another and at this stage no consideration has been given to potentially greater than R.P.I. awards from 2019 onwards.

When might we know when you would be considering what the plan is for 2019 onwards?

The Minister for Social Security:

That would be part of the M.T.F.P. 3, which would be the latter part of 2018 as to what facilities we had. Yet there is the M.T.F.P. 2, as you well know, asked us to make £10 million worth of savings which we have done and that lasts for this current M.T.F.P. so the next one will see what leeway we have with finances as to whether we can increase anything anymore.

Deputy G.P. Southern:

Do you, Minister, think that the rates at which the award was originally set in 2008 were too high?

The Minister for Social Security:

I was going to say I was not around in 2008, I mean I was not part of the States but it was a move from parish welfare, as you well know, which started in 2006, it came into effect in 2008 and I think in 2006, as we all know, that there was no threat of a recession at that stage and so I think the general budget levels across the board, not necessarily to do with particular adult components or whatever were levelled at what it would have been on parish welfare because that is all anybody had to go on.

Deputy G.P. Southern:

Were they too generous? Because you have now let, for example, the adult component fall £11.50 behind where it was.

The Minister for Social Security:

Well, I cannot say whether they were too generous as I did not set the rates but of course in 2008 there was a massive recession which hit everybody so I think all that has to come into the equation.

Deputy G.P. Southern:

But during the recession after 2010 you froze those rates so presumably you accepted that the value, the real terms value of those awards would go down?

The Minister for Social Security:

In 2010 it was, yes, the adult component rate had not gone up but we have, I hope, compensated for that by ...

Deputy G.P. Southern:

Nor the child, nor the ...

The Minister for Social Security:

Nor the child. But rents consistently have, the child component, no, has not.

Deputy G.P. Southern:

Child poverty has obviously gone up in this. To what extent do you think that child poverty has been a response?

The Minister for Social Security:

I think we have countered it by increasing what we ... one of our strategic aims is to encourage financial independence and in so doing we have raised what is known as the disregard, which is not a very acceptable description but to increase financial independence so that people keep more of their own income. Their own income is more protected. That has gone up by 11 per cent in the last 4 years so there is always a balance for these things.

Deputy G.P. Southern:

But that was not the last 4 years, the disregard was set at 23 per cent back in 2010.

The Minister for Social Security:

No, I am afraid it was not.

Director, Policy and Strategy:

Sorry, this was mentioned in the States and I will give the reference as well. So if you look at R. and O. 31/2014, so that is income support amendments made in 2014, you will find it on the Jersey law website, on 7th April 2014 the disregard went from 20 per cent to 23 per cent, so that would be at the time of the change to Andium. I do not know if it is that date but it was in 2014 that the 23 per cent was identified.

Deputy G.P. Southern:

Okay.

Director, Policy and Strategy:

So in 2010 the rate was 12 per cent, it increased to 16.5 per cent in June 2011 and then it increased again to 20 per cent later that year and then to 23 per cent in April 2014. I can send you all the references if that would be helpful.

Deputy G.P. Southern:

That would be very helpful and I will assure you that I will drop it from armourey henceforth.

The Deputy of St. Ouen:

Now, the disregard helps those who are earning some income but it is of no help to those who cannot work because of illness or disability and rely on income support in its entirety. So they are surely the most vulnerable people that the income support scheme is trying to look after. Have you got anything, Minister, that you can provide for them in the light of no change since 2010?

The Minister for Social Security:

Well, they are supported by - depending on the situation they are in - short-term incapacity or long-term incapacity or personal care allowances. There is a whole range of support for people who cannot work through illness.

The Deputy of St. Ouen:

Yes, but that is not additional income for them, is it?

The Minister for Social Security:

It is income.

The Deputy of St. Ouen:

If they were on long-term incapacity, that is right, that is what they would receive, they would not receive any more, they would not receive the income support on top of that, would they?

Deputy G.P. Southern:

Because you eliminated the disregard. You made their lot even worse off, if you cannot work you used to get a 5 per cent disregard on your long-term incapacity ...

The Minister for Social Security:

Yes, 6 per cent.

Deputy G.P. Southern:

Six per cent, sorry. But now you have removed that so you are worse off. Worse off by approximately £9 a week.

[14:45]

The Minister for Social Security:

That was done in the realm of targeting the income support or allowances that are given, inasmuch as prior to removing that disregard or income protection, the people on L.T.I.A. (Long-term Incapacity Allowance) were receiving 2 lots of benefit and this was not considered the right way to go so that was passed ...

Deputy G.P. Southern:

So you chose to target a worsening of conditions on the disabled who cannot work?

The Minister for Social Security:

It is not choosing to target, it is just saying that we are paying out 2 benefits when one was necessary.

The Deputy of St. Ouen:

But they suffered a drop income, they lost the disregard and then what they did receive has been frozen since 2010, so it is a real terms loss. Whereas those who did have some income, you have increased their income disregard so that is favouring one group who are fortunate enough to be able to work and acting to the detriment of those who are unable to work.

The Minister for Social Security:

I would dispute the word "favouring". We are encouraging people to work and when you are talking about long-term incapacity there are very few - I cannot remember the number but very, very few people - who are 100 per cent, because as you will well know it is all done in percentages to facility - who are not able to work and then they have all the extra care that that needs. The average percentage of people is 40 per cent of incapacity or loss of facility and that does not stop people working.

Deputy G.P. Southern:

Because you changed the rules to say you 40 per cent can still work.

Chief Officer, Social Security:

I think there are plenty of examples of people with high L.T.I.A. impairments working.

Deputy G.P. Southern:

I look forward to seeing them.

Chief Officer, Social Security:

But they are not necessarily on income support. So the point is L.T.I.A. is a contributory benefit, people can work and they do work and we are trying to support people who are on income support to take advantage of that as well and move back into the labour market. I think that is what ...

Deputy G.P. Southern:

You do that by reducing their benefit, by eliminating the disregard?

Chief Officer, Social Security:

No, we have done that by raising the bar in the requirement to seek work. That is specifically what I am referring. There are people on income support who receive high levels of L.T.I.A. who do work but the programme ... we have shown with the right level of support and encouragement people can return into employment as we have been helping to support using our colleagues at J.E.T. (Jersey Employment Trust). We are to provide that and J.E.T. themselves work with people who have a much broader range of elements of disabilities and they also have great success of getting people into work, so I think we should not jump to quickly to write people off in terms of their ability to work if they have the right ...

Deputy G.P. Southern:

I am not writing anybody off. I am saying there are some people who will always be unable to work.

The Minister for Social Security:

Oh, of course, we acknowledge that.

Deputy G.P. Southern:

You have penalised them by reducing the effective disposal income of those households by removing the disregard.

The Minister for Social Security:

There are a lot of people that - well not a lot - are in that situation that you just described, but some who are not able to return to work, not because of the disability just because they possibly have never worked, they have a long-term situation, there is all sorts of reasons why people possibly

may never work and what we are aiming to do is find the ones that have a potential to work knowing what it does to people. I mean being able to work increases not only your financial situation but your self-confidence, your self-esteem, it increases your ability to socialise. It is a massive thing to be a work environment and that is what we are trying to do and there will always be, as Deputy Southern says, people who will not be able to.

Deputy G.P. Southern:

What those people need is support in order to transition into work rather than the disregard being abandoned and making them worse off to force them back to work. That is a difference of philosophy, is it not, Minister?

The Minister for Social Security:

Nobody is forced into work, Deputy. It is just providing, which Back to Work does, the ability to encourage people back into work when we know that they are able to do so and to give them training, support, mentoring, which happens all the time. Helping, perhaps if they have not worked for 10 years with bringing up a family, to have training in C.V. (curriculum vitae) writing. In some cases if people have not worked for a long time, in how to operate a computer. So all that training is provided so that people have a chance.

Deputy G.P. Southern:

That is all well and good. Can I move on to a different area and suggest that the rental component went up by 2.9 per cent, did it not?

Director, Policy and Strategy:

In the private sector.

Deputy G.P. Southern:

Private sector.

Director, Policy and Strategy:

Where we set rentals.

