

STATES OF JERSEY

Health, Social Security and Housing Panel Medium Term Financial Plan Review Meeting with the Minister for Social Security

FRIDAY, 14th SEPTEMBER 2012

Panel:

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

Deputy J.A. Hilton of St. Helier

Witnesses:

Senator F. du H. Le Gresley (The Minister for Social Security)

Deputy S. Pinel of St. Clement (Assistant Minister for Social Security)

Mr. R. Bell (Chief Officer)

Mr. I. Burns (Operations Director)

Mr J. Scott (Finance and Governance Director)

Others present:

Mr. W. Millow (Scrutiny Officer)

Ms J. Hales (Scrutiny Officer)

[15:01]

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

Welcome to our hearing regarding the Medium Term Financial Plan. I just remind members of the public and the media of our code of behaviour; please, if you would respect that. We will kick off by introducing ourselves. I am Deputy Kristina Moore, Chairman of the panel.

Deputy J.A. Hilton of St. Helier:

I am Deputy Jacqui Hilton, Vice Chairman of the panel.

Ms. J. Hales:

Janice Hales, Scrutiny Officer.

Mr. W. Millow:

William Millow, Scrutiny Officer.

Assistant Minister for Social Security:

Deputy Susie Pinel, Assistant Minister for Social Security.

Chief Officer:

Richard Bell, Chief Officer, Social Security.

The Minister for Social Security:

Senator Francis Le Gresley, Minister for Social Security.

Operations Director:

Ian Burns, Operations Director, Social Security.

Finance and Governance Director:

Jim Scott, Director of Finance and Governance, Social Security.

The Deputy of St. Peter:

Excellent, thank you very much. So if we could kick off by talking about the Health Insurance Fund. The Department of Health has asked that a proposition be considered for the H.I.F. (Health Insurance Fund) to contribute £2 million in 2013, £6 million in 2014 and £6 million in 2015 to assist with primary care. Could you share your views with us on this proposition, please?

The Minister for Social Security:

Yes. This is, of course, not the first time that the H.I.F. has been used for assisting with what are essentially primary care costs that are presently covered by Health and Social Services. The fact is that I think Health needs this money within the Medium Term Financial Plan to carry out the existing workload and also to fund, in particular, Family Nursing and Home Care where there is an S.L.A. (Service Level Agreement) and a grant in place and, while they have put in gross bids themselves, they need our assistance to continue with some of those services and also, particularly, fund the grant to Family Nursing and Home Care. Now, as we roll out the review of primary health care, which is obviously mentioned in the White Paper, there will be aspects of what we do with G.P.s (General Practitioners), et cetera, where we may be working much closer with Health and this is really to assist them over this period while the primary care review is taking place.

The Deputy of St. Peter:

Thank you. How does this affect your budget? If I remember correctly, in previous hearings we have talked about the fact that the H.I.F. would no longer be taken away and that is what the States obviously agreed.

The Minister for Social Security:

Well, it means that on an annual basis there will be a net deficit of income to expenditure, I think in the region of £3 million, somewhere around there perhaps. But, of course, the H.I.F. itself is quite healthy, very healthy in fact. So we feel that we can allow cumulative deficits over the period of about £5 million to occur without any real damage to the Health Insurance Fund itself.

Deputy J.A. Hilton:

I just wanted to ask a question around some of the outlined business cases in the *Health White Paper* that the H.I.F. would possibly fund. Have you had many discussions with the Health Department on how you might use that money and when do you think a proposition might come forward to the States for an agreement for the funds to come out of H.I.F. to Health for that transfer?

The Minister for Social Security:

This is outside of the transfers we have just been talking about?

Deputy J.A. Hilton:

Yes.

The Minister for Social Security:

Yes. Well, those discussions are very much at the early stage. We have not sat down and had detailed discussions on those issues. I think you may perhaps be referring to the possibility of under-5s having free health care and G.P.s.

Deputy J.A. Hilton:

Yes, there are several things there and I just wondered how far you had got in discussions with Health to agree to fund some of these.

The Minister for Social Security:

At ministerial level it is very much early days. At officer level, I think, Richard you can probably expand on that.

Chief Officer:

Yes. The Health and Social Services Report and Proposition talks about, I think as part of the proposition, a review of the primary care model and that piece of work will encompass funding of primary care. At that point we will know perhaps what the future of the Health Insurance Fund looks like.

Deputy J.A. Hilton:

My understanding is that Health has asked you to consider a transfer of these funds in 2013, 2014 and 2015. So is that a proposition you are bringing back to the States with, because you will have to get States agreement to do that?

Chief Officer:

Sorry, we have misunderstood what you were talking about. In terms of the £2 million, the £6 million and the £6 million, there will be a proposition that we will look to lodge in time for it to be debated as soon as possible after the M.T.F.P. (Medium Term Financial Plan) is debated. So that proposition will certainly be in the hands of Members at the point of time at which they agree to the M.T.F.P. or amend the M.T.F.P.

Deputy J.A. Hilton:

Last time a request came forward to the States for a transfer of funds there were Members who raised concerns about the H.I.F. being raided. Where would it leave you if the States did not agree to support your proposition?

