

**WRITTEN QUESTION TO THE MINISTER FOR SOCIAL SECURITY
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
QUESTION SUBMITTED ON MONDAY 4th APRIL 2022
ANSWER TO BE TABLED ON MONDAY 11th APRIL 2022**

Question

Given that in her statement to the Assembly on support for those impacted by rising costs the Minister said that “*as Minister, my focus is on supporting those who are most in need of help*”; will she advise –

- (a) whether she accepts that those who are most in need are those who cannot work and who are totally reliant on Income Support;
- (b) if she accepts (a), does she agree that the figures given in her response to [WQ.54/2021](#) show that a single person reliant on adult and household components is £11.70 per week worse off due to the fact that Income Support components are not fully indexed;
- (c) whether she considers the award of £20 per month is inadequate to deal with inflation and if not, why not; and
- (d) if she accepts that the absence of full indexation can only increase income inequality rather than reducing it?

Answer

At the end of March, I was pleased to announce a temporary scheme to support over 11,000 lower income adults and children with an extra payment of £20 per person per month from April to December to help those families with the increased costs of basic goods. The scheme has been designed to be implemented quickly to address the current situation. It does not differentiate between individuals eligible for the scheme as to the specific level of their household income.

- (a) The Income Support scheme does differentiate between households of different sizes and with different levels of existing income. A household with no income of its own will have the greatest need for Income Support and will receive the maximum amount available through the Income Support system.
- (b) WQ.54/2021 provides a comparison between Income Support component rates in 2014 and 2021. As that response indicates, there have been significant changes in the composition of Income Support since 2014 and it is not straightforward to make direct comparisons. For example, child components have seen significant above inflation increases. Work incentives have been increased from 20% to 26% and current statistics show the number of actively seeking work at a historic low. Government funding for social housing has increased significantly via the Income Support system, leading to major improvements in housing quality for Andium tenants. In respect of the specific example, the adult and household weekly components at the beginning of 2014 totalled £143.43. The RPI index for December 2013 was 156.4 and this increased to 181.4 in December 2020. Uplifting £143.43 by this increase gives a total of £166.36, compared to the 2021 component totals of £155.12. This is a difference of £11.24, rather than £11.70 quoted in the question.
- (c) An additional £20 per month per person will make a significant difference to a family living on a low income. For a pensioner couple, there will be an extra £40 per month, for a couple with two children this will be an extra £80 per month. The impact of inflation will be different on each

household. These points were covered in my note sent to all States members on 30th March 2022, which I reproduce below:

Dear States Members,

I understand that it is difficult for households to manage and deal with the sudden increases in prices we are seeing and are expecting to see during the year.

The latest inflation figure from December stands at 3.8% for the main rate, with the rate for low income households at 3.3%.

The Fiscal Policy Panel, who published their new economic assumptions today, think that inflation could rise to around 6% by the end of the year.

Yesterday, I announced a temporary scheme to provide extra support of £20 a month, per person, to over 11,000 people in Jersey who are likely to be the hardest hit by increases in the costs of basic goods.

The scheme covers Income Support households and pensioner households who are eligible for help with heating, health or other costs. This will cost about £2 million and will be paid for from the Income Support allocated budget for 2022, which is expected to be underspent during the year, because of the record low level of unemployment.

In addition to the £20 a month per person payment, these groups will also see benefit rises during 2022.

The old age pension will increase automatically in October. It will rise by at least the June RPI figure. In line with the FPP advice, this is likely to be up to 6%.

Income Support rates will also increase in October, in line with the decision made last year by the States Assembly. Component rates will increase by 2.6%, in line with the FPP advice issued last year.

For wage earners, the minimum wage rose by 11% from 1 January 2022.

I was asked to provide information on the impact of the extra temporary support compared to the impact of inflation on households.

It is difficult to do this, because the impact of inflation is different for everyone. It will depend on the goods and services they buy, and how much their prices are increasing - and it will depend on how much their overall income increases during the year.

Bearing this in mind, I expect that this scheme will provide support that is worth up to an additional 2% or 3% of average household spending for eligible recipients.

This will make a meaningful contribution to the rising cost of living for those most likely to struggle, starting from April, alongside the 2.6% uplift in Income Support component rates in October.

(d) I do not accept that the absence of full indexation leads to an increase in income inequality.

The only sustainable way to reduce income inequality is to help people move towards their own financial independence. The policies of successive Social Security ministers have significantly improved the work incentives within Income Support and the statistics show that unemployment is now at a historically low level. Helping people get into and stay in work is one of the most effective ways that a government can address income inequality.

More broadly, the Income Support budget sits within the wider tax funded government budget and difficult decisions must be made each year as to the allocation of additional funding.

Updates to Income Support components are made by Regulation and are debated and approved by the States Assembly.

The current components are listed below.

Component	£ / week
<u>Part 1: Basic components</u>	
Adult	100.73
Single parent	40.39
Child (first)	83.02
Child (subsequent)	70.00
Household	56.14
<u>Part 2: Housing component</u>	
<u>Rental:</u>	
in the case of a hostel	109.48
in the case of lodgings or a bedsit	144.13
in the case of a flat with 1 bedroom	212.45
in the case of a flat with 2 bedrooms	272.02
in the case of a flat with 3 or more bedrooms	291.90
in the case of a house with 1 bedroom	243.53
in the case of a house with 2 bedrooms	309.19
in the case of a house with 3 bedrooms	361.06
in the case of a house with 4 bedrooms	393.54
in the case of a house with 5 or more bedrooms	435.61
<u>Owner:</u>	
in the case of a bedsit or flat with 1 or 2 bedrooms	7.07
in the case of a flat with 3 bedrooms	9.94
in the case of a flat with 4 or more bedrooms	14.07
in the case of a house with 1 bedroom	7.07
in the case of a house with 2 bedrooms	9.94
in the case of a house with 3 or more bedrooms	14.07
<u>Shared by two or more households:</u>	
in the case of a hostel	109.48
in the case of lodgings or a bedsit	136.57
in the case of a flat with 1 bedroom	201.39
in the case of a flat with 2 bedrooms	257.74
in the case of a flat with 3 or more bedrooms	276.50
in the case of a house with 1 bedroom	230.65

Component	£ / week
in the case of a house with 2 bedrooms	293.02
in the case of a house with 3 bedrooms	342.09
in the case of a house with 4 bedrooms	372.82
in the case of a house with 5 or more bedrooms	412.72
<u>B: Impairment component</u>	
Personal care element:	
for a score of at least 15 but less than 36	25.20
for a score of at least 36 but less than 56	110.60
for a score of at least 56	158.76
Mobility element:	
(a)	25.20
(b)	50.33
Clinical cost element:	
(a)	3.57
(b)	7.14
<u>C: Childcare day component (£ per hour)</u>	
(a) child under 3	8.00
(b) child 3 +	6.70
<u>D: Carer's component</u>	
Carer's component	51.38

I am proud that I have carried on with the move to increase child components, which I have increased by more than 3 times the rate of inflation since taking office.

A rigid approach to the indexation of Income Support components with no flexibility to provide extra support in chosen areas could lead to a stagnating benefit system, unable to adapt to changing needs.