Deputy G.P. Southern:

Where you set rentals, yes. However, the figure for inflation in private sector rentals was 5.2 per cent. What is going to happen in the future if that rate of increase in rentals charge continues to rise by more R.P.I.? How sustainable is supporting the rental market with the income support rental component? How sustainable is that in the future? What is your picture on that?

Director, Policy and Strategy:

Can I suggest that is a very good example of why we say it is too soon to make decisions about 2018, because we do not know what the pressures will be on people in future and therefore if there is a reason why you need to put some extra cash into the rental component or whatever you are able to.

Deputy G.P. Southern:

Is there a case for limiting the amount of support that goes into that? It is not an open-ended - what is the word - bubble that is ... because in the past 3 or 4 years I think the rental inflation in the private sector has gone up by 14 per cent. Is that something you see? Since there is no cap on the amount by which private rents go up you are actually inviting some sort of chase where income support rental components will inevitably be trying to match what happens in the ...

Director, Policy and Strategy:

We need to be careful about statistics in this case.

Deputy G.P. Southern:

I know, we do.

Director, Policy and Strategy:

So the quoting of private sector rental index, the people who access private rental support through income support make up a small proportion of the total private sector rental market, yes? So that is based on the overall cost. The way that we are validating, if you like, our rental caps, because we do not provide for unlimited costs in income support from private sector rentals. We do still create maximum levels and you will be aware that there are people on income support who do not see their full rent being factored in their income support component because we do cap it at a maximum level. But the way that we want to ... we are not ... our kind of stand is that we are looking at the average value, the market value band in Andium properties because that is well recorded and we know that we are looking at an appropriate set of accommodation which is of the standard that you would hope people would be able to live in, it is not luxury but it is decent quality, the decent home standard obviously is something that Andium are going towards. So you are looking from time to time towards the current Andium average and you are looking at private sector caps, just saying are those values in line. So we are not going to do this methodically every year but we will keep an eye on that. So that is our main benchmark, if you like, against the private sector.

Deputy G.P. Southern:

Are the Andium property values not intrinsically linked to private sector values because the rent is fixed at 90 per cent of the private sector?

Director, Policy and Strategy:

But the market value for that type of property. You are occupying a certain type of property. Within the entire rental market this is a particular type of property, particular type of accommodation, location, facilities, it does not reflect ... the rental market in Jersey is extremely broad, it has a lot of luxury elements to it. So what I am saying is that it is difficult to understand how you would use the private sector rental index as a whole to tell you how to set the income support end of the private rental market.

Deputy G.P. Southern:

So how do you calculate 90 per cent of the private sector when you are saying it is difficult?

Director, Policy and Strategy:

Right so, sorry, the private sector rental in income support is set up, as I said, by reference from time to time - not every year but from time to time - to the current Andium rentals. The Andium rentals reflect the size and type of accommodation that you would hope that people on income support would be able to afford to live in, yes? So that your kind of base, that is what you are using, as opposed to the entire rental market. So that is how we have ... So how do Andium set their rentals? Well, obviously they are then providing a property of a certain type and certain quality and certain location and they will seek the market rental for that. There is obviously analogous activity of how anybody sets a market rate for anything.

Chief Officer, Social Security:

I believe they surveys, I think, Andium.

Director, Policy and Strategy:

Exactly, the whole point is they set ... You should set the market of a particular property, Andium has to do it and somebody else has to do it but it will be a property of that type within the whole market, that is my point.

The Deputy of St. Ouen:

Do you keep a record of income support recipients who might come along and tell you: "I am having to top up my rent from my other components because my landlord is charging me more than you give me as a rental component"?

Director, Policy and Strategy:

Yes, we are aware of that, we have statistics on that and that is looked into quite carefully by Michael Jones who came to us consulting some years ago with the H.T.P. (Housing Transformation Plan) so he is now involved in that.

The Deputy of St. Ouen:

Sorry, the H.T.P?

Director, Policy and Strategy:

Housing Transformation Plan. The massive project that set up Andium and ... yes? So most of that work was done before, yes? Most of that work was done with Social Security and we did look, and Michael Jones was the expert who helped us to that, at the report published that shows you the ... the thing that you see is that you have got a cross section of people on income support in private sector rental accommodation and you see the rentals are on a fairly steady trajectory, yes. So there are some below the income support cap, there are some above the income support cap, what you are looking for, what you are worried about would be bunching around the cap. Bunching around the cap will tell you that landlords were upping the rentals because they knew they could get that amount of money. That is what you are looking for and you do not see it so that is quite good evidence to say ...

Deputy G.P. Southern:

That is quite good evidence that income support is not raising them, nevertheless income support is responding a rate of increase in both rents and housing prices which is greater than R.P.I. and certainly has been for the last few years. So if it keeps chasing ... it is not forcing it up but it keeps chasing it up as in the 5.2 per cent last year, whatever, let us say, 5.2 again this year and if you respond to that in some way then what you would be doing is spending more taxpayers' money subsidising the rental market.

Director, Policy and Strategy:

But that is a decision for the whole of government to take. So the whole of government is taking a decision to undertake the current housing strategy which is well discussed and debated and agreed a few years ago, and obviously before this Minister was Minister. There are significant advantages to the strategy, you are improving the quality of social housing accommodation.

Deputy G.P. Southern:

That is to do with the £250 million bond. The issue we are trying to discuss here, which is are you not chasing your tail in chasing the private sector market? There is no limit on it and yet you are setting rates of 90 per cent of the private sector market. You have to respond simply to that private sector and you have no control over it at the moment, surely, Minister?

Director, Policy and Strategy:

I will repeat what I just said. It is quite technical. As you know the current law allows Andium and the Social Housing Trust to set a rental and income support responds with that rental, yes. So that is again the decision, Andium is a States owned company, and the States retains control of how those rents are set ultimately. We accept that situation and our law allows for that to be unfettered. In the private sector it is not unfettered, there it is capped and, as we have just discussed, we have put the rent levels up by 2.9 per cent, we have not responded to the market this year. We do have this under careful control and I am not saying we are going to under support people every year, I understand though that we are really tight from both ends here.

Deputy G.P. Southern:

I understand, you do not think as a whole.

Director, Policy and Strategy:

No, no, but that is the point I am saying that that is what we have done this year, last year, if you look back you will see there is a much higher increase in private sector rentals because there was an adjustment made upwards but we need to be able to do this from time to time.

Deputy G.P. Southern:

That is fair, you matched it.

The Deputy of St. Ouen:

My question was, are you monitoring people that are coming in ... are you still doing the monitoring now?

Director, Policy and Strategy:

Yes, sorry, we do record the people who come into income support and we record their gross rent and we record the amount of money that we are able to pay them.

[15:00]

Deputy G.P. Southern:

Can I ask the Minister a question? Does she consider that 90 per cent of private sector rents produce affordable rents? What proportion of claimants of income support are in rental stress, does she know?

The Minister for Social Security:

I do not know what the proportion would be, it is probably in our report. I am not quite sure what you mean by rental stress. What we have to do is monitor it across the board.

Deputy G.P. Southern:

Spending more than 30 per cent of their income on rent.

Director, Policy and Strategy:

Again, it is quite a technical question. If you are an income support claimant then the concept of rental stress does not work terribly well because obviously your household income responds directly to increases in rental. So you are not able to spend 30 per cent of all your income on your rental because the rental part is done separately. So it is quite hard ... I mean it is a good question to ask but it is quite hard to understand how you interpret it because if your rent goes up by £10 your income goes up by £10, therefore the change in rental is fully supported by your income.

Deputy G.P. Southern:

Unless of course that is this year when your income support component will go up by 2.9 per cent and rent will go up by 5.2 per cent.

Director, Policy and Strategy:

Oh, in the private sector, yes.

Deputy G.P. Southern:

Ah, in the private sector, yes.

