

# **STATES OF JERSEY**



## **DRAFT INCOME SUPPORT (SPECIAL PAYMENTS) (JERSEY) REGULATIONS 200- (P.91/2007): AMENDMENTS**

---

**Lodged au Greffe on 25th September 2007  
by the Health, Social Security and Housing Scrutiny Panel**

---

**STATES GREFFE**

DRAFT INCOME SUPPORT (SPECIAL PAYMENTS) (JERSEY) REGULATIONS 200- (P.91/2007):  
AMENDMENTS

---

PAGE 10, REGULATION 3 –

*After paragraph (1)(a) insert the following subparagraph and renumber the remaining sub-paragraphs accordingly –*

“(b) the cost of any repairs to a dwelling owned by the claimant and occupied as his or her principal residence;”.

PAGE 10, REGULATION 3 –

*After paragraph (4) insert the following paragraph and renumber the remaining paragraphs accordingly–*

“(5) A special payment may be made to defray the cost of insulating a dwelling owned by the claimant and occupied as his or her principal residence;”.

PAGE 10, REGULATION 3 –

*In paragraph (5) after the word “However,” insert the words “except in the case of a claimant who is a member of a household in receipt of income support,”.*

PAGE 10, REGULATION 3 and 4–

*(a) After Regulation 3(1)(c) insert the following sub-paragraph and renumber the remaining sub-paragraphs accordingly –*

“(d) mortgage payments made in respect of a dwelling owned and occupied by the claimant as his or her principal residence;”;

*(b) After Regulation 4(2) insert the following paragraph –*

“(3) Despite paragraph (1), the maximum amount of a special payment under Regulation 3(1)(d) shall be a sum equivalent to the rate payable under paragraph 4(2) of Schedule 1 to the Income Support Regulations for the type of dwelling concerned and such sum shall be payable weekly for a maximum of 12 months.”.

PAGE 10, REGULATION 4 –

*Delete paragraph (2) and remove the numbering from paragraph (1).*

PAGE 10, REGULATION 4 –

*After paragraph (2) insert the following paragraph –*

“(3) The full cost of defraying the expense under paragraph (1) shall be taken to include any reasonable costs of delivery and installation.”.

*For paragraph (2) substitute the following paragraph –*

- “(2) The amount of a special payment under this Regulation is –
- (a) for the first week in which a special payment is claimed, the amount of income support to which the household would be entitled were that adult member actively seeking work, less 25% of the rate of basic component payable under Article 5(2)(a) or (b) of the Law, as the case may be, that would have been payable in respect of that member;
  - (b) for each of the next 3 weeks in which a special payment is claimed–
    - (i) if that adult member has, during the past week, satisfied Regulation 5(a), (b) and (c) of the Income Support Regulations, the amount of income support to which the household would be entitled were that adult member actively seeking work, or
    - (ii) if that adult member has not, during the past week, satisfied that Regulation, the amount of income support to which the household would be entitled were that adult member actively seeking work, less 25% of the rate of basic component payable under Article 5(2)(a) or (b) of the Law, as the case may be, that would have been payable in respect of that member;
  - (c) for each week after the first 4 weeks in which a special payment is claimed–
    - (i) if that adult member has, during the past week, satisfied Regulation 5(a), (b), and (c) of the Income Support Regulations, the amount of income support to which the household would be entitled were that adult member actively seeking work, or
    - (ii) if that adult member has not, during the past week, satisfied that Regulation, the same amount as paid in respect of the previous week less a further 25% of the rate of basic component payable under Article 5(2)(a) or (b) of the Law, as the case may be, that would have been payable in respect of that member, up to a maximum deduction of the full rate of that basic component.”.

## REPORT

### Draft Income Support (Special Payments) (Jersey) Regulations 200-

#### PAGE 10, REGULATION 3 – Repairs

Whilst this Regulation defines the expenses that can be met by special payments, it is qualified in terms of there being an “urgent need for the goods or services” and that there is “no other reasonable means of meeting the cost”. The list of goods and services is fairly self-explanatory but currently excludes the cost of any repairs to a dwelling. This amendment seeks to redress this apparent oversight.

