

Submission of the Jersey Citizens Advice Bureau to the Income Support Sub-Panel-7th May 2010.

Subject- Review of Benefit Levels

Background

Jersey Citizens Advice Bureau is a charity which exists to provide trusted advice, help and support to people at moments of real need, whatever the problem they face.

In 2009 we dealt with 489 advice issues relating to income support benefit. In the first 4 months of 2010 we have dealt with 218 issues.

The Bureau has been a long term advocate of a comprehensive benefit scheme as a replacement for a number of means tested benefits. We have not changed our view that the income support scheme is the best way of ensuring that residents of Jersey are assisted when they fall on hard times, whether caused by job loss, chronic ill health, separation or pregnancy.

According to statistics produced by the States of Jersey, Statistics Unit, there were 8257 income support claimants as at the 31 December 2009. This figure includes approximately 800 individuals who were registered as unemployed.

Role of the Bureau

Clients are advised, in general terms, how the income support scheme works and the component rates. This information is also available on our website www.cab.org.je

The Bureau has Caseworkers, who see clients by appointment, in order to make calculations of income support benefit, assist with completing application forms and resolve queries such as proving residence.

General Comments

We believe that there is an insufficient number of staff in the Income Support Section to deal with the volume of claimants. Targets for “turnaround” of new claims [7 days] and “change of circumstances” reviews [14 days] are proving difficult to achieve, although some of the delay is caused by applicants failing to provide sufficient supporting documentation.

The Income Support Section has suffered from a lack of leadership, principally due to the ill health of the Section Head, and it has been difficult for CAB staff to communicate effectively with “decision makers”. This has improved since we had a meeting in February with the Acting Director of Income Support.

The income support application forms needs simplification although we understand the need to gather comprehensive information about claimants and members of their household.

The letters, advising claimants of how much income support benefit will be paid, following a successful application or a change in circumstances, are often confusing and need to be written in plain English in order to avoid misunderstandings.

We have evidence that some jobseekers on income support benefit are failing to make sustained efforts to find work and that the job seeking requirements, set out in the Jobseeker's Agreement, are being ignored. There is a need for the Social Security Department to implement sanctions at an earlier stage where there is evidence that the jobseeker is not "actively seeking work". The Income Support Scheme allows for another adult in the Income Support Unit to apply for a special payment to meet their basic needs in the event that a jobseeker loses their eligibility to income support. This is particularly important where the welfare of children in the Unit is at risk.

The Income Support Scheme does not require anyone looking after a child under the age of 5 to work. However, we have seen clients who wish to return to full time employment, after a period of maternity leave, but have been unable to meet the criteria whereby their net take home pay, after social security and tax, must exceed the total cost of childcare, not the capped rate, in order to be eligible for a child care component. The problem with the current policy is that it encourages benefits dependency and takes women out of the workplace for 5 years thereby making it increasingly difficult for them to secure employment when the youngest child commences full time education. We recommend that the Social Security Department introduces a more flexible policy, particularly for single parents who are keen to work in order to support their family rather than rely totally on benefits.

During our in depth casework with clients in debt we have come across individuals on income support benefit who are not motivated to seek paid employment because they have various wage arrests ordered by the Petty Debts Court for judgment debts [the maximum wage arrest is £80 per week per judgment debt]. Similarly clients with tax arrears will face punitive IT IS effective rates when they return to paid employment [the maximum effective rate is 35% for two years or more arrears]. Their reluctance to "come off benefits" is understandable and this matter needs a new political approach. The Bureau has been advocating for a number of years that the Bankruptcy [Désastre] [Jersey] Law 1990, as amended, needs to be changed so that individuals seeking financial rehabilitation can be relieved of the burden of long term debt.

Benefit Levels

We consider that the current levels of the components within income support are reasonable in relation to minimum wage/cost of living. However, we do not think the 12% disregard for earned income is a sufficient incentive to seek paid employment and would recommend a rate of 15%. It is clearly financially prudent for the Social Security Department to top up earned income rather than encourage a benefits dependency culture.

We would question the wisdom of paying the full adult personal rate of £92.12 to unemployed school leavers. In an income support household the loss of a child

component is not necessarily compensated by a payment for “board” by the unemployed school leaver. We would advocate that in such a situation 50% of the adult component is paid direct to the head of household and the remainder to the job seeker.

We consider that single parents have benefited significantly from the change over from family allowance/parish welfare to income support. A recent calculation for a single parent with two school-age children, living in States rental accommodation, revealed that the client would need to be earning a full time, gross salary of £30,420 per annum in order to be “better off” working. Based on a 40 hour week, this equates to an hourly rate of £14.62, which is more than double the minimum wage.

We recommend that the “deemed income” from capital figure of £1 per week for every £250, is reviewed. The current figure equates to a 21% return on capital which is unrealistic in the current economic climate. A fairer figure would be a 10% return, equivalent to 50p per week for every £250. Such a change would be particularly beneficial to senior citizens, on income support benefit, who find that they have to spend their savings, due to low interest rates.

The component rates for house/flat owners seem low. They are designed to help towards the cost of building insurance and foncier rates. However, home owners need to carry out repairs and maintenance to their properties in order to keep them wind and water tight and it seems reasonable that the component rate should make some allowance for this type of expenditure. For flat owners we would suggest an extra £10 per week and for house owners £20. This would equate to an annual repairs and maintenance budget of £520 and £1040 respectively.

The clinical cost components need to be reviewed so that there is some provision for half yearly dental check ups rather than expect claimants to make separate application for income support special payments. Pensioners, over the age of 65, can of course join the Jersey Health 65 + Scheme. The Social Security Department need to carry out a publicity exercise to ensure that all income support households understand that the basic personal component for each member of the Income Support Unit includes the provision of up to four GP visits per year. We also recommend that the setting up of Household Medical Accounts for Income Support Units should be mandatory where there are any members of the Unit in receipt of clinical cost components.

Summary

We understand that the Minister for Social Security will be carrying out a full review of the Income Support Scheme later this year. The Bureau works closely with Policy Officers at the Social Security Department and many of the views expressed in this submission have already been raised. We remain fully supportive of the concept of a universal, means tested benefit, and believe that the Income Support Scheme requires “tweaking” rather than wholesale reform. Out of courtesy we will be sending a copy of this submission to the Minister for Social Security.