Director, Policy and Strategy:

Yes, you are right so that is in the private sector. Well, it would depend, you see, so that trajectory of people with rents above and below that range are people with rents above and below the income support limit. So there are plenty of people who are renting properties where the rent is less than the income support cap in the private sector. So let us say, take a simple example, so the cap is £200 a week and you pay £100 a week rent. If your landlord put your rent up to £110 your income will go up to £110 because that will fully reflect the extra rent you have to pay because you are a long way below the cap. So the 2.9 per cent is not limiting everybody, all the people who are likewise going up by 2.9 per cent have not made that person with £100 rent get any more money because their rent is £100. So we have covered the full amount of rent up to the cap, yes? The person who benefits from the 2.9 per cent is the person where it is the other way around, say the rent cap is £100 and you are paying £200, that person gets £100 towards their rent, with the 2.9 per cent then they are getting £102.90 towards their rent, yes?

Deputy G.P. Southern:

But their rent has gone up by 5.2 per cent. So what proportion of people are on income support that are actually paying or having all of their rent paid or have some of their rent paid? Do we know?

Director, Policy and Strategy:

I will not remember the numbers exactly but when Michael Jones did the first piece of work, which was probably in 2013, going back a bit a now, yes - he sent to us in 2014 - there were over half of the income support private sector tenants did not get their full rent covered. We have improved that so we have now got more than half income support tenants getting their full rent covered again and I do not know what the current numbers are but we could have a look.

Deputy G.P. Southern:

Could you give us the paper that backs that statement?

Director, Policy and Strategy:

Well, Michael Jones's paper is a States report but I can give you reference to that and we can get you an extract.

Deputy G.P. Southern:

No, but you said: "Nowadays we have improved on the Michael Jones report." So could we have that documentation?

Director, Policy and Strategy:

Oh, yes, we have done it since then. Yes.

Deputy G.P. Southern:

Right, so things are improving.

Director, Policy and Strategy:

Because we have put extra money. Parallel to the move to Andium, the department at that time which would have been 2014, had an extra £1 million income support budget allocated to ...

Deputy G.P. Southern:

That was the late amendment, was it not, I think? But let us not argue about it. Let us move on.

Director, Policy and Strategy:

There were other things that ...

Deputy G.P. Southern:

Yes, I think it was but never mind.

The Deputy of St. Ouen:

Any secondaries on the disregard?

Deputy G.P. Southern:

We have done it for now.

The Deputy of St. Ouen:

We have done it, okay. Shall I ask Terry to ...

Deputy G.P. Southern:

Yes, we will move to Terry.

The Deputy of St. Ouen:

Terry, do you want to go on ...

Deputy T.A. McDonald:

Yes, I would like to talk about the flexible care component. Is the component ready to be introduced on the 1st July as per the report accompanying the proposition?

The Minister for Social Security:

Yes.

Deputy T.A. McDonald:

Yes. In a word, yes.

The Minister for Social Security:

It has changed a little in as much as the Minister for Health has now said that he will subsidise other care providers for the people who cannot access family nursing and home care because of people moving around and changing jobs or whatever. But the subsidies will continue until 1st January 2018, as was already described, but it was only going to be for those on family nursing homecare but now that has been extended but, yes, it is on target.

Deputy T.A. McDonald:

That is fine.

Director, Policy and Strategy:

Can I just clarify what the Minister for Health is doing with the flexible care component and the transitional funding that he is providing, yes?

Deputy T.A. McDonald:

Right.

Director, Policy and Strategy:

The personal care components are ready - the answer to that was: "Yes. We are ready to sign off on that."

Deputy G.P. Southern:

So if I can just clarify what I understand, the Minister for Health has agreed to maintain or subsidise the current rates for family nursing clients.

Director, Policy and Strategy:

Until January.

Deputy G.P. Southern:

Until January and for those who have been forced off family nursing and on to another provider until January.

Director, Policy and Strategy:

The easiest way to think about it is to think that the offer that the Minister for Health made was that people who were a family nursing client at the end of last year, at the end of 2016, if you were a family nursing client in this particular category, then he guaranteed that those people would be kept at the lower fee rate for 2017, yes.

Deputy G.P. Southern:

Right, okay, got that.

Director, Policy and Strategy:

So those people are then saying: "No, it does not matter who is providing the care during this year." That is the problem that is facing those people.

Deputy G.P. Southern:

Okay, I have got my head around that, thank you.

The Deputy of St. Ouen:

Is that regardless of whether they are income support claimants or they are flexible care claimants?

Director, Policy and Strategy:

That is for everybody.

The Deputy of St. Ouen:

It is for everybody.

Director, Policy and Strategy:

That is not a benefit issue. That is a transitional funding issue. They make the move from the subsidies or the grant that some claimants received last year and they have changed the funding whereby the funding is supposed to save enough money which in our case is 2 more precise areas of the service of that, yes.

[HSS funding has moved from the previous system of providing an overall subsidy to the homecare services to commissioning fully funded services such as district nursing and rapid response.]

The Deputy of St. Ouen:

Yes.

Director, Policy and Strategy:

Our income support is different and we are going to get some budget from Health at the time when they go back and do the transitional funding that is to do with that speciality. So he is meeting the transitional costs of that.

The Deputy of St. Ouen:

So is this a permanent arrangement that Health will be funding your department, Minister, to pay this flexible care component? Is that ...

The Minister for Social Security:

It is, yes. It will be, yes.

The Deputy of St. Ouen:

Yes, every year, year on, yes, okay.

Director, Policy and Strategy:

We transfer, so within an M.T.F.P., your income budget has been set and it is quite hard to change those. So when things do move around and the services do move around all the time, yes, so what you do inside the M.T.F.P. is the departments make budget transfers between them for each year of the remaining M.T.F.P. and then the next time around in your new M.T.F.P., there is a bit more money in the new department and a bit less money in the old department, yes. So you will make annual transfers through 2017 to 2019 and in 20, you do not need the transfers because you have reset your budget to the right level so Health has gone down a bit and ours has gone up a bit. Yes?

The Deputy of St. Ouen:

Does your department have any manpower or resource implications because you have now got this additional component to administer?

The Minister for Social Security:

Well, it is separated out because Health will do the care assessments that is required bearing in mind 50 per cent of people, certainly with family nursing and homecare, only require 2 hours help a week so we are not talking about ... this is to bridge the gap below the long-term care level and the job for Social Security is to do the financial assessments so it is split from the point of view of the administration.

The Deputy of St. Ouen:

Yes, but you can absorb that within your existing staff anyway.

Deputy G.P. Southern:

No. Can I come back and challenge the Minister on that 50 per cent of family nursing clients only require a couple of hours a week? Is that because, at £20 an hour or thereabouts which is the new rate, they can only afford a few hours a week rather than their need actually is bigger than that but they can only at the moment access the impairment component and therefore can only pay for a certain amount of assistance or support?

The Minister for Social Security:

This is a care assessment of what is required; not a financial assessment. Two hours a week could be anything. It could be getting somebody up in the morning and putting them to bed at night so one hour either end of the ... I think they call it twilight.

The Deputy of St. Ouen:

So 2 hours a day.

Deputy G.P. Southern:

But that would happen a day. Not a week.

The Deputy of St. Ouen:

Just one a day, yes.

Deputy G.P. Southern:

I mean, I do not know what your regime is but mine is certainly to go to sleep every day at some stage.

Director, Policy and Strategy:

The Minister is quite correct that the bulk of the family nursing clients are only allowed a small amount a week, it will not be sort of getting them up every morning but that is under the current subsidised rates. This is the point. There will not be a situation where people cannot afford care because they currently purchase these at a subsidised rate and people who cannot afford it will be able to access income support. The people who can afford it will be able to purchase the hours they want and so that figure has not been at all influenced by cost but that is under the current scheme of the subsidised rates because obviously those statistics were gathered some time ago. They were not gathered today. They were gathered a few months ago.

The Deputy of St. Ouen:

I see, yes.

Director, Policy and Strategy:

So they were when the people were not paying the full cost of it.