The Minister for Social Security:

Well, I think you will find that the wording of the M.T.F.P. proposition includes a paragraph on the transfer of the monies from the Health Insurance Fund. So obviously the M.T.F.P. debate will take place before our proposition. Where would it leave us? It would leave us with a very healthy Health Insurance Fund. It would be a much bigger headache, of course, for Health and Social Services, who would really have a big shortfall in their expenditure.

The Deputy of St. Peter:

You mentioned the healthy state of the Health Insurance Fund, Minister. Is it is about £80 million currently?

The Minister for Social Security:

Yes. Obviously the investments that underline the fund fluctuate. Have we got the latest figures, Jim?

Finance and Governance Director:

£80 million is the ...

The Minister for Social Security:

The ballpark figure. Yes.

The Deputy of St. Peter:

Thank you. So is there a cut-off point to allow a minimum amount of funds to remain in the H.I.F.?

The Minister for Social Security:

We have an actuary report. We are due to have another one, I think, at the end of this year, which will be received in 2013, which predicts the level of contribution required for the benefits of it being paid out and looking at the long-term view of the fund. There is no question that the review of primary care - the proposition that Health have lodged is one of the things that will be taking place in 2014 - will have to decide how we use the Health Insurance Fund in the future and whether the contributions will need to rise accordingly.

The Deputy of St. Peter:

So you have no intention of spending some of the funds at the moment on other projects?

The Minister for Social Security:

Well, without bringing propositions or changes in regulations we cannot decide to do something with the fund without States approval and that is why, of course, these transfers require States approval. I have no intention at the moment of bringing any propositions to use the reserve fund, if you like, for any particular purpose.

Deputy J.A. Hilton:

Have there been any discussions at all among yourself and your officers about using funds to enhance the dental scheme in any way, shape or form or to make dental services more available to people on low incomes or the elderly?

The Minister for Social Security:

Yes. If you recall, Senator Breckon brought a proposition towards the end of last year, just when the new States were formed really, to look at the provision of mobile dental surgeries and he agreed to withdraw that on the basis that we would review the current schemes that we have, which are funded through taxation - the Jersey Dental Fitness Scheme and the 65-Plus Health Scheme - with a view to improving or enhancing those schemes and also looking at whether we can provide greater

provision of assistance with check-ups or treatments. That review is taking place but we are not in a position to reveal any findings today.

The Deputy of St. Peter:

If we could move on to discuss income support now, please. Should the Housing Transformation Programme be approved, there will be a knock-on effect when rents are increased which will have an impact on the number of people requiring income support potentially. You have given an estimate of £1 million per year. Are you sure that estimate is adequate at this stage?

The Minister for Social Security:

Yes. This is very much a provision figure. We are doing the work at the moment to identify what would be potentially a scheme to enhance the provision for people in the private sector, given that we will probably break away with the scale of assistance we provide within income support from the rents that will be paid in the public sector. So it is provisional. That is why it is in the Medium Term Financial Plan. From memory, we put in the budget from April 2014 and then the full amount for 2015, because Housing expects to start their new rates in April 2014.

The Deputy of St. Peter:

Has any consideration been given to the wellbeing of those individuals who may feel disheartened as a result of having to obtain benefit?

The Minister for Social Security:

I am not quite sure what you mean by that.

The Deputy of St. Peter:

It is fine for us to look at the figures and to work out how it will work once the Housing Transformation Programme has been introduced, if it is introduced, but has any consideration been given to the individual; how that emotional process of looking at one's finances and discovering that the time has come to go to income support and seek that extra support when, up until now, they have been able to conduct their lives without seeking income support?

The Minister for Social Security:

Well, there are 2 distinct groups of people here. You have the people in social housing. That would be the housing associations and the States sector. Obviously that accommodation is subsidised at the moment and, therefore, you would expect the majority of people (and I think that is the case, except perhaps for some of the housing associations) are already on income support because they were previously either on rent rebate through the private sector or the States Rental Assistance Scheme. So I do not really think there is an issue there. Of course, you may be talking about the small margin of people who are currently paying the full rent and therefore do not require any income support assistance who, with the rents going up, may find that they need to assistance who would come to us. Again, we are doing work there to try and assess the likely impact of people who are currently not claiming income support who may need some assistance when their rents go up. But I do not think it is particularly a big issue as regards how they might feel because if they want the assistance they will come and ask us for help. It is a statutory benefit now. It is not discretionary. So I see no reason why people would not come forward.

Deputy J.A. Hilton:

I think really what the Chairman was alluding to is that those people who had managed and did not have to rely on welfare might suddenly find themselves in a position that they have got to turn to Social Security, where previously they did not have to, and there are some people who would rather go without than claim what they see as charity.

The Minister for Social Security:

Hopefully that is a concept that is no longer applicable now that it is a statutory benefit. The other factor, of course, is it is an all-embracing benefit. Therefore, somebody might come along who has not previously applied for income support because they need help with their rent and, when we do the assessment, we would be looking at their health condition and any other aspects that they might need assistance with. So they might find that there are other parts of income support components that apply to them which they would never, perhaps, have thought of claiming until they came along and talked to us.

