

STATES OF JERSEY

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BENEFITS PAID BY THE HOUSING AND EMPLOYMENT AND SOCIAL SECURITY COMMITTEES: PROTECTION (P.75/2003) – COMMENTS

**Presented to the States on 8th July 2003
by the Housing Committee**

STATES GREFFE

COMMENTS

Deputy Southern's Proposition seeks to delay proposed changes to both the benefits paid by the Employment and Social Security Committee and the Rent Subsidy Schemes administered by the Housing Committee until January 2007 or until a comprehensive new Low Income Support Scheme is put in place, whichever is the sooner. With regard to the Rent Subsidy Schemes, they have for many years been described as "generous". In 1992 and 1993 changes were made to the existing schemes to make them slightly less generous but nevertheless the rents payable for those on the lowest incomes are still based on a rent payment of less than 17% of income.

Deputy Southern refers to two of the proposed changes to the rent subsidy schemes in his Report. Firstly, reference is made to the impact of the proposed removal of the disregard of Disability and Invalidity benefit as income for rent subsidy calculation. It is important to recognise that at present a person in receipt of either Invalidity or Disability benefit who is below retirement age receives a considerable rent subsidy. Once that same person in identical circumstances reaches retirement age they lose in its entirety that element of their rent subsidy based on the Invalidity/Disability benefit disregard. If a Low Income Support Scheme was introduced it would certainly take into account the income from Invalidity and Disability benefit in the same way as retirement pension and therefore this proposed change to the rent subsidy schemes is in fact simply levelling the playing field and ensuring that there is no inconsistency in approach. In order to reduce the immediate impact on those currently receiving an advantage from this anomaly the Committee proposes to phase out the disregard over a three year period.

The second change to which Deputy Southern refers is the most fundamental and that is the proposed change to the calculator for rent rebate and rent abatement which increases the percentage of income to be paid in rent. Deputy Southern claims that the proposed increase in rent payable will come "on top of the annual rise in rents for 2004 of 3.5%". In fact claimants under the subsidy scheme who are Committee tenants will not be affected at all by the proposed 3.5% increase. Claimants under the private sector rent rebate scheme will mostly be helped by the rent rise as this will allow rebate to be paid on a slightly higher rent.

However, the main argument around this proposal is whether the existing scheme is simply too generous. The Committee's view is that it is while it is always difficult to take something away, it is doubtful whether there would be any opposition today if a subsidy scheme was introduced which started off by only requiring £24 (18%) out of an income of £133 to be paid in rent. From the lower income levels the percentage steadily increases but even at £425 per week the rent payable would only be £110.

There is no escaping the fact that there will be a real increase in rent for those claiming subsidy but, at the lower income levels, it will amount to no more than £2 per week. Deputy Southern argues that changes such as this "would inevitably cause hardship". The Committee totally disagrees and, while accepting that reducing the generosity of the schemes will be unpopular, believes that it is the right course of action at this time.