

STATES OF JERSEY



DRAFT INCOME SUPPORT (JERSEY) REGULATIONS 200- (P.90/2007): AMENDMENTS

**Lodged au Greffe on 11th September 2007
by the Minister for Social Security**

STATES GREFFE

PAGE 49, REGULATION 8 –

Substitute the following Regulations –

“8 Amendments consequential on the introduction of GST

Schedule 3 has effect for the purpose of amending Schedule 1 in the event of the commencement of Article 6 of the Goods and Services Tax (Jersey) Law 2007.

9 Citation and commencement

- (1) These Regulations may be cited as the Income Support (Jersey) Regulations 200.
- (2) These Regulations, apart from Regulation 8 and Schedule 3, shall come into force on the same day as Part 2 of the Income Support (Jersey) Law 2007.
- (3) Regulation 8 and Schedule 3 shall come into force on the same day as Article 6 of the Goods and Services Tax (Jersey) Law 2007.”.

PAGE 50, PARAGRAPH 2 –

Substitute the following paragraph –

“2 Rates for basic components

The rates payable for the basic components under Article 5(2) of the Law are –

- | | | |
|-----|--|----------|
| (a) | under Article 5(2)(a) (adult rate) | £83.58 |
| (b) | under Article 5(2)(b) (single parent rate) | £120.68 |
| (c) | under Article 5(2)(c) (child rate) | £56.42 |
| (d) | under Article 5(2)(d) (household rate) | £42.84”. |

PAGE 51, PARAGRAPH 3 –

In sub-paragraph (2)(b), for the words “to the claimant (either formally or informally) whether in Jersey or elsewhere” substitute the words “to the member of the household (either formally or informally), whether or not the parent or other person lives in Jersey”.

PAGE 52, PARAGRAPH 4 –

For sub-paragraph (4) substitute the following sub-paragraph –

“(4) The rates payable under this sub-paragraph are –

- | | | |
|-----|--|--------|
| (a) | in the case of a bedsit or flat with 1 or 2 bedrooms | £5.18 |
| (b) | in the case of a flat with 3 bedrooms | £7.35 |
| (c) | in the case of a flat with 4 or more bedrooms | £10.43 |
| (d) | in the case of a house with 1 bedroom | £5.18 |

- | | | |
|-----|--|----------|
| (e) | in the case of a house with 2 bedrooms | £7.35 |
| (f) | in the case of a house with 3 or more bedrooms | £10.43”. |

PAGE 52, PARAGRAPH 4 –

For sub-paragraph (6)(c) substitute the following clause –

“(c) the component is divided equally between all the households entitled to it.”.

PAGE 53, PARAGRAPH 6 –

For sub-paragraph (3) substitute the following sub-paragraph –

“(3) The rate of personal care element payable in respect of the total score calculated under sub-paragraph (2) is as follows –

- | | | |
|-----|---|------------|
| (a) | for a score of at least 15 but less than 36 | £20.37 |
| (b) | for a score of at least 36 but less than 56 | £83.58 |
| (c) | for a score of at least 56 but less than 75 | £122.85 |
| (d) | for a score of at least 75 | £436.73.”. |

PAGE 54, PARAGRAPH 7 –

For sub-paragraph (3) substitute the following sub-paragraph –

“(3) The rate of mobility element of the impairment component is –

- | | |
|-----|--|
| (a) | £20.37; or |
| (b) | £40.74 if the person’s average weekly earnings exceed the amount in this clause.”. |

PAGE 54, PARAGRAPH 8 –

For sub-paragraph (2) substitute the following sub-paragraph –

“(2) The rate of clinical cost element of the impairment component is –

- | | |
|-----|---|
| (a) | £2.66; or |
| (b) | if, based on the criteria set out in sub-paragraph (1)(b), the member will need at least 9 consultations with an approved medical practitioner,£5.32.”. |

PAGE 55, PARAGRAPH 9 –

For the words “who has the main responsibility for the physical care of the child” substitute the words “who is treated under Article 3 of the Law as having the main responsibility for the physical care of the children of the household”.

PAGE 55, PARAGRAPH 10 –

For sub-paragraph (3) substitute the following sub-paragraph –

“(3) The rates payable under this sub-paragraph are –

- | | | |
|-----|--------------------------------------|-------|
| (a) | for a child under the age of 3 years | £5.38 |
|-----|--------------------------------------|-------|

- (b) for a child aged 3 years or over but under the age of 5 years £4.21
- (c) for a child aged 5 years or over £3.03.”.

PAGE 56, PARAGRAPH 12 –

Substitute the following paragraph –

“12 Rate for the carer’s component

The rate payable in respect of the carer’s component is £41.79.”.