[15:15]

The Deputy of St. Peter:

So the impact on income support could be greater if the Housing Transformation Programme was implemented?

The Minister for Social Security:

Well, apart from the £7 million that we know about, which is already expected, the people we do not know about are the people who, as you say, are currently paying the full rent who, when the rents go up, might feel that they are struggling and they would come and talk to us. But those would be the new claims that we are not currently aware of.

Deputy J.A. Hilton:

Currently, under the rules, those low income support claimants in the private sector can claim rent up to a fair level. The plan is for the fair level to go up to within 90 per cent of the market rental. Have you seen any evidence that that particular group of people are suffering at the moment; that the rentals are so high in the private sector that it is difficult to access properties more around that fair rent? Have you got much evidence of people coming to you saying that they are struggling?

The Minister for Social Security:

To clarify the position as I understand it, we only pay up to the fair rent, which is currently the rent paid in the public sector. There are some people whose rent is greater than the fair rent, but we only pay up to the fair rent. We do not know but it is possible that, because they have that extra rent to pay each week, they may be using other income support components to afford their rent. So that group could be suffering a disadvantage, which is why we want to put them on a different fair rent when we change over to the Housing Transformation Programme. The fair rents for the private sector will be different to the fair rents in the public area.

Deputy J.A. Hilton:

So there is going to be a decoupling of the rental policy?

The Minister for Social Security:

That is the plan, yes.

Deputy J.A. Hilton:

Can you just explain that a bit more?

The Minister for Social Security:

I think I have gone as far as I can go. Richard, do you want to explain any further?

Chief Officer:

I will struggle to explain it more simply. We will have 2 separate systems, 2 separate scales. One will be possibly very similar to the one that is used now for the Housing Department and housing trusts, but there will be a scheme by which those rents will go up to the 90 per cent policy (so the policy that stands now, but we are behind that policy) and we will have a different scheme that more appropriately looks at what rents are charged in the private sector or takes account of that in a way that the existing scheme does not. We will use that scheme for those that are accessing the private sector market.

Deputy J.A. Hilton:

I think I had misunderstood. What you are saying is that, in the private sector when this comes into being, you will pay more to the recipients of low income support. You will pay a greater part of their ...

The Minister for Social Security:

Yes, I will interrupt you there. What is likely, from the initial work we have done, is that there will be some winners who currently have to top up their rent through using other components because we only pay up to fair rent. Because we have probably been looking at average rents across the private sector, there will be some winners probably in the one and 2-bedroom market, if you like flats, because the bulk of the people on income support in the private sector are living in that type of accommodation. We expect there will be some people there who will see more money available to pay their rent than currently, but obviously when you get to bigger properties - for some people that is through choice because we cannot stop them living in a more expensive property if they so choose - they will not see a big difference in the amount of rent they have to pay.

The Deputy of St. Peter:

Presumably you will be using the figure set by the Head of Statistics for the private rental average.

The Minister for Social Security:

We have not yet decided exactly. There will be a number of triggers, I think. It could be that we would approach surveyors and estate agents for the range of rents that are currently being seen in the private sector. I think last time we came to scrutiny we pointed out that some of the data that the Statistics Office currently receive ... and I am struggling to remember where I can going with this one. Do you remember what I was talking about last time? The data that they currently receive will cease ... I

know. Under the Control of Housing and Work Law, it will no longer be required to get permission to issue a lease and the data that the Statistics Office use for rents in the private sector are based on the information provided to the Population Office. In future, under that law, you will not have to obtain consent. Those transactions will take place through lawyers' offices or in private. So that data will be lost. That is why we will probably need to do a survey or perhaps employ a consultant or whatever to assist us with establishing rents in the private sector.

The Deputy of St. Peter:

Are you speaking to the Housing Department about using their regulator? I think they are going to employ a part-time regulator to do just that within their sector.

The Minister for Social Security:

Yes. I mean we will have to take a number of sources of data to establish what are median rents in the private sector for different types of accommodation.

The Deputy of St. Peter:

We will get back on to M.T.F.P. There is a forecasted annual increase in the income support weekly benefit expenditure for the duration of the M.T.F.P. from £74 million in 2012 to £82 million in 2013, £84 million in 2014 and £86 million in 2015. These increases to expenditure reflect the forecasted increase in the number and value of claims above current levels in addition to an annual allowance for inflation. It is anticipated that the number of claims will rise from the current level of £6,500 to a maximum of £7,200 before slowly reducing to £7,000 by the end of 2015 when the downturn in the economy ceases, we would hope. What plans are in place for the possibility that the economy will not stabilise and the downturn will continue?

The Minister for Social Security:

Do you mean what contingencies have we got?

The Deputy of St. Peter:

Yes.

