

Customer and Local Services Social Security Ministerial Decision Report

APPROVAL OF 2023 MANAGEMENT CHARGE FROM CUSTOMER AND LOCAL SERVICES DEPARTMENT TO THE FUNDS

1. Purpose

The purpose of this report is to seek the Minister's approval of a management charge of £8,135,000 to be charged from the Customer and Local Services Department to the three Funds to reflect the operational and management costs of running the Department in respect of the purposes of the Funds in 2023.

2. Background

For 2023 the funds will continue to cover the costs of administering benefit payments via the Management Charge which consists of administration and other costs, following a review carried during 2022, and given the expected high levels of inflation, it was recommended that the total was increased by the FPP forecast average earning rate for 2023 of 6.2% (this is the first increase since 2014).

The calculation for administration costs is based on estimated staff and administration activity for the year for each operational area supporting benefit payments which are then apportioned appropriately between each of the funds and the Customer and Local Services department. In addition, the funds will also continue to cover certain costs where they are incurred under the legislation relating to the fund in question or are specific expenditure of the funds. These costs include, but are not limited to, audit, actuarial and investment management fees, the contribution from the Health Insurance Fund cost of the Primary Care Governance Team and Jersey Quality Improvement Framework payments.

The level of Management Charge will continue to be reviewed in 2023 for the remainder of the current Government Plan reporting period. If there is a need to incur further expenditure from the funds in the year (e.g. for specific projects) then the Minister will be asked to approve further withdrawals from the funds, either directly or as a payment to the Customer and Local Services Department (recorded as income to match the additional expenditure).

3. Recommendation

It is recommended that the Minister approve the management charge of £8,135,000 to be charged from Department to the three Funds to reflect the operational and management costs of running the Department in 2023.

The table below shows the charge to each fund and the movement vs 2022:

	2022	2023
SSF	£4880k	£5183k

HIF	£1450k	£1540k
LTC	£1330k	£1412k
	£7660k	£8135k

These figures were included in the proposed Government Plan 2023-2026 which was subsequently approved by the States Assembly. These were unaffected by any amendments.

4. Reason for Decision

Under Article 30 (2) of the Social Security (Jersey) Law 1974, Article 21 (1) of the Health Insurance (Jersey) Law 1967 and Article 2 of the Long-Term Care (Jersey) Law 2012, the Minister can make payments from the funds for expenses incurred by the Minister in carrying the Law into effect.

5. Resource Implications

There is no change to the Customer and Local Services Department's revenue head of expenditure for 2023 caused by this decision.

This decision does not change the Department's total FTE.