Deputy G.P. Southern:

Okay, at the moment, we are running a 2-tier scheme. We have got the old scheme for those who are poor on income support which is called impairment and there are 3 levels of that; £20 a week effectively, £100 a week or £150 a week roughly, okay. That is assessed with a form which goes to your officers and an award is made at level 1, 2 or 3. Between that and long-term care assessments, there is this flexible assessment which is between £150 approximately and £350 approximately and that is assessed by social workers or trained other professionals and requires a different form of assessment, a different set of questions effectively. So if I were on income support and I was getting a bit frail and my doctor looked at me and said: "I think you should be applying for some assistance or care to look after yourself at home", who do I go to? Do I come to the department at Social Security and say: "I think I am due some impairment" or would I be better off going to the social workers and going to them and saying: "Please assess me for long-term care. I have got my needs"? What is happening? How does this ...

The Minister for Social Security:

S.P.O.R. (Single Point of Reference) I believe which is a Single Point of Reference that people can go to and then they would be referred and it would be Health that would do the care assessment.

Deputy G.P. Southern:

Who would manage that?

The Minister for Social Security:

Health would.

Deputy G.P. Southern:

I am sorry, who staffs it now?

Director, Policy and Strategy:

Social Services. All women. All.

Deputy G.P. Southern:

Well, staff may be all female and management may be all men. I do not know.

Director, Policy and Strategy:

So S.P.O.R. is a single point of referral. It is the key point of contact for Adult Social Services so anybody in that situation and we are going to tell ... would do assessments quite well. The G.P.s (General Practitioners) know this. We will make sure the community ...

Deputy G.P. Southern:

The G.P.s know this?

Director, Policy and Strategy:

Yes, the G.P.s know this, yes.

Deputy G.P. Southern:

It has been clearly communicated to them.

Director, Policy and Strategy:

There is always more, as I say, but the G.P.s do know this, yes. S.P.O.R. itself is under review to make it an all-encompassing service but that is at the end of the day but there will be a single point of reference, a single point of contact, for people needing the Adult Social Services. That could be

a referral to a memory clinic, it could be the need for daily care, it could be a whole raft of things. It could be a referral from a concerned neighbour, yes. That initial point of contact will go through all of those things and the staff there know when they need to do an assessment of somebody or when there is some kind of remedy to make and that is quite a complicated area. There are multiple places they are referred to. If the person needs this kind of assessment, i.e. a personal care type assessment we were talking about, then they will do that. We work very closely together. We have had meetings all through last week talking to the health team and the way that they use their software to do those assessments so we are working very closely in this area. So, yes, the social workers know what to do with regards to referring to S.P.O.R. The social workers do the same assessment. It does not have to matter if it is flexible personal care or for long-term care. They will run through the assessments. The thing I would say about analysis and how you described it is that the assessment for personal care is not directly 150 to 350.

[15:15]

I would suggest that people would ask for it if they had a care cost in that level. The component itself is just the care component that supports the cost of the formal care package, yes. The formal care package might cost £50 a week, yes. You can choose to have flexible personal care. You can choose to have ordinary impairment., it is up to you, yes. So there will be some choices to be made but we are not so worried if that person is long-term care. The current system is the person with a care package that costs £200 a week where there is currently a gap.

Deputy G.P. Southern:

That is fairly easy to reach care costs of £200 a week.

Director, Policy and Strategy:

Yes.

Deputy G.P. Southern:

You do not have to be that disabled in order to reach that sort of level of care and, and as you say, as you ...

Director, Policy and Strategy:

That is quite a lot of care.

Deputy G.P. Southern:

There are care needs that range up to the 100s, are there not?

Director, Policy and Strategy:

Well, these people ... so there are very specific things that you cannot have in order to get assessed for personal care. You cannot have long-term care needs that qualify you for long-term care law. Yes?

Deputy G.P. Southern:

No. Yes, I am aware of that.

Director, Policy and Strategy:

Yes. The first point so there are people who have got ...

Deputy G.P. Southern:

No, hang on. I do not know about that.

Director, Policy and Strategy:

If you have got ...

Deputy G.P. Southern:

What are you saying? You cannot get flexible care if ...

Director, Policy and Strategy:

Right, so if you think about it ...

The Deputy of St. Ouen:

If it is a higher level.

Deputy G.P. Southern:

If you have a higher level. That is stating the obvious, okay, yes.

Director, Policy and Strategy:

Yes, but that is what I am saying. Therefore, you cannot use an example in which the person has got ...

Deputy G.P. Southern:

No, I was not using that. You are putting words into my mouth which is your right I suppose but, no, what I am saying is, right, for example, there are some 300 people on personal care level 3.

Director, Policy and Strategy:

Yes.

Deputy G.P. Southern:

Has anybody checked and will you check to see whether those 300 people because they applied with the system that we had then which was impairment if you were eligible for income support and this new system was not invented, are they on the right level whether or not they have deteriorated over time, their condition has deteriorated, which is one thing? Is anybody looking to see if that deterioration has happened because now there is extra help that could be provided? But anyway, if that assessment puts you on level 3, would you, whether you deteriorated or not, if you took the new assessment, end up with a higher need and a higher cost than you have done through time? So is anybody, either yourselves or this Social Security Department, looking at that boundary between the old system, level 3, and the new system, flexible care? Is that part of somebody's work plan? Do you know because I think it is important?

Director, Policy and Strategy:

It is a perfectly fair point. You said yourself that the assessments are different and they are different. They are not supposed to exactly stop one and the other starts. They do not work like that at all. They do different things, yes.

Deputy G.P. Southern:

I am aware of that.

Director, Policy and Strategy:

There is overlap and there will be overlap and you will be able to choose which benefit is fairer in some circumstances. It is then your right to apply under the current system to the current benefit. Many of those people have no desire whatsoever to have a formal care package. That is not what they want, yes, and they are very happy to carry on doing what they are doing now.

Deputy G.P. Southern:

Okay.

Director, Policy and Strategy:

So certainly the people that needed and wanted a formal care package are already family nursing clients and that is your biggest group. They have self-identified because they are already getting a care package through family nursing, yes, and they all move across and those ...

The Deputy of St. Ouen:

But can we have the assurance that there are not others out there?

Director, Policy and Strategy:

No, that is the point because that would be other people.

Deputy G.P. Southern:

Can you address the question?

Director, Policy and Strategy:

Yes, so, yes, we will get them ... that is a fair point. We will make sure that that is taken care of, yes.

Deputy G.P. Southern:

That is in hand. Somebody will be looking across that band and say: "Hang on, we have got a new system now. It could be that people do need more" so ...

Director, Policy and Strategy:

But the person that that ... I will say flexible personal care is only worth transferring to if you are already buying an expensive care package, yes, so there may be a few people in that category - though not likely very many - but we will certainly make that known to the care providers and to our individual clients.

Deputy G.P. Southern:

Okay, yes.

Director, Policy and Strategy:

They must be buying the package of care from a provider ...

The Deputy of St. Ouen:

That is right. It is not going to be cash in hand.

Director, Policy and Strategy:

No.

The Deputy of St. Ouen:

It is going to be paid through providers.

Deputy G.P. Southern:

No, I do not agree with you. There are some people out there coping and managing with their disability and not aware that they could be getting additional help to pay for care that perhaps they need. It is not a question of it is just a few. We have changed from one system to another which has more generous allowances in it apart from the fact that on income support on impairment, you do not have to spend your money on care but if you do, it gets rapidly eaten up. I think that there may well be significant numbers in there who, given the opportunity, would say: "Yes, I do now need more help than I have done in the past and I should be claiming what is my right."

The Minister for Social Security:

There are those and there are also the ones who have been using the family nursing home care scheme and not wish to go through the means testing and adopt a formal care package or whatever.

Deputy G.P. Southern:

Indeed, and who would ...

The Minister for Social Security:

Who will be happy to carry on funding themselves.

Deputy G.P. Southern:

Having done that 26 pages once or twice with people, I would not want to go through it either.

The Deputy of St. Ouen:

We have come across instances of children who are looking after disabled parents in some way, the child carers in some way.

Deputy G.P. Southern:

Yes.