The Minister for Social Security:

We have had to do our forecasts based unemployment, basically, because the growth in our income support budget is governed by the number of unemployed people and, therefore, we have done the forecast on what we anticipate will be the maximum number of unemployed people in those particular years of the M.T.F.P. Again, we have kept revising that figure throughout the period of putting together the M.T.F.P. L.V.C.R. (Low Value Consignment Relief) was a big consideration, of course, at the beginning of the year and we still have built in expectations rising unemployed caused through L.V.C.R. into our figures. We have allowed 400 in each of those years as a result of L.V.C.R. We do not know because L.V.C.R. impact has not been as great as we expected. While jobs have been lost, they have not necessarily resulted in people coming to us for income support. Part of the reason for that, of course, is some of those people would not have qualified because they have not been here 5 years continuously or they have been able to find other employment. So we do feel that we have been quite cautious in our estimates of the growth and number of households that might be claiming income support, but clearly we have a legal obligation under the Income Support Law to pay it. If somebody qualifies we have to pay it. So if our

forecasts are wrong and we have a greater number of households, we would have to go back to Treasury and say: "We are obliged by law to pay this." So we will have to ask for some money from central contingencies.

Deputy J.A. Hilton:

Previously, I believe, you have been asked the question in the States Assembly about whether any consideration had been given to raising the number of years people would have to be resident in the Island from 5 years to 10 years before they qualified for low income support benefits. Are you able to tell us whether you have progressed on that or discussions you have had at ministerial level, whether it is something that you are actively discussing at the present time?

The Minister for Social Security:

There has been no active discussion on that point at the present time. That is all I can say really on that one.

Deputy J.A. Hilton:

Is it something that you think should be discussed? Is it something that you would support, raising the level from 5 years to 10 years?

The Minister for Social Security:

I do not think I would support it going to 10 years. We took steps, as you know, this year to tighten up on the second adult in the household and I think we need to see the impact of that on the income support budget before we start to decide whether we should be increasing the term for everybody to qualify. So my view would be we should monitor what we have done this year, monitor the rising unemployment and then maybe look at it again perhaps towards the end of next year.

Deputy J.A. Hilton:

Do you think it makes sense, if we have a 10-year residency rule, that low income support should be tied into that 10-year rule?

The Minister for Social Security:

We have a duty to support people who have fallen on hard times, whether it is through illness, death of a partner or whatever, and I would be reluctant to be heading in the direction of 10-year wait for financial assistance because it is the only safety net we have now. So I think we have to be very careful if we are going to have a policy like that.

The Deputy of St. Peter:

Minister, the M.T.F.P. states that a project team has been established specifically to address the strategy priority of getting people back to work. Are these full-time permanent employees or contracted, please?

The Minister for Social Security:

Sorry, which team did you say, because there are a number of teams?

The Deputy of St. Peter:

Well, that is true. I think the project team for advanced work and each of them. We presumed that they must form a sort of greater team.

The Minister for Social Security:

Yes. I think, because Ian Burns is sitting alongside me and heads up that group, it would be best if Ian explained how his team are functioning in relation to that.

Operations Director:

Certainly. I think you are referring to the Back to Work bids in the Medium Term Financial Plan. Those bids represent a whole range of schemes to help try and improve the employability and move people into paid work over the next 3 years. That team does need some oversight in terms of the delivery of those programmes and the control and validation of activities so we can learn constantly through the period and tailor things to suit the needs of people in the Island who are out of work. At the moment that team is not in place. It is mainly filled through people from other departments who are working on secondment or on temporary roles. We are moving obviously, with the M.T.F.P., to a firmer platform for that and then we will seek to appoint people on contracts in permanent positions for that period.

The Deputy of St. Peter:

How many people or how many contracts, please?

Operations Director:

Overall, the department will increase by 66.5. That is for the whole of Social Security, not just this particular area, although clearly the work we do is very much a people business and a significant number of those are staff for schemes as Advance to Work and Advance Plus, as well as Work Zone and the team at Social Security.

The Deputy of St. Peter:

I guess you would need some manoeuvrability in that team because, hopefully, the economic downturn will come to an end and there will be less of a need for such schemes as Back to Work.

Operations Director:

That is right, yes. We do hope that is the case. We hope that will appear over the period, although it will still be higher than it has been in recent history.

The Deputy of St. Peter:

Will those new contracted people who are initially in the Back to Work schemes be moved to other departments? What will happen to them if there is less need for their services in that particular area?

Operations Director:

The idea is we would recruit the positions. There will be some roles, which will be additional, which we would hope would be shorter-term contract positions, but that is in line with what the projections are currently over the 3-year period. If we are successful and find that there is no unemployment left, then obviously those roles will not be required any more, but we will have to see. Obviously it may be the case and we have that problem, but over the period we are expecting that we will need those resources.

Deputy J.A. Hilton:

I just wanted to ask a question around - and I think this was brought up again in the States Assembly this week - has any consideration been given or how much consideration has been given especially of the under-25s, which I know form quite a large part of the long-term unemployed, that is a requirement of them to do voluntary work or charitable work in order to claim their adult component?

[15:30]

The Minister for Social Security:

Well, the adult component is only available if you are 19 or over; so the 17 to 18 do not receive it. We encourage all job seekers to do voluntary-type work while also finding sufficient time to do their job-searching activities. We would not want them to be doing 5 days a week of voluntary work. We do not make that conditional on receiving the personal component of income support. A lot of our schemes, such as Advance to Work and Advance Plus, involve a work placement that they do not get paid for. So you could argue that they are doing those schemes and doing voluntary in commercial positions. Yes, we encourage it but we do not make it conditional on receiving benefit or part of their job-seeking contract with us.

