

**WRITTEN QUESTION TO THE MINISTER FOR SOCIAL SECURITY
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 10TH OCTOBER 2017**

Question

Will the Minister explain how the rules around the lower contribution threshold of £880 per month operate; is it her assessment that the rules operate fairly and, if not, what measures does she propose to improve matters?

Will she also advise whether a worker whose monthly contributions (in the relevant quarter to claim Short-Term Incapacity Allowance (STIA)) are £900, £700 and £900 (giving a quarterly total of £2,500) qualifies to receive STIA and whether an employee whose monthly contributions are £850, £850 and £850 (also giving a total of £2,550) fails to meet the threshold and does not therefore qualify for STIA?

Answer

In 2017, £884 per month is the minimum amount a person must earn (the “Lower Earnings Limit”) to pay enough contributions to be insured and entitled to claim working age contributory benefits. This limit is directly linked to the value of contributory benefits available.

Contributory benefits are paid based on a person’s monthly contribution record. Contributory benefits include maternity benefits and incapacity benefits. These provide a standard rate of benefit with this rate being set approximately equal to the minimum weekly wage needed to create a contribution record. If a person is off work sick they can claim a Short Term Incapacity Allowance (STIA) of up to £204.19 a week, which is equivalent to just over £884 a month.

The amount a person can claim depends on the contributions they have paid. To get the full amount of STIA the person must:

1. **Have contributed for at least three months during their working life** – they must have paid enough contributions for at least three months during their working life and before the end of the relevant quarter
2. **Have a recent contribution record before their sickness** – they must have paid or been credited with enough contributions for each month in the relevant quarter

Enough contributions means paying contributions on earnings at or above the lower earnings limit (£884 per month in 2017).

The following table explains when the relevant quarter is:

| If your claim begins during: | You must have paid contributions during: |
|------------------------------|--|
| January to March | July to September in the previous year |
| April to June | October to December in the previous year |
| July - September | January to March in the same year |
| October - December | April to June in the same year |

If a person has contributed enough for at least three months during their working life, but only has a contribution record in one or two months of the relevant quarter before their sickness, they will get 1/3 or 2/3 of the full rate of STIA.

The eligibility rules are clear and are applied fairly to all workers covered by the Social Security contributory scheme. The current scheme was established in 1975 and the last major review was undertaken at the end of the 1990s. The Social Security department is now reviewing the Social Security scheme again to ensure that it continues to meet the needs of current and future generations of workers. A series of public consultations and expert reviews will look at all major areas of the scheme and a programme of changes will be drawn up for approval by the next States Assembly.

The examples quoted in the question provide monthly earnings between £700 and £900, giving weekly wages of between £161 and £208. With an hourly minimum wage rate of £7.18 this represents part time work of no more than 29 hours per week. With part time wages at this level, the worker is likely to qualify for assistance from Income Support or may be a member of a household that includes another working partner.

The first example in the question is someone who earns £900, £700 and £900, which is above the threshold in two of the three months of the relevant quarter. They would get 2/3 of the full amount of STIA each day they are sick. If the worker is a member of an income support household, this benefit can also be adjusted if there is a shortfall in the basic income of the household.

The second example in the question is someone who earns £850 on a regular basis each month. At minimum wage, this represents part time work of 28 hours a week. This worker falls below the minimum level at which a contribution record is achieved and they would not be able to claim any STIA.

If there is a legitimate reason why the worker cannot work full time, they are likely to be covered by Income Support. When people who claim Income Support are off work sick, their benefit will adjust upwards to make up for the loss of wages.