The Deputy of St. Ouen:

They probably do not think of themselves as a carer but they may be coming home to cook a meal for the family and then help mum or dad get to bed. Now they may be examples where a more formal care package should be set up not only to help the person needing care but to help that child because otherwise the situation could just develop and it exacerbates. So I am just wondering if there are the means of trying to reach those people and inform them of this new benefit. Those people would be coming as new claimants so it is not a case that they have been on the health budget beforehand so it would be the Social Security Department budget that would be meeting the costs of any new claimants like that.

The Minister for Social Security:

Well, I think the difficulty lies in your question there in as much as a lot of people in that situation do not realise that they are carers. It is just something that they do.

The Deputy of St. Ouen:

Yes.

The Minister for Social Security:

Especially with young people. I am the governor of Le Rocquier school and I am well aware that that happens, that they do not see themselves as carers so unless you come forward and say: "I need that assistance" you would more or less have to go through the education system.

The Deputy of St. Ouen:

Yes. We have heard the Youth Service are now putting out an initiative to try and help those youngsters and make them aware of what is possible.

The Minister for Social Security:

Well, I think the schools are, yes, well aware.

The Deputy of St. Ouen:

That is good.

The Minister for Social Security:

Particularly young people are acting as carers but in fact they do not, as you quite rightly say, use that terminology necessarily.

The Deputy of St. Ouen:

That is right.

Deputy T.A. McDonald:

Could I just ask what steps has the department taken to ensure that the benefit is acceptable to the claimants obviously from a start date because that is what people want to hear and that is what we are unsure of - and I speak for Deputy Southern and myself - with a lot of constituents who are dependent on these sort of things? Obviously it is finding out that they will, on the day hopefully stand to receive ...

The Minister for Social Security:

Well, they have all been notified that this is going to happen.

Deputy T.A. McDonald:

All right.

The Minister for Social Security:

Some have, as I have said in answer to an earlier question, decided that they would just fund it themselves.

Deputy T.A. McDonald:

Yes.

The Minister for Social Security:

Others have - I think about 50 something odd - come forward already and said that they would like to be reassessed which may or may not, as Deputy Southern said, put them in a different category of care and then those who have not, I think I am right in saying, another letter is going out from the department in September as another reminder. Some of course will perhaps move on to the long-term care scheme if, as you say, they require reassessment and it comes out at a higher level than this particular scheme will cater for.

Deputy T.A. McDonald:

Talking obviously of assessments and so on, what training is given to the staff who assess the personal care components because that has all just been a bit of an unknown thing to me anyway?

The Minister for Social Security:

The assessments of the medical side of things is done by medically trained either doctors, nurses, G.P.s.

Deputy T.A. McDonald:

Right, yes.

The Minister for Social Security:

Then that is done by Health.

Deputy T.A. McDonald:

It is done by Health, all right.

The Minister for Social Security:

Yes, and we have got that already in train because of the long-term care scheme. It is the same type of assessment.

Deputy T.A. McDonald:

It is the same, right, that is fine so L.T.C. (Long Term Care). Okay, thank you.

The Deputy of St. Ouen:

Senator, would you like to move on to your questions unless, sorry, did you want to make a remark?

Operations Director:

Just to give an assurance that we are ready.

The Deputy of St. Ouen:

Yes.

Operations Director:

I think we indicated at the last Scrutiny Hearing that the system change has already been done so obviously they were already in place. It is a good question to ask I think because the staff would be interested in the Social Security Department and the Health Department so they are prepared for this and when it is going to happen ...

Deputy G.P. Southern:

So are you saying Social Security staff have been trained in the new assessment?

Operations Director:

Not the assessment. The new dropdown system change.

The Deputy of St. Ouen:

Yes, the change in the system.

Operations Director:

So we did the financial element to it. We have added in a dropdown with this.

Deputy G.P. Southern:

Sorry, you are talking modern stuff to a dinosaur.

Operations Director:

We have had to adapt the design.

Deputy G.P. Southern:

That means nothing to me.

Operations Director:

Yes, we had to adapt the computer system with the new components.

Chief Officer, Social Security:

As you would expect, before any change like this, we make sure that the right staff understand the new benefit, the rules around it and how to make it happen in our system. That is what we have been trying to say.

Deputy G.P. Southern:

Okay, and that requires a dropdown system. No, forget it.

The Deputy of St. Ouen:

What does it mean? Dropdown from the lowest level there ...

Deputy G.P. Southern:

Scrap that. Do not record it. I sound like an idiot which is not unusual.

Director, Policy and Strategy:

You get prompts on the side that say: "Are you under 25, 25 to 45, 45 plus?" You choose one of the options. That is called a dropdown menu.

Deputy G.P. Southern:

Okay, right. That really helps me, okay.

Senator S.C. Ferguson:

There is also one that says: "I will not tell you."

The Deputy of St. Ouen:

Indeed. Right, let us move on. Senator?

Senator S.C. Ferguson:

Right, the consultation on living longer, thinking ahead and obviously trying to promote a culture providing for yourself and your family and one of the main reasons said that people have not started saving for retirement was that workplaces do not offer a pension. I think 47 per cent of those

surveyed strongly agreed that the Government should introduce legislation promoting workplace pension schemes and 37 per cent agreed that this was a priority. We have been looking to bring forward legislation on this, Minister, in order to increase the number of work places offering pension schemes.

The Minister for Social Security:

I think prior, this is all part of this initial consultation and we are evaluating and collating the information that we have had back so there is no legislation in detail at the moment at all. Personally with a view to 20 years hence, which is what this review is supposed to do, I would like to encourage employers and employees to consider workplace pensions because a lot of people who answered in this consultation said that had not even considered a pension. They were generally people, dare I say it, younger but, say, under 30 or whatever who had simply not considered a pension at all and that, with a view to the future and the ageing demographics, cannot be allowed to continue. The Social Security fund which pays pensions is in a very good state at the moment so there is no rush to have to dash into any sort of panic mode or legislation at the moment. There is about 6 years of funding to really start worrying. So this consultation, this review, which has not been done for 20 years, which is why it is so important then to look 20 years hence, will evaluate what the responses are and my view is that in 10 years' time, you are going to almost have to start paying into a workplace pension because one is now on average living perhaps 30 years on a pension and the funds will not sustain that. We have got an ageing demographic with the number of people over 65 doubling in 20 years and the number of people over 85 trebling and so the funds, looking to the future, will not sustain that for ever. It is fine at the moment but we need to address it.

Senator S.C. Ferguson:

You are rather assuming though, are you not, that people are going to stop working at 65 and I do not think that is what is happening, is it?

The Minister for Social Security:

Well, they will not in a few years' time. They may have to work until 67.

Senator S.C. Ferguson:

Yes, but I think people are working longer than that, are they not?

The Minister for Social Security:

Well, that is fine but the actual pension age will gradually increase from 2020 by 2 months a year until it reaches 67 and prior to that, we then as a government, will have to assess whether we increase it further than that in order to make this all sustainable.

[15:30]

Deputy G.P. Southern:

You say that we have got a 6 years cushion but personally ...

The Minister for Social Security:

I would not be complacent but ...

Deputy G.P. Southern:

Therefore there is no need to panic, I think were your words, and therefore in 10 years' time perhaps we ought to have something in place. I put it to you, Minister, that you ought to start working on putting something in place now.

The Minister for Social Security:

Well, this is why we are doing the review and a consultation and the Senator asked whether we were just about to apply legislation. Well, the answer is no because we are waiting for the results of the review which is why we are doing it and then ...

Deputy G.P. Southern:

You said the second half of the review because you are already on ...

The Minister for Social Security:

This is the first part. This is the work and the retirement and pension as the Senator said.

Senator S.C. Ferguson:

Yes, because ... sorry.

The Minister for Social Security:

The workplace pension. This is what you were asking about.

Deputy G.P. Southern:

What is the consultation about?

The Minister for Social Security:

This is the first part and this is income in retirement which will include obviously workplace pensions.

Deputy G.P. Southern:

Okay, but what are you consulting about? It seems to me that somehow one way or another we have got to accommodate for people living longer and we are going to have to support them. Now either you do it through the current pension but it seems to me fairly obvious though that certainly looking at experience probably around the world descending from the U.K. (United Kingdom) that workplace pensions are going to have to be adopted at some stage. Do you not think so?