Deputy J.A. Hilton:

For those people who do qualify for adult component, if they are not taking part in any of the work schemes that you have currently got, whether it is Advance to Work or Workwise, are there a number of those individuals who can sit around all day doing nothing, basically, and just claiming the money?

The Minister for Social Security:

The whole point of strengthening the Back to Work team, in particular Work Zone where we have increased the number of staff significantly, is to monitor people much more closely to make sure they are fulfilling their job-seeking activities which they are required to do. Obviously we have sanctions for people who do not comply and those sanctions mean that, over a period of time, they would lose entitlements if they basically do not do the things that we have asked them and they said they would do. We are planning to tighten up on those sanctions even further and that will be subject to a proposition that I will be bringing later in the year probably, because it requires a change to regulations.

Deputy J.A. Hilton:

Are you saying in a way that you feel at the moment that your policies are not robust enough in dealing with those individuals who have not been active enough in trying to find paid work?

The Minister for Social Security:

There are some gaps in the sanctions, yes, and we need to do all we can to make sure that if people, for example, walk out of a job that we just found them for no good cause the sanctions are appropriate.

The Deputy of St. Peter:

If we can go back to your growth bids, we have discussed the employment side and the extra contracts. We are thinking about the Back to Work schemes, because you have growth bids for Back to Work projects of £3.1 million from 2013 onwards,

which grows, and employment schemes and incentives which starts at £5.4 million in 2013 and continues to rise. Could you give us a little bit more information on what those growth bids are for?

The Minister for Social Security:

Yes.

Chief Officer:

Can I just clarify something first?

The Minister for Social Security:

Yes. Some of those figures are not quite right, are they?

Chief Officer:

£5.4 million is the total which includes the first element.

The Deputy of St. Peter:

I see.

Chief Officer:

So it is £2.3 million and £3.1 million to a total of £5.4 million initially.

The Deputy of St. Peter:

Yes. So it is the combination of bids for growth annually, managed expenditure, which I presume would be increases in income support to cope with more people. It is the accumulation of the 2.

Chief Officer:

Income support is not in there.

The Deputy of St. Peter:

No.

Chief Officer:

The second row you have got is included in the third table.

The Deputy of St. Peter:

Where is that? The second row is included in third table?

Chief Officer:

That will not come out well in the podcast.

The Deputy of St. Peter:

All right, so we are looking at this table here. Basically we would like to know what these growth bids are allocated for. Obviously we discussed extra ...

Chief Officer:

The employment schemes.

The Minister for Social Security:

The main one is the employment grant that we launched earlier in the year. That is £1.3 million in 2013, rising to £2.5 million in 2014 and 2015. That is currently £7,200 maximum to encourage an employer to take on a long-term unemployed person on a permanent post or an 18-month contract minimum. We have made provision for, I think, up to 300-and-something people to take advantage of that because that was the number of people at the time who were unemployed for more than 12 months. So far we have engaged with employers and 32 people are taking advantage of or will be using the employment grant. The employer will receive that. So we intend to do more work with that. We have devised it at the moment for people who have been unemployed for more than 12 months but we have flexibility obviously to change that to perhaps a shorter period or perhaps increase the amount. So we have flexibility with what we do with the employment grant. The Long Term Unemployment Unit, which is another £0.5 million in each of those years, is very much backing up the work that we are doing with long-term unemployed and liaising with employers and basically concentrating a lot of effort with individuals, looking at what training needs they might have. Within those figure also is specific training that we are doing for people. That could be skills training for particular jobs or it could be general training, life skills if you like, that they need. Goals training is one that we do. When it comes to employment, it could be health and safety and things like that. There is lots of training going on which brings people closer and ready for work. We are thinking in terms of possibly setting up a job club. That budget is in there. That will be a trial to see how that might go. We are also working with industry, particularly hospitality, where we might have a targeted type of training scheme because, very much, we are about trying to achieve job substitutions. In other words, we want to try and get the long-term unemployed and people who are 5 years or more resident into jobs that currently perhaps would be fulfilled by people with non-local licences; so working in conjunction with the Migration Advisory Group and the Population Office, wherever possible. If licences are coming up for renewal for non-locals we would hope to try and encourage an employer to come and talk to us so we can try and place people who are currently unemployed.

Deputy J.A. Hilton:

How much discussion is there between your department and Regulation of Undertakings with regard to licences that are coming up for less than 5 years residents? I think we have been told previously that as each licence is coming up it is being reviewed and non-local licence numbers are being reduced. Have you seen evidence of that happening? Is that the feeling that you are getting in the department; that they are doing that and they are cutting back on the number of non-local employees that companies are allowed to have in the Island?

The Minister for Social Security:

My Assistant Minister, who would like to speak, sits, on our behalf, on the Migration Advisory Group. Would you like to say a bit more?

