

2.8 Deputy J.A. Martin of St. Helier of the Minister for Social Security regarding progress on development of Income Support Scheme and inclusion of aspects of housing benefit:

Will the Minister inform Members what detailed progress, if any, has been made during the development of the income support scheme to decide what aspects of housing benefits will be included in the scheme?

The Deputy Bailiff:

Deputy Troy, I understand you will be answering on behalf of the Minister?

Deputy P.N. Troy of St. Brelade (Assistant Minister for Social Security):

Yes, Sir, that is correct. The States approved the income support system last year and a law drafting brief has been drawn-up on that basis. Both the relevant report and proposition (P.86/2005) and the law drafting brief are posted on the States of Jersey website and I would refer Deputy Martin to them. In brief terms, the housing benefit system will be abolished when income support comes into effect. The new system will take on board the principles of the housing benefit system; that is meeting rental costs up to a fair rent level for accommodation suitable to the size of the household. However, the proposed income support assessment differs in that an amount for rent will be added to a living allowance and any other relevant component from which will be deducted all income after applying a 10 per cent disregard with the balance paid by the way of income support. Detailed work is now underway on all aspects of the system so that subordinate legislation can be drafted after the States have approved the law. We have recently had discussions with the Social Affairs Scrutiny Panel of which Deputy Martin is a member to request that they take detailed referrals as work progresses in developing income support to help us meet the tight timescale of May 2007 for implementation.

2.8.1 Deputy J.A. Martin:

Yes, I am member of the Scrutiny Panel. This is why I have asked this question. I am concerned with the tight timetable and the Deputy has now informed the House that the present system of rent abatement and rent rebate - private rent rebate - will be abolished and replaced with a completely new system but which actually has not been worked out in this tight timescale. Would the Deputy inform the House how the benefits will differ? We are talking, in the States rental sector alone, about a sum of £15 million in rent abatement for people on very low incomes on very high rents and I would ask how is he assessing fair rent and actual rent? I hope the Deputy understands the question because the fair rent sector housing is not always the actual rent asked for the house. So, there are a few questions in there and this is why I ask this question. We are about 9 months away from passing this law in the House and the biggest aspect which covers on low income has not yet even be touched on or resolved.

Deputy P.N. Troy:

The income support system sets up a level of income that a household needs for a modest but adequate budget and tops-up incomes for households below that figure and, of course, there will be rental component so that those who are at the lower end of the scale are protected. So, they will have their weekly and monthly incomes brought up to a level on which they can adequately live. Within P.86/2005, Annex 2 gives the benefit rates relating to 2005 and, of course, those are all based on housing

fair rents and the income support system will continue with that basic philosophy. It is just that the structure will change overall.

2.8.2 Deputy R.G. Le Herissier:

One of the continuing criticisms of the rent rebate system which the Minister of Housing struggled with previously was the fact that it was seen as an inflationary system which exacerbated rather than cured the problem which it was intended to cure. Would the Assistant Minister tell us how he expects his new system to start curing the problem rather than exacerbating the problem?

Deputy P.N. Troy:

I think it fair to say that in the new system there will be winners and losers. The idea of the whole income support system is to protect those at the lower end of the income scale and there are some people who are receiving housing benefit and other benefits where some of those funds could be distributed to those at the lower end of the scale. So, there will be some losers out of the whole system because there are some people who are receiving housing benefits... and I think the Housing Minister is nodding in agreement. There are some people who are receiving too much from the present structure and that will be addressed in the new system.

2.8.3 Deputy G.P. Southern:

What consideration, if any, has been given to changing the resident's qualification for receipt of housing rent rebate and rent abatement? Is there any consideration of removing the current 14-year limit and moving it down to 5 years to match the eligibility for the current welfare and presumably future low income support?

Deputy P.N. Troy:

The intention, certainly, would be to bring it down to a 5-year period for eligibility. As the scheme develops, I will be able to confirm that at a later date.

2.8.4 Deputy J. A. Martin:

On hearing that answer, could the Deputy tell the House how much research has been given to how many families this will affect between 5 years now, who cannot claim any form of rent rebate or allowance, and the 14-year housing residential qualifications? What research and how much will it actually cost?

Deputy P.N. Troy:

I cannot answer that question, Sir. That is an open end question. I just cannot answer that.

2.8.5 Deputy G.P. Southern:

Is the Assistant Minister aware that there are, according to the income distribution survey, some 300 families below the low income threshold who will be claiming, undoubtedly, in the non-qualified sector and that according to the income distribution service survey also some 30 per cent - one third - of people of non-qualified households - 4,300 households, so approximately 1,000 plus households - may well become eligible for rent rebate under his new proposed scheme, if he does lower the qualification period to 5 years.