Urgent repairs may be required to bring the property into an acceptable habitable standard and if there is no mechanism to provide this payment then client welfare may be put at risk.

It is a well-known fact that low income householders are less likely to have house insurance than those on higher incomes. There may therefore be no way for the claimant to meet the cost of repairs due unexpected damage. This may make the home uninhabitable. This facility should not be interpreted as a replacement for home insurance. It is, rather, an emergency payment to enable the claimant maintain acceptable living standards.

#### PAGE 10, REGULATION 3 – Insulation

Because this matter is not necessarily one of an urgent nature it is dealt with separately from items (a) to (e). In this environment-conscious world it is prudent to include a provision that allows claimants to improve the insulation of their dwelling as it may result in substantial energy savings, coupled with obvious health benefits, over the longer timeframe.

#### PAGE 10, REGULATION 3 – Eligibility

This is straightforward. As currently worded, the claimant would not be able to claim a special payment if they were in receipt of income support. Despite being allowed a certain level of savings under Income Support Regulations this would mean that applicants in an emergency situation would automatically be disqualified from receiving a Special Payment and would have to spend their savings. The Sub-Panel believes that discretion should be retained in these cases over eligibility for a special payment.

#### PAGE 10, REGULATION 3 and 4– Mortgage payments

**Table 1: Relevant Commitments, Outcomes and Indicators from the States Strategic Plan 2006-2011**

| <b>Commitment 3: ‘To promote a safe, just and equitable society’</b> |  |
|--|--|
| •  | • <b>Outcome:</b> ‘social care to protect and support vulnerable people’       |
| •  | • <b>Indicated by:</b>   |
| -  | - <i>Increased numbers of older people supported to live at home</i>           |
| •  | • <b>Outcome:</b> ‘good standard of affordable accommodation for all’          |
| •  | • <b>Indicated by:</b>   |
| -  | - <i>Increased levels of home ownership</i>                                    |
| -  | - <i>Reduction in the number of people waiting to be adequately housed</i>     |
| -  | - <i>A supply of homes that better meets the Island’s housing requirements</i> |
| -  | - <i>Equity in access to the housing market</i>                                |
| -  | - <i>Stable housing market / prices</i>  |
| -  | - <i>Increase in provision of Island-wide sheltered housing</i>                |

It is extremely difficult for persons on low income to get on the housing ladder, and once they are there we have a duty to make sure that legislation does not work against them. The Strategic Plan aspiration to increase levels of home ownership is very important – especially as the opportunity to reach the first rung of the housing ladder has

been denied to many Islanders through our immigration and economic growth policies. This amendment allows special payments to be made to mortgage-holders – ensuring that the family home is not sold at times of what may be very short-term financial pressures.

It is not equitable to have regulations that favour claimants that rent over homeowners. The basic assumption has been made that homeowners will always have equity in the property and therefore this can be realised to cover financial distress. However, this will not always be the case and in times of negative equity, or no equity, it may be better to help in mortgage repayments than to allow for repossession.

Furthermore, the loss of the family home can cause life-changing stress to the claimant's family. Children will not understand why they have to move suddenly to rental accommodation from their 'home' – a situation that would not be forced upon a tenant in rented accommodation in similar financial circumstances. The absence of a few months' special payments is likely to force the claimant into the rental sector – potentially increasing the burden on the State. It may also deny the claimant the one chance that they have ever had to own their own home as we have pushed them off the ladder. Instead of encouraging home ownership we are potentially taking the opportunity away which is contrary to our strategic plan objectives.

These are difficult times for homeowners, with interest rates rising and taxation increasing. In general, owning your own home gives you more outgoings than if you are a tenant. The cost of owning your own house and living in it has gone up significantly in the last 10 years. And it is not likely to get any cheaper in the near future.

As homeowners have higher living expenses than tenants, it could be argued that support for owner-occupiers from the State must be better than for those who rent? But this is not the case and it leaves any homeowner who can't keep up with mortgage repayments because their income has faltered in trouble.

Amendment (a) allows special payments to be utilised to cover mortgage payments. Amendment (b) limits both the amount and the length of time of this assistance.