Assistant Minister for Social Security:

Yes. A large percentage of the non-locally-qualified licences are in the hospitality industry and they have not been used to the extent that they were permitted in the first place. For instance, 120 non-locally-qualified licences may have dropped to 115. They do not then increase back up again. If you have a 120 licences for non-locally-qualified and one person leaves then you have to apply now to get the licence back,

whereas before it would just be automatically incorporated in your licences that you held. So, yes, there is a definite cut-back and if there is any possibility of a locally-qualified person being employed then that is what they have to do.

The Deputy of St. Peter:

Where are we going now? We will carry on in this vein. We have got one more question, which is ...

Deputy J.A. Hilton:

I have a question related to what the Minister spoke about previously. I think you said that there were over 300 long-term unemployed but currently, under the new scheme that you have set up to encourage employers to take on people either on a permanent contract or on a contract to 18 months, only about 30 people had accessed that scheme, which is quite disappointing considering the number of long-term unemployed. What do you feel that you can actively do to encourage employers to look at this and get some more of those people into permanent employment under the scheme?

The Minister for Social Security:

I am not too disappointing with the figure because it is still early days and we have to remember that we are currently in the summer months when some employers obviously will use seasonal staff for some of the work that they have. In many cases we are talking about probably businesses that are perhaps expanding, where they will need more staff and they are prepared to look. Many employers advertise their jobs with us now, which we are very pleased about, and so obviously when an employer notifies us of a vacancy we have the opportunity to talk to them and say: "Well, you have a vacancy. You might wish to consider availing yourselves of our employment grant. We will give you a list of people who might be suitable," and all that sort of thing. So there are opportunities that arise as and when jobs are advertised with us and obviously the job coaches are looking out for these opportunities as well.

Deputy J.A. Hilton:

Just lastly on that - and again questions have been asked in the States Assembly about this matter - how much co-operation are you getting from other States departments to place the unemployed on schemes within the States departments?

The Minister for Social Security:

I think I have answered the question in the States on this very point. We are working with our colleagues in other departments and obviously the one that cropped up this week was working in the environment and working with the Department of Environment and, in fact, Ian had a meeting in the lunchtime about this. So we are progressing that type of scheme, but the fact is that the States are obviously not growing ... well, we seem to be, but generally the States are not growing their number of employees.

Deputy J.A. Hilton:

I was not thinking of paid employment. I was thinking of States departments providing those work opportunities for experience so that those people - maybe it is young people who have no experience - can go in a voluntary capacity, whether it is under Advance to Work, so it is providing opportunities.

The Minister for Social Security:

I cannot remember, unfortunately because I did not know you were going to ask me this question, the figure that I provided. I do not know if anybody can remember them. Can you remember them?

Operations Director:

Yes. Currently there are 60 placements and 11 have found paid employment out of those placements. So there has been a source and there is still more to be done, though, to increase that level of placements over the rest of the year, particularly in the winter months.

The Deputy of St. Peter:

Our final question on this section was we have talked about the best-case scenario. Let us look now at the worst-case scenario and what if we continue with our Back to Work schemes but there simply are not the jobs to put people into? What then?

The Minister for Social Security:

What then for us or what then for the Island?

The Deputy of St. Peter:

For you, Minister.

The Minister for Social Security:

What then? I think we have to have a tougher regime on non-local licences. The Control of Housing and Work Law will give us the opportunity to review licences without waiting for them to expire. The current situation is that, until the licences expire, for those bigger employers who have, for example, got a 3-year licence for so many non-local and local, the Regulation of Undertakings does not allow us to ask that employer to come in and talk about reducing the number of non-local. I have not studied it, but I am told that the Control of Housing and Work Law will give the Government much more ability to reduce the licences for non-locals if we so choose, if that becomes the policy. Obviously some employers will find that very difficult or will not be happy about that, but it is already happening. As my Assistant Minister has explained, it is already happening but we could be far tougher with the new Control of Housing and Work Law because the only way we are going to get people off the unemployed list is to get them to work in the industries which currently have non-local licences, quite honestly.

Deputy J.A. Hilton:

Just to clarify, are you saying that currently, with those companies with non-local licences, we have not got the ability to reduce the number of non-licences they hold when they come up for renewal?

[15:45]

The Minister for Social Security:

When they come up for renewal we can talk to them but if you were looking at a file and you thought: "Well, crikey, that employer has got a lot of non-local licences. We must get them in to talk about them ..."

Deputy J.A. Hilton:

No, it was just my understanding that when they do come up for renewal Regulations and Undertakings look at it and I would hope that, where obviously we could put local people in employment, they would say: “Well, we are going to cut your non-local licences by 50 per cent.”

The Minister for Social Security:

Again, I am not on the M.A.G. (Migration Advisory Group), so I do not know if is as strict as that yet. Is it?

Deputy J.A. Hilton:

Has that ever happened?

The Minister for Social Security:

No, not yet.

Deputy J.A. Hilton:

Basically, in a nutshell, we are not doing enough. I am really surprised at that because, from the conversations that we have had and from questions that have been asked in the States Assembly, I had assumed that when the licences came up for renewal those companies who had a lot of non-local licences would automatically have the number reduced. So I am really disappointed that that has not happened.