The Minister for Social Security:

This consultation paper is not a political paper. It was purely out there for consultation to find out where we steer ourselves. It does not contain any political views and I have no input into the ... I am just making it quite clear that the results of it are not political and neither were the questions and it depends what it comes back with as to where we go. I think you were out of the room but the Senator's question was: "Will this be in legislation any time soon?" Well, no it will not because we have to wait for the results of the consultation.

Deputy G.P. Southern:

Which is going to take how long?

Director, Policy and Strategy:

So we have published a document which is a response to the first part.

Deputy G.P. Southern:

Yes.

Director, Policy and Strategy:

That one, yes? Obviously we have got either the short version. This is the short version. On page 16 of the short version, "Next steps". Yes?

Deputy G.P. Southern:

Yes.

Director, Policy and Strategy:

So the next steps are ... so there are 4 things here which we are hoping to do this year and next year. So: "During 2017 and 2018 we will look at retirement income saving. This includes among other things improving information, education and looking at the options to improve workplace and private pension contribution." So the Minister is quite right; last year we did this general consultation around income and retirement as a whole. We asked people very general questions; we got some quite clear steers in some areas. One of the strongest areas, as you have certainly pointed out, was that workplace pensions was something that people felt would be a really helpful thing to continue.

So we are now going to do some more detailed research into what kind of provision would make sense for Jersey. We are aware that Guernsey have made a move in this direction and they have put a timetable in place. Their proposal is based quite closely on the U.K. one. We do want to have a quick look and make sure that ours still makes sense for Jersey as well, not just do it because Guernsey are doing it; but on the face of it, it does seem to be a sensible thing to do. But we are going to do a bit more technical research now before we go back to the public with actual ideas, so that we can put forward the plans so they will not be in an implementation this year or next year, but we might be working towards that in a couple of years' time. It is important to get on with this because obviously every year we do not do something is a year where people are not being encouraged to save rather than making it really easy for people to save; so that is important. Then there are 3 other things here; we looked at incapacity, we have talked about incapacity before. We are aware that it is important that we have clearer rules around incapacity assessments and how we provide benefits for people, so we want to do that. Maternity benefits, so that is going to be something we are going to be doing publicly this year; a second consultation like the first consultation, quite simple questions asking people a bit more detail about some of the things we did not ask last year about maternity benefits, about death benefits, and about the way in which the benefit system works as a whole in terms of benefits being paid off-Island, on-Island, to everybody, and different situations like that. The last one which is the one which has burst ahead is Class 2 Contribution Rules where that work is already ongoing. The Minister attended a workshop we did with Digital Jersey a couple of weeks ago talking to small businesses about how they perceive the rules themselves but also the administration of the rules so we can make sure that we are not creating any unnecessary barriers to people setting up businesses, and that we understand how ...

The Deputy of St. Ouen:

Is that for next year's consultation also, the small business?

Director of Policy and Strategy:

The Class 2, no, it is happening now. It is happening. We are very unlikely to put out a big glossy leaflet to everybody about Class 2 because not very many people are Class 2, so we are doing that targeted, so we had a workshop with Digital Jersey, I think we would like to have a workshop with Jersey Business. We are talking to business organisations, to accountants, to Class 2 directly, so that is how we do that one. Each part of the review will have a slightly different identity to it, depending on whether it is something you want to ask lots of people some simple questions or a few people some more detailed questions, and we will people to come in and give us advice. We are doing a variety of different things depending on what the actual problem that we are trying to look at is.

Senator S.C. Ferguson:

So you are going to have a number of items all pulling you in different directions, particularly on the 75 per cent of our businesses that are all small businesses.

Deputy G.P. Southern:

That is always the way.

Senator S.C. Ferguson:

You have got the Class 2 for the ...

Director, Policy and Strategy:

Business owners.

Senator S.C. Ferguson:

Yes, you have got people looking and saying they cannot save for retirement because their wages are too low, can they have a living wage. You have got the pressure on small businesses if you start bringing in a pension because obviously there is an employment contribution as well as the social security contribution.

Director, Policy and Strategy:

That is why you have to look at it carefully. You can make the employer contribution really quite low to start with, that is a good way to start when you get a system going, so you could start really small. But you are right, you do need to think about the impacts on businesses, we need to think about how much we do want to incentivise everybody to be able to save for their old age themselves. So it is not a kind of: "It is one off the shelf, we will have the U.K. one" which still might not be quite right for Jersey, but we are looking to see what would work, what would be the pressures on small businesses and medium sized businesses, to get something that works for Jersey.

Senator S.C. Ferguson:

Yes, but given the fact that with 20 means 20 all of the sort of allowances have been taken away, are you going to get a situation for instance where the pension contributions made by the employer and the employee are going to be looked on unfavourably by the Taxation Department?

Director, Policy and Strategy:

So I think under 20 means 20 your pension contributions are still deductible, as far as I am aware. I can write my pension money on my tax form, I can still do that. But that is another complication is have we got the right income tax rules. So there is more than one way to encourage people to save their own pensions.

Deputy G.P. Southern:

One question is, do these sort of things require 2 years' contemplation? We have surely got between us an analysis of where we are and we could do a bit more, this perhaps might be the way forward, let us consult on this but let us put something concrete out because we have got brains, and everybody can see that as well; and they consult on that rather than spend 2 years on this vague consultation and we are not going to act for at least 2 years. It just seems to me that is not panicking, that is ...

The Minister for Social Security:

It is not big, it is just multifaceted.

Director, Policy and Strategy:

We have badged the whole piece of work as the Social Security Review, and within that there are separate strands and they are running at different paces. They do not all have to wait for the longest one to finish before anything happens. So the Class 2 one is a good case in point; the Minister and the Chief Minister have made it quite clear that they are very interested in looking at Class 2 Contributions as soon as possible, and so that piece of work is carrying on. It is active today and that is likely to have some changes, they will be quite small changes for 2018, but they will not wait for other things to be finished, because it will take a long time to do everything. The incapacity piece of work is a major piece of work looking across the board at contributory and non-contributory benefits at incapacity, and saying: "What should work better for Jersey?" and trying to get that kind of clear system to work for us. We are aware of the difficulties that people face when they are having different types of systems, different parts within it, that is going to be looked at, but that will take time to do. But we do not have to wait for that to be finished before we start sorting out small businesses. They are separate things, but it is all part of the bigger review.

Chief Officer, Social Security:

In workplace pensions alone it will be a significant change for employers and employees in the Island in terms of their take home pay, and the administration around it. There are a number of models around that, I think Guernsey have ... they have gone for, is it, 7 per cent for employers eventually and 3 per cent for employees?

The Minister for Social Security:

That is the end game.

Chief Officer, Social Security:

That is the end game, so it is certainly similar in terms of size in their example compared to contributions at the moment, for example. So it is a significant project.

The Deputy of St. Ouen:

Thank you. Can I ...

Senator S.C. Ferguson:

Because you have got to look at the cost of living, the effect on the cost of living.

The Deputy of St. Ouen:

Yes, well that is right, in all these things. Panel, can I move on to our last 2 question areas which I would like to deal with and perhaps see whether we have got time for others. Minister, the Chief Minister has announced that he is supporting an employers' accreditation scheme in which he would give an accreditation to employers who choose to pay the Caritas living wage to their employees. Can I ask what involvement you have had in that policy initiative?

The Minister for Social Security:

Not a lot. I attended the Caritas presentation when it was first delivered - and very well received. This was last year.

The Deputy of St. Ouen:

Well, there was one just a couple of weeks ago.

The Minister for Social Security:

No, there was the first one.

Deputy G.P. Southern:

Okay, Caritas ...

The Minister for Social Security:

Yes, which was very well received and everybody is very enthusiastic about it, but it should not - and will not as far as this Government is concerned - be statutory. It would have to be a voluntary accreditation scheme. They have set their level which is sort of the London level at £9.75 per hour, which if employers wish to adopt that then it should be a voluntary scheme for them to be able to do it, but not to be enforced on employers.

