

RESPONSE TO QUESTIONS PURSUANT TO RULE 14 OF THE RULES OF PROCEDURE

From	President, Committee <i>for</i> Employment & Social Security
To	Deputy Lester Queripel
Subject	Winter fuel allowance
Date of response	13 December 2019

Preamble from Deputy Lester Queripel:

During the States debate held on Wednesday November 27th, 2019, Deputy Shane Langlois delivered a statement on behalf of the Committee for Employment and Social Security. Once he had concluded his delivery, I asked the following question:

‘I was disappointed to see that ESS have recently put in place a meagre 12 pence a week Fuel Allowance increase for this winter for the poorest members of our community, which I appreciate is based on the 0.4% RPI figure up until the end of June: but surely ESS could have decided on a compromise and increased the figure by more than 12 pence a week, bearing in mind that since June, energy prices have increased by approximately 16%. Those increases being as follows: Electricity 6.8%, Coal 4%, Gas 3.8% and Oil 2%, and the majority of those increases were announced prior to the end of June by the energy companies themselves. So I’m now wondering how the poorest members of our community, who are recipients of the Fuel Allowance, are expected to make up what is now more than a 15% shortfall every week: so can the Vice President tell me please how ESS expect the poorest members of our community to make up that shortfall?’

In response to my question, Deputy Langlois informed me that the way in which the increase was decided upon is an embarrassment to the department and the committee. He also informed me that it was the intention of the department and the committee to come up with a different system whereby the figure is decided upon and emphasised the intention was actually a ‘priority’. He also apologised on behalf of the committee and the department for their failure to address the whole issue. However, although Deputy Langlois was gracious enough to apologise on behalf of the committee and the department, he didn’t actually answer the question I asked, which is why I find myself now in the position where I am having to submit the question via Rule 14. Therefore the first question I ask via Rule 14 is as follows:

Question 1:

How do ESS expect recipients of the Fuel Allowance, who are amongst the poorest members of our community, to make up an approximate 15% weekly shortfall for the winter period incurred by the 16% increase in energy prices since June?

Response

As you are aware, the Committee has intended to review the winter fuel allowance during this political term, as it appears to no longer be fit for purpose. However, it is incorrect to say that there has been a 16% increase in energy prices since June. There has been an inflationary increase in several types of fuel/energy in recent months, but this cannot be compared with the rate that was applied to the winter fuel allowance for the 2019/20 winter. This is because of the way that the inflation figure for the fuel and light group is calculated. Each heading within the group has a different weighting applied to it,

which determines its contribution to the overall inflation figure for the group. Please see the table below, by way of an explanation:

	Weight within group
Coal	1%
Smokeless fuel	1%
Electricity	44%
Mains gas	14%
Butane gas	5%
Kerosene	35%

The weights are based on Household Expenditure Survey data i.e. based on the overall average spend of all households. The weights are updated periodically (next update due June 2020). Each quarter, the Data & Analysis team collects the prices of two or more items under each heading (15 items in total, from the most popular retailers/suppliers – collected in confidence, so exact details cannot be shared). The team uses those prices to work out the average price for each heading. They make sure that the items are directly comparable with the quarter before, so that they can work out the increase or decrease from one quarter to the next on a like-for-like basis. That increase or decrease is then applied to the index for each heading. Each index is then multiplied by the weight shown above. The figures are then summed and divided by the sum of the weights to give an overall average change in price. Over the year ending June 2019, the change was 0.4%.

Also, bearing in mind that Deputy Langlois informed me that it was not only the intention of the department and the committee to address the whole issue but it was actually a ‘priority’, I ask the following Rule 14 questions:

Question 2:

Where does this issue sit on your list of priorities?

Response

Firstly, it should be clarified that Deputy Langlois’ response to your question was that it was embarrassing that the Committee had not been able to progress the review of winter fuel allowance yet this political term, and not that the percentage of 0.4% added to the winter fuel allowance for this winter was embarrassing.

Reviewing the winter fuel allowance is something that the Committee has wanted to do since first mentioning it in the Resolutions list appended to the Committee’s policy plan, which went before the States in June 2017. However, with limited resources available to progress the policy work streams under the Committee’s mandate this term, the workload has had to be prioritised. Understandably, the Committee has focused a lot of its resources on large projects such as disability discrimination legislation, the future funding model for long-term care (SLAWS) and secondary pensions. The Committee would still like to review the winter fuel allowance, as the current model of a fixed price for all eligible households is no longer appropriate, particularly when some properties are very old and

energy inefficient, and others are highly insulated new builds which require very little heating. However, the Committee recognises that with time running out before the end of the political term, this may be one of the work streams that needs to be handed over to the incoming Committee through the end of term report.

Question 3:

When will you be addressing the issue and how do you intend to resolve it?

Response

Further to the response to the previous question around the level of priority that the Committee has placed on the review of winter fuel allowance, it cannot be said exactly when this issue will be addressed, or even that it will be within this political term. Until the review of winter fuel allowance has been conducted, it is not possible to comment on how the issue will be resolved. The Committee understands that this response may be disappointing, but hopes that you understand the pressure that the Committee is under to deliver on the policy priorities that the States has agreed to for the remainder of this political term.