PAGE 62, SCHEDULE 2 –

After Schedule 2 add the following Schedule –

“SCHEDULE 3

(Regulation 8)

AMENDMENTS CONSEQUENTIAL ON INTRODUCTION OF GST

Schedule 1 shall be amended as follows –

- (a) for paragraph 2 there shall be substituted the following paragraph –

‘2 Rates for basic components

The rates payable for the basic components under Article 5(2) of the Law are –

- (a) under Article 5(2)(a) (adult rate) £86.10
- (b) under Article 5(2)(b) (single parent rate) £124.32
- (c) under Article 5(2)(c) (child rate) £58.10
- (d) under Article 5(2)(d) (household rate) £44.10’;

- (b) for paragraph 6(3) there shall be substituted the following sub-paragraph –

‘(3) The rate of personal care element payable in respect of the total score calculated under sub-paragraph (2) is as follows –

- (a) for a score of at least 15 but less than 36 £21.00
- (b) for a score of at least 36 but less than 56 £86.10
- (c) for a score of at least 56 but less than 75 £126.56
- (d) for a score of at least 75 £436.73.’;

- (c) for paragraph 7(3) there shall be substituted the following sub-paragraph –

‘(3) (a) £21.00; or
 (b) £42.00 if the person’s average weekly earnings exceed the amount in this clause.’;

- (d) for paragraph 12 there shall be substituted the following paragraph –

‘12 Rate for the carer’s component

The rate payable in respect of the carer’s component is £43.05.’.”

MINISTER FOR SOCIAL SECURITY

REPORT

Introduction

The rates for the Income Support scheme are laid down in Regulations (P.90/2007). In order to lodge the Regulations in sufficient time to allow debate and then implementation of the scheme in January 2008, rates based upon 2007 had to be lodged, as the retail price and average earnings indices used to up-rate benefits were unknown.

Now that those indices are known for June 2007, it is possible to up-rate these rates to those for 2008. This amendment replaces the 2007 rates previously lodged with the rates up-rated for inflation and average earnings rises.

All the component rates will be increased with the exception of the rates in respect of housing rental. These rates are in line with the fair rents set by the Minister for Housing and have already been adjusted following the rent increases earlier this year.

In addition, as a Schedule, these amendments also lay out the rates that will apply once GST is introduced. The Schedule has the effect of increasing the rates of the components that would apply in January 2008 in line with the rate of GST, i.e. 3%, thus protecting those on Income Support from the effects of GST.

All of the components will be increased by this amount apart from the components which relate to costs exempt from GST such as housing, childcare costs, residential care costs and clinical costs.

2008 component rates

The component rates and parameters contained within P.90/2007 and its accompanying report have been calculated on the basis of the data collected during the course of 2007 and the benefit rates current at the time. It is proposed that the Income Support benefit will commence payment in January 2008. Following the publication of the Earnings Index at the end of August, it is now possible to calculate component rates and parameters appropriate for 2008.

The non-contributory benefits that are being replaced by Income Support have historically been up-rated on an annual basis (on 1st October) in a variety of ways. Parish welfare is up-rated by the rise in the retail price index for June. Most other non-contributory benefits are up-rated using the midpoint between the June retail price index and the earnings index. The increase in retail price index measured in June 2007 was 4.3%. The increase in the earnings index measured in June 2007 was 4.7%. The midpoint figure is 4.5%.

Contributory benefits and Social Security pensions are also increased on 1st October every year. They are increased by the earnings index (4.7%).

To set the component and parameter rates for Income Support in January 2008, the appropriate rates will be increased by 4.5%, the mid-point between the increases in the Retail Price Index and the Earnings Index.

Some of the parameters included within the General Provisions Order (not yet made but included within the report accompanying P.90/2007) will also be increased by 4.5%. These are the parameters that relate to –

- Capital disregards
- Pension and earnings disregards.

The legislation requires Income Support components to be reviewed at least annually. It is intended to review the component rates and parameters again in October 2008.

Goods and Services Tax

The amendment to Regulation 8 has the effect of adjusting various rates on the day that the GST legislation comes into force. GST will be applied to the cost of most goods and services in Jersey. Component rates will be increased by 3% in respect of those components that will be affected by GST. Other components will not be affected by GST. The rates that will **not** be increased are –

- Housing component
- Childcare component
- Personal Care element level 4 (residential care)
- Clinical cost element

This table summarises the increases proposed in the amendment.

In the event that GST exemptions are amended before implementation, a further amendment will be brought before the House.