Deputy P.N. Troy:

As I said, the thing with the income support scheme is that we will have a sufficient amount of funds and what has been assured is that a sum of £20 million for transitional arrangements is confirmed as receivable over a period of years from the Treasury to protect those whose circumstances are changed by the introduction of the scheme; and also GST protection of £1.75 million to £2 million is also guaranteed funding; and start-up costs of the scheme of another £2 million are also guaranteed as part of the funding. We will have the total pot which will be distributed and what we are establishing now is how it will be distributed and that is how we are working through the item and the Scrutiny Panel will have an input and will watch over the way that the scheme is developed. The total pot is there and we have to establish how it will be distributed and that is part of the problem.

2.8.6 Deputy G.P. Southern:

Is the Assistant Minister prepared to hold meetings to inform all Members of the States as to how this particular system has progressed and, in particular, is he prepared to give Members access to the income distribution model on which this is based in a similar manner to which Members got access to the fiscal figures when we were investigating tax reform? Will he give access to the income distribution model?

Deputy P.N. Troy:

The department has always been prepared to share information and, certainly, as we are embracing the Scrutiny system we are working with the Scrutiny Panel. We have invited the Scrutiny Panel to work with us and we will always be as open as possible and we will be as co-operative as possible with the Scrutiny Panels. We have had numerous consultations with members in the past. As we have developed the scheme we have had presentations to Members and I have in the last week met with the Scrutiny Panel and it was suggested that we have presentations to new members who may not be fully conversant with the scheme. So, we will be arranging that so that new members can have a detailed presentation so that they become more aware of the intricacies of our proposals.

2.8.7 Deputy R.G. Le Herissier:

At this presentation for new Members, will the Assistant Minister be telling the Members what percentage they have put in their plan of the low income budget will go towards rent, support of various kinds, and whether this percentage differs from the amount currently or the overall sum differs from the amount currently dedicated to this area?

Deputy P.N. Troy:

I think it is logical from our proposals, if we are distributing from some of the wealthy individuals to those who are at the lower end of the scale, that there will be losers from the scheme. So, I fully anticipate that some who are receiving housing benefits at the upper end of the scale will lose out so that might suggest that housing benefits would reduce in some regard. But the whole scheme has to be costed out and we have to be certain of our figures and, of course, we have to come back to the States with it so all Members will have the opportunity to comment in due course on the scheme as outlined.

2.8.8 Deputy P.V.F. Le Claire:

I have been asked to investigate whether the department actually takes benefits in kind as part of the make up to someone's income. In determining actual rent, fair rent, income, actual income and the distribution of States' money to support people in lower income is the Department looking to treat benefits in kind as actual income, because overall that will affect not only the amounts of benefits they receive in rent rebate but also the amounts of contributions they will make?

Deputy P. N. Troy:

I am trying to work out what the Deputy might mean through benefits in kind. It would be useful if I had an example but as I did say earlier, all income after applying a 10 per cent disregard will be considered as part of the income support scheme. So, any income coming in under the existing arrangements would be included apart from certain disregards.

2.8.9 Deputy P.V.F. Le Claire:

In determining the formula for these new processes that the States are going to undertake through the Ministry of Employment and Social Security, will the Assistant Minister undertake to talk with the Minister for the Treasury Department and find out exactly what is classified as a benefit in kind? Then he will understand - and his department will understand - what is taxable and what is not taxable and what is classed as an income and what is not classed as an income, and thereby be able to treat a benefit in kind the same way as the tax department does when taking account of someone's income. This will not affect the benefits; it will also affect the contributions and will have an effect on the social security scheme.

Deputy P.N. Troy:

We are in the process of developing this scheme as I have said so the scheme is not defined at the present time and this is where we have to work with other States Members - with Scrutiny - and develop a scheme that works for the Island of Jersey. I will gladly talk to the Treasury Minister and establish if he has any concerns regarding any component and we will have full input from the Treasury Minister and any Member of the States who is interested in giving their opinion to us. We will gladly take on board their opinions and take forward those opinions into the proposals.

2.8.10 Deputy C.J. Scott Warren of St. Saviour:

The Assistant Minister will appreciate how important this new scheme is and will he please extend his invitation not just to new Members but to all States Members?

Deputy P.N. Troy:

Yes, of course, Sir.

2.8.11 Deputy J. A. Martin:

The Assistant Minister answered a couple of questions ago that the scheme will be detailed and researched and costed. Will the Assistant Minister inform the House whether the timescale for bringing in the scheme is their timescale or they are pressurised by the introduction of GST and that this scheme must come in before even if they are not quite ready or researched or they have enough money? Thank you, Sir.

Deputy P.N. Troy:

The Deputy is correct. There is a link to bringing this in prior to the introduction of GST. I acknowledge that. We do feel that we do have a timescale which is achievable. As I said we intend to implement this in May 2007. We will need to have all of the legislation drafted and before the States and we will need to have the scheme fully organised for the back-end of this coming year. So, we will need to be clear in our minds as to the full extent of the scheme and the full proposals of the scheme at September/October time and I hope that the Scrutiny Panels will work with us on that. We need to bring the proposals to the States in good time so that we can implement for May 2007.