The special payment system is very much a 'stopgap' which allows claimants the opportunity to improve their personal financial situation. It is not intended as a regular payment with an unlimited timeframe. This sensible and considered amendment extends a bottom line safety net to low income owner-occupiers and thus both meets aims of equal treatment and of supporting those who are attempting to be self-reliant. We have put in place a safeguard that such payments may never be excess of the equivalent level of housing component for a year.

#### PAGE 10, REGULATION 4 – Second-hand goods

The inclusion of a stipulation that certain goods should be purchased second-hand could lead to both confusion and distress. Arbitrary decisions regarding pricing will ultimately lead to unnecessary disputes. It seems unnecessary to stipulate this ruling. The approach seems unnecessarily prescriptive – especially as it only excludes carpets, mattresses, and electrical items. If a claimant urgently requires clothing do we really need to insist that they buy second-hand underwear?

This amendment strikes out paragraph (2) of Regulation 4 and allows determining officers to decide what is reasonable and appropriate under guidelines from the Minister.

#### PAGE 10, REGULATION 4 – Delivery and Installation

This is not unreasonable. The cost of professionally installing a basic hob could be equivalent to the cost of the hob itself. We should not, as a Government, encourage 'do-it-yourself' electrical installation in respect of cookers, hobs, and other large electrical white goods. Where does the liability lie if we force self-insulation?

Furthermore, the cost of delivery is, in essence, part of the total cost of the goods. It is something all consumers have to pay. Delivery and installation is 'one package' with many white goods retailers.

This amendment seeks to redress this aspect of the Regulations.

#### PAGE 11, REGULATION 5 – Sanctions

Regulation 5 of P.90/2007 defines a set of conditions which are required to be met by any adult to qualify as actively seeking work in order that the household should be eligible for Income Support. As currently drafted any adult who fails to meet these conditions will cause the household to have its Income Support automatically withdrawn and to be required to apply for special payments contained in P.91/2007.

Notwithstanding our amendment number 5 to Regulation 5 of P.90/2007, which builds in a 28day warning period, the Sub-Panel have included these amendments to avoid the harsh sanctions that could be imposed by Minister for Social Security.

The conditions for special payments under P.91/2007 are subject to a stricter test of means, assets and need than those applied to Income Support. This means that households may immediately fail to qualify at all for any support under special payments. This is addressed in the Sub-Panel's amendment number 3 applying to Regulation 3, paragraph (5) of P.91/2007.

For those households that are eligible to receive special payments, the payment of adult basic component is reduced by 25% in the first week. That is, the adult who has failed to meet the conditions for actively seeking work will lose £20.00 from his allowance. Even if the person recommences actively seeking work immediately, this penalty will be applied continuously for a 28 day period until the household can requalify for Income Support.

Under the current Regulations this will result in a total loss of household income of £80.00 over the month.

This amendment removes this automatic requirement for the full 28-day sanction to be applied and permits the restoration of the full rate of the adult basic component as soon as the applicant agrees to return to actively seeking work in (b)(i). For those who persist in not actively seeking work, the sanction is maintained for up to 4 weeks.

An adult that continues to fail to comply after this 4-week period will lose an additional £20.00 per week from their basic household component for each week that they fail to comply. At the end of the 28-day period their personal component will have been completely removed.

The overall outcome of this amendment will give Households up to 12 weeks before the full component of the Adult in the Household not actively seeking work is taken away.

The Sub-Panel hopes States Members will remember after the introduction of Income Support there is no fall back on the Parish. A decision to completely remove an individual's adult basic component is to remove what has been called the basic safety net. Members should understand that the decision to stop families receiving money has not been discussed in the States but this is exactly what the Social Security Department are proposing.

The Sub-Panel has requested that the Minister does not apply this sanction for at least the first year, but at the time of lodging we have yet to receive confirmation that he is willing to do this.

Whilst these sanctions above are, strictly speaking, only applied to the adult basic component, in many cases this component will be treated as part of the overall income of households, that is, families. Removal or reduction of this component will effectively reduce the family income. This may have 2 consequences:

- the welfare of the family will suffer, or
- the family will borrow and go into debt

Both of these consequences are to be avoided if possible. Ultimately, the adult in the family not at fault may react by kicking out the work-shy partner, thereby becoming a single parent and eligible for increased benefits. This

will push up costs for the scheme.