Component Type	Ref	2007 weekly rate		2008 weekly rate		Weekly rate following introduction of GST
		£		£		£
Adult	2(a)	80.01		83.58		86.10
Single parent	2(b)	115.50		120.68		124.32
Child	2(c)	53.97		56.42		58.10
Household	2(d)	41.02		42.84		44.10
Hostel	4(2)(a)	70.00		70.00		70.00
Bedsit/lodgings	4(2)(b)	100.45		100.45		100.45
One bedroom flat	4(2)(c)	143.50		143.50		143.50
Two bedroom flat	4(2)(d)	180.46		180.46		180.46
Three bedroom flat	4(2)(e)	205.03		205.03		205.03
Four bedroom flat	4(2)(f)	217.35		217.35		217.35
Five (or more) bedroom flat	4(2)(g)	225.54		225.54		225.54
One bedroom house	4(2)(h)	163.03		163.03		163.03
Two bedroom house	4(2)(i)	212.24		212.24		212.24
Three bedroom house	4(2)(j)	236.81		236.81		236.81
Four bedroom house	4(2)(k)	256.27		256.27		256.27
Five bedroom house	4(2)(l)	278.81		278.81		278.81
Six (or more) bedroom house	4(2)(m)	292.18		292.18		292.18
Bedsit – owner	4(4)(a)	4.97		5.18		5.18
One bedroom flat – owner	4(4)(a)	4.97		5.18		5.18
Two bedroom flat – owner	4(4)(a)	4.97		5.18		5.18

Three bedroom flat – owner	4(4)(b)	7.00		7.35		7.35
Four bedroom flat – owner	4(4)(c)	10.01		10.43		10.43
Five (or more) bedroom flat – owner	4(4)(c)	10.01		10.43		10.43
One bedroom house – owner	4(4)(d)	4.97		5.18		5.18
Two bedroom house – owner	4(4)(e)	7.00		7.35		7.35
Three bedroom house – owner	4(4)(f)	10.01		10.43		10.43
Four bedroom house – owner	4(4)(f)	10.01		10.43		10.43
Five (or more) bedroom house – owner	4(4)(f)	10.01		10.43		10.43
Personal care 15-36	6(3)(a)	19.46		20.37		21.00
Personal care 36-56	6(3)(b)	80.01		83.58		86.10
Personal care 56-75	6(3)(c)	117.53		122.85		126.56
Personal care 75+	6(3)(d)	417.90		436.73		436.73
Mobility – non earner	7(3)(a)	19.46		20.37		21.00
Mobility – earner	7(3)(b)	38.92		40.74		42.00
Clinical cost 5+ consultations	8(2)(a)	2.52		2.66		2.66
Clinical cost 9+ consultations	8(2)(b)	5.04		5.32		5.32
Carer	12	39.97		41.79		43.05
		2007 hourly rate		2008 hourly rate		Hourly rate following introduction of GST
		£		£		£
Childcare under 3 years	10(3)(a)	5.15		5.38		5.38
Childcare 3-4 years	10(3)(b)	4.03		4.21		4.21
Childcare 5-11 years	10(3)(c)	2.90		3.03		3.03

This table sets out the amendments that will be made to the parameters within the General Provisions Order (published as an Annex to the Report to P.90/2007).

Component Type	Ref	2007 Disregard	2008 Disregard
Capital disregards		£	£
single adult with personal care element	2(1)(a)	10,950	11,443
Other single adult under 65	2(1)(b)	7,300	7,629
couple with at least one with personal care element	2(1)(c)	18,150	18,967
Other couple under 65	2(1)(d)	12,100	12,645
Single adult 65 or over	2(1)(e)	10,950	11,443
Couple 65 or over	2(1)(f)	18,150	18,967
		2007 Weekly Disregard	2008 Weekly Disregard
Income and earning disregards		£	£
Pension – First pensioner	5(c)	25.00	26.11
Pension – Additional pensioners	5(d)	15.68*	16.38
Lone Parent – 1st level	5(e)(i)	15.00	15.68
Lone Parent – 2nd level	5(e)(ii)	25.00	26.11
Lone Parent – 3rd level	5(e)(iii)	45.00	47.04

* A transcription error in the report accompanying P.90/2007 erroneously referred to this figure as £13.

Other Amendments

Three minor amendments to clarify provisions in Schedule 1 to the Regulations are also included.

The amendment to paragraph 3 on page 52 makes clear the intention that no housing component is available to under-25s without children if any member of the household (not just the claimant) has a parent or person who occupied the position of a parent with whom the household can live.

Paragraph 4(6)(c) on page 52 is concerned with the situation in which a dwelling has co-owners or co-tenants and the co-owners or co-tenants form separate Income Support households. The amendment ensures that in this situation, the housing component is shared equally between the co-owners or co-tenants.

Paragraph 9 on page 55 is concerned with the earnings of an adult in respect of a child receiving childcare whilst the adult is working. The amendment clarifies that only one adult in each household can have the main responsibility for all the children in the household.

Financial and manpower implications

There are no manpower implications arising from these amendments.

The cost of Income Support following the proposed rate increases can be met from the agreed budget for Income Support for 2008.

The financial impact in 2008 of increasing the rates in line with the rate of GST, based upon the planned introduction date of May 2008 will be £1.3 million. The full year impact will be £1.92 million.

The cash limit of the Social Security Department for 2008 includes sufficient provision for the estimated increased cost for 2008.