Assistant Minister for Social Security:

It is not quite like that. The licences issued in the days before the economic downturn were considerable because the requirement for a large workforce, because the tourism industry was a revolving circle, was greater and in fact a lot of the agricultural and hospitality industries now, for example, are not using their original licence numbers. So they are automatically reducing themselves to an actual number and that actual number has not increased. Fifty licences might not have been used over the last 2 years and, if suddenly there was a surge, those licences would not be increased. Though you cannot remove them, they are removing themselves.

The Deputy of St. Peter:

Shall we move on to the Long Term Care Fund? At the moment your figures are based on claimant numbers and operating translation_ until the Long Term Care Fund is introduced now in 2014. What contingency do you have in place if that implementation is put back further?

The Minister for Social Security:

The budget you are talking about is the residential care budget within income support. Again, as I stated earlier, the Income Support Law requires us to assist people who qualify and meet the criteria and if the introduction of long-term care benefit was (and it will not be, I hope) delayed beyond commencement in July 2014 then we would have to again go back to the Treasury and seek money from central contingencies because it would be an increase in the income support budget unless we got any other money that I do not know about.

Chief Officer:

We have got a small contingency within the budget of one per cent of the income support budget. Beyond that we would have to go to contingencies that are held centrally for pretty much entirely benefit purposes. I think, last I looked, there was the order of £2 million

The Deputy of St. Peter:

Now, you have £580,000 in place for the Long Term Care Scheme which is an initial estimate. Have you calculated how much further funding would be required should the plans for the Long Term Care Scheme change and where that further funding would come from?

The Minister for Social Security:

I may need some help on this one. The £580,000, that is the cost of setting up the scheme.

Chief Officer:

Implementation.

The Minister for Social Security:

Implementation, yes.

Chief Officer:

Developing and implementation.

The Minister for Social Security:

Yes, that is what I thought.

Chief Officer:

We are about to revisit whether that budget will cover it. If it will not then there is always the carry-forward route for next year. But at this point in time it is more than covering it.

The Deputy of St. Peter:

We will move on. £50,000 is being used as a carry-forward for a one-off cost for I.T. (Information Technology) in relation to the cold weather bonus. How long do you plan to extend the cold weather bonus?

The Minister for Social Security:

This is the new cold weather bonus for pensioners who do not pay tax but are not on income support. I think it is written into our budgets from now on, as an ongoing ...

Chief Officer:

It is the implementation costs, I think.

The Deputy of St. Peter:

Yes, it is a one-off cost for I.T.

Finance and Governance Director:

Where it is a one-off cost, those costs have been incurred. There is no more spend.

The Minister for Social Security:

We have got a budget obviously for the cold weather bonus that is paid outside of the income support, which is in our M.T.F.P. figures because it is one of the benefits we now pay out, in the same way as we pay out the food cost bonus. So the money itself that is paid to recipients is already in our budgets.

The Deputy of St. Peter:

I wonder why we found it in the M.T.F.P.

Chief Officer:

I think it is in the carry forward schedule.

Deputy J.A. Hilton:

It is stated that the Minister is considering a number of potential changes to benefits which could deliver budget reductions. These savings could generate a saving of £3 million from 2014. Can you elaborate on these changes and how the £3 million could be achieved?

The Minister for Social Security:

No, I cannot.

Deputy J.A. Hilton:

Why?

The Minister for Social Security:

I cannot because we have not done the work. It is from 2014. So there is nothing that we are going to deliver next year within the Medium Term Financial Plan. These are savings to be delivered in the last 2 years of the Medium Term Financial Plan. Sorry, I am a year out. We will deliver in 2014 and 2015. So we have got next year to spend time looking at where those savings can be made. Quite simply, by next year our income support total budget will be nearly £100 million and I believe that we can find savings over a period of time, whether it is the fact that there will be a reduction in the number of unemployed people ... but we have to make sure that the income support scheme is as efficient and as fair as possible and part of what we will be doing next year is looking at the components and seeing if we can achieve some savings. That is what we decided we will do.

Deputy J.A. Hilton:

So potentially you think you might be trying to reduce the level of the components being paid. Is that what you are saying?

The Minister for Social Security:

There are various ways. As I say, I do not want to go into detail today because we have not got the detail to give you. It is a target.

Deputy J.A. Hilton:

At a previous hearing you spoke about a possible proposal to remove the survivor's pension. Is the removal of the survivor's pension tied up in these savings that you are thinking of or is that something completely different?

The Minister for Social Security:

Something completely different.

Deputy J.A. Hilton:

Can you tell us how much you have progressed on that and what your plans are?

The Minister for Social Security:

There are 2 stages basically. We have issued law drafting instructions for the invalid care allowance, which is currently a tax-funded benefit, to be moved into the Social Security Fund and become a contributory benefit based on contribution record and some enhancements. We are going to call it home carer's allowance. That would mean that there will be a proposition brought to the States obviously because it is a new benefit, if you like, out of the fund. That will produce savings on the tax-funded of about £2.2 to £2.5 million, because at the moment invalid care allowance ... there is a growth in the number of claimants, which means that our budget is slightly less than we need. So moving it into the Social Security Fund will allow for the fact that cost is going up, more claimants, but also it will be part of our 2013 C.S.R. (Comprehensive Spending Review) savings. Now, the agreement we have with the Treasury is, because we are putting a further burden on the Social Security Fund, we are also going to look at survivor's benefits. Again, we will need to bring a proposition to the States. We revised survivor's benefits in the sense that over a period of time we have also made some savings there so that the £2.5-2.8 million cost of invalid care is wiped out over a period of time by a reduction in survivor's benefits. We have not lodged the proposition yet, so I cannot tell you at the moment exactly what our thinking is on the survivor's benefits.