The Deputy of St. Ouen:

No, but if it is a Government initiative or Government supported does that not mean that when you are placing people in work under the back to work scheme you would only place them with employers who are accredited and will be paying the living wage?

The Minister for Social Security:

When you are placing people from the back to work scheme it has got to be into a system that fits the person who is wanting employment, so that is the first priority is finding something that will suit that person, that they are going to be happy in and vice versa, a symbiotic relationship. So ...

The Deputy of St. Ouen:

But the point behind the living wage is that it is giving somebody sufficient to live on whereas the minimum wage in Jersey might not be sufficient for them to live in. So is it right to put somebody into a position where they cannot support themselves and might have to draw additionally on income support? Or is better to put them on a living wage?

The Minister for Social Security:

Well, living wages is a very vague description really.

Director, Policy and Strategy:

Sorry, could I just explain something about what you just said? So Caritas are being very sensible, they are a small organisation and they have chosen to set a Caritas Jersey living wage basically but using the London wage. So they had £9.40 last year and £9.75 this year. It is the London living wage.

The Deputy of St. Ouen:

I think they have assessed it as being applicable in Jersey too, it is not just selected.

Director, Policy and Strategy:

So when you do a living wage calculation in London, for example, or in the U.K., and other countries as well, you take into account benefit spend in that country, you take into account the wages. You do ...

Deputy G.P. Southern:

Well, yes, and the whole point of a living wage is that the employer contracts to pay a living wage, not that in this totally artificial way that your department and the Chief Minister's Department, when they reported, said as long as Government tops up the minimum wage or a wage to the living wage that people can live on that is all right, we are paying the living wage. That is not the case. The case is this is an employer's choice to pay the living wage and save Government spending, taxpayer spending, on supporting a less than living wage.

[15:45]

Director, Policy and Strategy:

Right, so I have looked at living wages in England, in London, in New Zealand and in Canada. There are living wages in America which is slightly different, but these 4 Commonwealth countries have a similar concept of what a living wage should be, and in each of those jurisdictions ... they all have some calculations but they all have a very simple analysis which is that you take account both the wage from the person, taxes they pay, and the benefits that are available in that country. I will tell you why you do that: because you have got to think about what do you mean by a living wage. Is the living wage for an 18 year-old living on their own, perhaps living at home? Is this a living wage for a 35 year-old who has got 2 kids or maybe has got a wife and new baby and a kid at school? Which one is the living wage? You can use the benefit system to make sure that family has got more access to a total income than that single person. That is why you have to put the benefit system into account because otherwise your living wage will be very, very high. I think London do publish a non-benefit included living wage and it is several pounds an hour higher than the normal one.

Deputy G.P. Southern:

But what that system results in is that Government uses taxpayers' money to prop up employers who do not pay the living wage, as a way of speaking.

Director, Policy and Strategy:

Absolutely. So there is a balance around the system, so you are absolutely right. So when we tried to do the calculation for Jersey we tried very hard, we cannot do all of it, there is too much data that you need that we do not have available locally, but when you make the best of the population you can and the minimum wage at the time satisfy the requirement for a living wage in Jersey with our best efforts. We were surprised at the results but that is how it came out. So if you put the benefit system down, basically less generous, the living wage would go up, yes. You are right, the Government will pay less money in benefits and employers will pay more money, there is that balance there. But that suggests that we should put the benefit system down. Now, at the moment ...

Deputy G.P. Southern:

It suggests that you transfer the burden, if that is what it is, I would say the duty, of paying a living wage that people can live off from the taxpayer to the employer. That is the reality. You can talk around it all you like but that is the reality that you are talking about. If you are saying that you as a Government, as a Minister, are happy to be paying out so much, whatever it is, £78 million a year, in income support, supporting a variety of people, but some of whom are earning less than a living wage then by all means continue. But feel free to justify that that is the case. Is it not the case that

the Minister at the last Caritas meeting appeared to have changed his stance? He was talking about: "I would not mind, as a representative for Government, that Government paid the living wage, I would volunteer for that" and he said: "because that amounts to 2 trainees in the engineering department who are on less than £9.75 an hour." So it would not have that much impact. But in support of that he previously 3 years ago was saying: "We are already paying the living wage. We do not have to do anything." He has moved a bit. Do you accept that the Chief Minister appears to have moved and are you moving with him, Minister?

The Minister for Social Security:

He has not discussed it with me and I was not at the I.O.D. (Institute of Directors) lunch, was it?

Deputy G.P. Southern:

Caritas.

Director, Policy and Strategy:

It was the Caritas lunch, this year.

The Minister for Social Security:

Caritas lunch, yes, I was not at that lunch. Prior to that he had not discussed it with me and has not done since ...

The Deputy of St. Ouen:

Will you seek to be discussing it with him?

The Minister for Social Security:

Now that it has been brought up here I think I have to.

Deputy G.P. Southern:

Absolutely, because you do not want to be placed in that embarrassing position again.

Senator S.C. Ferguson:

Is there not a considerable amount of work that should be done on this? Because if you put an extra burden on employers that will in fact push up the cost of living because they were merely pass the cost on to the consumer.

Deputy G.P. Southern:

And your question is, Sarah?

The Minister for Social Security:

This is also the situation which is not applicable to London, but is applicable here possibly, that we have very divergent industries in agricultural, hospitality and retail, who simply would not be able to afford that.

Deputy G.P. Southern:

And our major ...

Senator S.C. Ferguson:

What percentage of our workforce is only being paid minimum wage?

The Minister for Social Security:

It is at a quarter.

Director, Policy and Strategy:

No, no ...

The Minister for Social Security:

No, no, wait a minute ...

Director, Policy and Strategy:

It is about 2,000 roughly. Roughly 2,000 are paid minimum wage.

Senator S.C. Ferguson:

Out of?

Chief Officer, Social Security:

54,000 people employed.

Senator S.C. Ferguson:

Which is specifically hospitality and tourism?

Chief Officer, Social Security:

Is that in the Employment Forum's report on the breakdown of where minimum wage is as an estimate? I think it is in the Employment Forum's report.

Senator S.C. Ferguson:

But have you done sufficient work to support ... Deputy Southern said what is my question; has your department done sufficient work to support the imposition of a living wage or to comment on it?

The Minister for Social Security:

Well it would not be an imposition, it would have to be a voluntary scheme. It would not be statutory.

Chief Officer, Social Security:

That is the whole point.

Director, Policy and Strategy:

Let me make it quite clear: so the Chief Minister published a report a couple of years ago which said that if you do the calculations as best you can then the current minimum wage in Jersey would satisfy the requirements for a living wage calculated for Jersey. That is not at odds with the Chief Minister openly supporting the Caritas move to encourage employers to pay a higher wage in Jersey. Those 2 things are not contradictory.

Deputy G.P. Southern:

Encouragement is a wonderful thing and I look forward to it.

Director, Policy and Strategy:

So the idea that you do not do the complicated sums in Jersey but you just say: "I think this is a wage rate that people should pay" and you just make it known that you would like them to pay it, is a perfectly fine thing to do for a small place because it can be really hard to do the sums every year, keep them up to date, all that stuff. Why would you bother? That is a different thing, but it is a voluntary scheme. It will not be picked up by the low wage sector, and nor is the living wage in the U.K. where it is calculated with lots and lots of parameters, picked up by low wage sectors.

Deputy G.P. Southern:

Absolutely.

Director, Policy and Strategy:

We should be careful what we are talking about. Of course the civil service get paid a living wage because those are what the wage scales are now.

Deputy G.P. Southern:

Also the finance sector presumably.

Director, Policy and Strategy:

The finance sector, yes.

The Minister for Social Security:

It is just those sectors in the U.K. that are being paid ...

Deputy G.P. Southern:

And that was delightful to hear, and may I have your permission to use it and quote it in future?

The Deputy of St. Ouen:

What is that, Deputy?

Deputy G.P. Southern:

The statement that the Chief Research Officer ...

Director, Policy and Strategy:

Director of Policy and Strategy.

Deputy G.P. Southern:

Director of Policy, yes, just that wonderful bit.