Deputy J.A. Hilton:

Could you remind me, survivor's benefit, is this for people who are working? Widows and widowers who are working, their benefit will be cut after a period of time?

The Minister for Social Security:

Not quite. It does not matter if you are working or not. The entitlement at the moment to a survivor's pension kicks in after one year of being on a survivor's allowance. So there are 2 benefits within survivors. What we are potentially looking at is that the pension will only be paid if a claimant has children under school-leaving age. So once those children are no longer under school-leaving age then the pension would cease to be paid. However, those current recipients would be protected. It would only apply to new claimants.

Deputy J.A. Hilton:

So it would not be retrospective. It would just apply to new claimants?

The Minister for Social Security:

That is what we are currently looking at. We have not finalised it, but that is what we are currently looking at.

Deputy J.A. Hilton:

When do you think you will be bringing these matters back to the States? That is part of the C.S.R. savings, you said, for 2013?

The Minister for Social Security:
2013, yes.

Deputy J.A. Hilton:
When are you proposing to ...

The Minister for Social Security:
Well, in the case of the new home carer's allowance, which replaces invalid care, law-drafting instructions have been issued. I do not know how quickly but I think we may well get that proposition lodged within the year and it will be followed on closely with the change to survivor's benefits, subject of course to States approval.

The Deputy of St. Peter:
Anti-discrimination legislation, the growth bid says that it should be operational by early 2014. You have provided for a gradual increase in the number of cases. How has that gradual increase been calculated?

The Minister for Social Security:
Increase in claims to the Tribunal?

The Deputy of St. Peter:
Yes.

The Minister for Social Security:
I can say at this point that we are making very good progress with our anti-discrimination law. Law-drafting instructions have been issued and we are waiting for the second draft to come back. We will be doing some consultation during the autumn and we are hopeful that we may meet our target, which the States requested us to do, to lodge it in 2013. But if we do not achieve that target, it will be very much the beginning of 2014. A lot of very good work has been going on. We anticipate that the Tribunal will have some discrimination cases to deal with and that is why we have made provision already within the Medium Term Financial Plan for extra cases and extra clerical assistance through the Greffe to advise people of court and so on. Am I getting my dates wrong?

Chief Officer:
Yes.

The Minister for Social Security:
Sorry. There are so many dates, are there not? We expect to lodge by the end of 2012 but if it is not it would certainly be early 2013. I am sorry. With all these M.T.F.P. dates I am getting my dates mixed up.

The Deputy of St. Peter:
That is quite all right. We understand. I think the point we are trying to make is it is obviously very difficult to predict how many cases will come to the Tribunal and whether you are confident that you have correctly predicted. I guess we will ask you that in 2015.

The Minister for Social Security:

It is an unknown factor, is it not? We anticipate that most discrimination cases will arise in an employment situation rather than in a private or public sector, shall we say. Therefore, the cases could be combined with an unfair dismissal. The Tribunal could have 2 claims, one for unfair dismissal and the same case is also a discrimination case. So the case could run longer or it could take longer to be progressed, but on the basis that they could be claiming for both then that would eliminate a separate claim and a separate hearing for discrimination. It is very much putting a guestimate on it, I am afraid, because we just do not know. I mean we have got some indication of what happens in Guernsey because they have had a discrimination law, so we have had some guidance from their activity.

[16:00]

Deputy J.A. Hilton:

Can I just ask one last question and it is about fraud. What figure do you put into the Medium Term Financial Plan, because I know you have had some successful prosecutions of people who have fraudulently made claims, or you cannot, I presume, because you do not know where you are going to be successful or where you are not. What happens to that money I suppose I am trying to say?

Chief Officer:

It is a difficult one to talk through but when we initiated the increase in manpower initiative a couple of years back we were counting it as C.S.R. savings. Now when we come to do the forecasting for income support, those base figures that we were using have inevitably got a saving included within it already. So we built it into the number. We do not separate it back out again. We set the team the same sort of target that they had. We are the second year into this initiative, so we are using the same target that we had previously. The process we are undertaking is a review of our policies and procedures and initiative how we work and we will also look at whether to increase the target for the team. But in terms of the M.T.F.P. beyond 2012-2013, it is just built into the figures because our experience of where the figures are includes already the benefit of the fraud.

Deputy J.A. Hilton:

You must be quite pleased with some of the successes you have had. Are you still receiving feedback from the general public over possible fraudulent claims? Is the level sort of consistently higher?

Chief Officer:

If I recall it is not quite as high as when we first set up but we are still getting them through the hotline and through the web.

The Deputy of St. Peter:

Thank you very much for joining us this afternoon. I wish you all a good weekend and I close the meeting.