Director, Policy and Strategy:

Which particular bit?

Deputy G.P. Southern:

All of it. That last bit. It was enthusiastic.

The Deputy of St. Ouen:

Well, this is a public hearing, Deputy.

Director, Policy and Strategy:

We get too bound up in trying to explain things, so do something that you can practically do, set an aspiration for people, leave it be voluntary, it is nothing to do with Government, but Government can say it is a good thing to do ...

The Deputy of St. Ouen:

Well, we have asked a question because the Government appears to be supporting it and talking about an accreditation scheme. So, Minister, we can come back to this in future meetings after you have consulted with the Chief Minister and we will see in what way is the Government going to put

its weight behind this. But can I move on to something else and it is the Minister for Health's proposition to deal with trainee G.P.s who at the moment cannot see patients in Jersey but it is proposed that they will be able to and, therefore, they will receive funding if this is passed from the Health Insurance Fund for each consultation. Now, Minister, does that mean that there will be an additional draw on the Health Insurance Fund and can that be supported?

The Minister for Social Security:

From what I understand with this we are trying to encourage practices to take on trainees on the basis that, for instance, to encourage perhaps local people back who have done a medical course, and you then have to have a 2 year foundation as a G.P. before you can be qualified. So this is to encourage people either to come back or to encourage more to come over and be trainees. People who are trainees have had 5 years of medical training, so they are a trained medic but do not have the G.P. classification. To do this they do not need to be overseen, so you are not having necessarily 2 doctors, so 2 costs, it is just to encourage the practices. The doctors will still get their £20.28 from the Health Insurance Fund, whoever sees the client.

The Deputy of St. Ouen:

Are you satisfied, Minister, with what is proposed because they will not be G.P.s who have completed the foundation course, they will be undergoing the foundation course. Are you satisfied that it is appropriate for them to see patients in Jersey?

The Minister for Social Security:

Well, as I say, they are medically qualified and if they patient wishes to see the doctor and not the trainee, of course that is always going to be available to them. If the patient wishes to see both or is happy for the trainee to sit in on the G.P.s surgery, then there will only be one cost to that, it will not be a double whammy, if you like, on the Health Insurance Fund.

The Deputy of St. Ouen:

Right, so there is no financial implications.

The Minister for Social Security:

I think it is only to the practices really, to encourage them to take on the trainees, so we have got to help facilitate. I think it is 2 who have already said that they were interested in doing so.

Director, Policy and Strategy:

This is a really, really positive move. Primary care is going to be more and more important as times come and being able to provide G.P.s who have ... the word "trainees" is very unfortunate because this is a fully qualified doctor we are talking about. Being able to provide that supervisory, mentoring

role to local people - or to anybody basically - who want to do their final qualifications over here it is a really good move. We need to be thinking about lots more ways in which we can provide on-Island health training; this is one small thing which happens to hit our legislation but there is nurse training, social worker training, so this is a really important ...

Deputy G.P. Southern:

Effectively it would be have been junior doctors in the sense that they are junior doctors and they are doing their G.P. training which comes on the top of all the rest of the training.

Director, Policy and Strategy:

They are junior doctors. I mean, you do not worry that in hospital there are junior doctors.

The Minister for Social Security:

But we also have quite a big number or proportion of our G.P.s who are due for retirement so again this is a very positive move.

Deputy G.P. Southern:

Can I just take us quickly ...

The Deputy of St. Ouen:

Yes, okay.

Deputy G.P. Southern:

... on to primary care strategy implementation which forms part of your business plan. Within that - and I am looking at what contribution to G.P. fees we are looking at and to what extent you are discussing ... I do not know what it is called, what is the technical term for it, but the £20.28 ...

The Minister for Social Security:

£20.28.

Deputy G.P. Southern:

... the G.P. gets to subsidise the total cost of a G.P. visit and where are you on the cost of G.P. visits as we move to the future, Minister?

The Minister for Social Security:

Well this primary care review, which is ongoing, we have had the strategy which ... so this is the review and, ongoing, it is going to be finished by ...

Deputy G.P. Southern:

When are we going to see something on doctors' fees?

The Minister for Social Security:

Perhaps early next year.

Senator S.C. Ferguson:

April next year, no doubt.

Director, Policy and Strategy:

Health and Social Security commissioned the work last year, we then extended that to a third piece of work which is going to be a very useful piece of work because it goes across the board of user charges, across the health system as a whole and not just in primary care. We are now going to feed that back into the primary care piece of work so that we will have a more rounded answer.

Deputy G.P. Southern:

Was your answer that you have commissioned a further piece of work, it is not completed again?

Director, Policy and Strategy:

Some extra work for the same people.

Deputy G.P. Southern:

When are we likely to see that?

Director, Policy and Strategy:

Right, so I do not want to give you a month and then not meet it but I will tell you this year.

Deputy G.P. Southern:

By the end of this year, okay.

Director, Policy and Strategy:

By the end of this year.

Deputy G.P. Southern:

Where in your business plan - you will not be surprised to hear me asking this, even with 2 minutes to go - have you pencilled in yet time to examine zero hours and what a zero hour contract looks like ...

The Deputy of St. Ouen:

Definition.

Deputy G.P. Southern:

... and the definition, so that you can actually do something about insecure work and zero hours?

The Minister for Social Security:

Well, as we have promised all the way along - providing there is not a recession which throws us out of kilter - that we would finish the family friend which the Employment Forum are dealing with at the moment, then they deal with minimum wage and then back to family friendly, so we will have the results of that by the end of this year. Then once that is in train we can start on the zero hours, as we promised we would.

Deputy G.P. Southern:

So not any time soon?

The Minister for Social Security:

Well the States Assembly agreed that they would not defer the family friendly investigation, consultation, and hence legislation. I think it is agreed across the board that they were set on that target. Everybody wants them to continue ...

Deputy G.P. Southern:

What do you mean "across the board"? Because I would not have agreed to it.

The Minister for Social Security:

Well the Assembly did.

[16:00]

The Deputy of St. Ouen:

Well that was the mood of the Assembly.

Deputy G.P. Southern:

It may have been the mood of the Assembly but it is not unanimously.

The Minister for Social Security:

And then zero hours will come into it after that.

Senator S.C. Ferguson:

How is the Lean going?

Operations Director:

We continue to look at our processes.

Senator S.C. Ferguson:

Have you got a report that sort of says what you finished and how much you are saving?

Operations Director:

Yes.

Senator S.C. Ferguson:

If you could get us that.

Chief Officer, Social Security:

I think we gave you something last quarter for last year that had on it roughly about £300,000 or so from last year. We are on schedule to be better than that this year in terms of the ... it is not savings it is perhaps staff time realised or wasteful things removed, but that is the kind of thing, yes.

Operations Director:

The whole Lean ethos is kind of changing, the whole Lean practice is within teams, whereas before we would put green belts, yellow belts into a project, we are trying to grow organically now. What we are finding is more suggestions coming through from the teams, there are more ideas, it is becoming more a business as usual approach, the change in the process. So their eyes are wide open now and ...

Deputy G.P. Southern:

Again, that is a brilliant exhibition of management speak. We have got yellow belts, green belts, but now we are organically growing our own.

The Deputy of St. Ouen:

Okay, was there a question, Deputy Southern?

Deputy G.P. Southern:

I am really entertained.

Deputy T.A. McDonald:

The only ones to worry about are the black belts.

The Deputy of St. Ouen:

Okay, Minister, unless there is something you have to say in addition then ...

The Minister for Social Security:

No, thank you, Chairman, but I will come back to you when I have spoken to the Chief Minister about the Caritas.

The Deputy of St. Ouen:

Many thanks, okay. Thank you for coming.

Deputy G.P. Southern:

Excellent, and you will give us that data that I asked for, but you might have to look on the ... I have forgotten what it was but it will be there, yes.

The Minister for Social Security:

Yes, on the Hansard.

Senator S.C. Ferguson:

So have you seen the results of the living wage experiment in Seattle?

The Minister for Social Security:

I have not, no.

Senator S.C. Ferguson:

Well, have a look at it, it is quite interesting.

[16:02]