

3.1 Deputy G.P. Southern of St. Helier of the Minister for Social Security regarding the impact of the freeze on Income Support basic component levels since 2009 on living standards and disposable incomes: [1(126)]

What is the Minister's assessment of the impact the freeze on income support basic component levels since October 2009 has had on the living standards and disposable incomes of those poorest households which are dependent on benefits to meet their day-to-day living costs; and what measures, if any, does the Minister have under consideration to help improve living standards for those in relative low income?

Deputy S.J. Pinel of St. Clement (The Minister for Social Security):

Income support is made up of many different elements. Since 2009 the targeting of income support has improved significantly and we have seen a reduction in the number of households who are totally dependent on benefits. In 2011 18 per cent of income support households had no other income to call on. By 2015 this percentage was down to 13 per cent. It is true that some components have not been increased but instead improvements have been made to the proportion of wages and pensions retained by the household. Helping people move towards financial independence and helping them to increase their own living standards. Actions within this current Strategic Plan are also helping to improve the quality of life across key areas that affect low income families. Housing; increasing the quality of social rented homes. Jobs; extending Back to Work services. Health; improving health facilities in the community. Education; introducing a pupil premium. I intend to continue work with other Ministers to target support to families that need the most help across the full range of their needs.

3.1.1 Deputy G.P. Southern:

Is the Minister aware that the freezing of what she calls "certain components" like the adult component, the child component, since October 2009, that has resulted in the purchasing power of the benefit being reduced by a massive 17 per cent? People are 17 per cent worse off than they were in the same situation on benefits in 2009. Is the Minister aware of this reduction and the effective disposable income of these households?

Deputy S.J. Pinel:

As I said in my opening remarks, the whole point of income support and the methodology behind Social Security is to make sure that it is targeted and to encourage people back into work. That is not just to support their own financial independence but everybody knows that having a job is better than not having a job at all. It improves social contact, self-esteem and all the things we have been through so many times before. I must slightly correct the Deputy inasmuch as the child component and the rent component have been protected and have increased.

3.1.2 Deputy S.Y. Mézec of St. Helier:

On that 17 per cent figure that Deputy Southern quoted about the poorest quintile in our society seeing their standing of living reduced, does the Minister accept that in a rich island that is unacceptable and disgraceful to see the poorest people in our Island, see their standard of living reduced by so much? Does she further accept that her policy to reduce the disregard for certain benefits is going to make this figure even worse?

Deputy S.J. Pinel:

As I said, income support is composed of many different elements and the disregard has increased in a lot of cases from the original 10 per cent to now 23 per cent to encourage people to go to work, so 23 per cent of their earnings are disregarded and the number of people on

income support has dropped quite dramatically; the number of households on income support over the last couple of years.

3.1.3 Deputy S.Y. Mézec:

The opposite is the case for people receiving disability benefits or pensions. But I did not get an answer to my question. I said: does she not consider the fact that the poorest quintile in Jersey have seen their standard of living reduced by 17 per cent in a rich Island, is that not absolutely disgraceful that we are letting these poor people in our Island suffer because of the financial incompetence of the Government she is a part of?

Deputy S.J. Pinel:

No, I do not accept that at all. Income support is a hand-up, not a handout as is a well-rehearsed phrase, according to Deputy Southern. No, the income support system is there to benefit people who need help at certain times of their life. But equally we are running a very, very successful Back to Work system, which encourages people back into work, which has been extraordinarily successful.

3.1.4 Deputy M. Tadier of St. Brelade:

The Minister talks about improving the quality of life for the poorest in Jersey. Is she aware that for many people in not social but private rental accommodation who are entirely reliant on income support in many cases their rents are going up above the maximum component allowed by Social Security?

[9:45]

They are being forced either to move property with no guarantee that they will find somewhere cheaper or affordable with all the hassle that relates to that, or start using their living component to pay rents that they cannot afford; a living component which has not gone up, we are reminded, since 2009. Is this acceptable?

Deputy S.J. Pinel:

I am not quite sure what the Deputy means by “living component”. The various components of income support go through the personal component, the adult component, child component, rental component and household bills, all of which are paid in full if somebody is on full income support benefit.

3.1.5 Deputy M. Tadier:

I will explain to the Minister what I mean. I think the bedsit rate is roughly about £130 a week maximum and if the landlord or a new landlord increases that rent to £151 a week the individual is therefore required to find £20 of their own money, which is not covered by income support for rental component and therefore find themselves in increased hardship. Does she understand the point I am making and does she find that acceptable?

Deputy S.J. Pinel:

Yes, I understand the point the Deputy is making but the rental component is devised through the average rental of Andium Homes, the social housing component, and that is what is paid to people in the private sector. In a lot of cases people in the private sector will choose to live somewhere different. If they wish to pay more out of whatever other components they receive, that is their choice. I agree with the Deputy that is not always the case but certainly we cannot control the rents in the private sector.

3.1.6 Deputy J.A. Martin of St. Helier:

The Minister stated this is a hand-up and not a handout. Does she agree though that unfortunately pensioners who may be spending all of their pension on rent and only have the adult component coming in, which has been frozen at £90.52 since 2009, cannot have a hand-up and they are the ones who are mostly affected?

Deputy S.J. Pinel:

I thank the Deputy. Actually it is £92.12 is the personal income support allowance. Pensioners, I agree, do face sometimes a very difficult time, especially in their older years when they would hope to sort of relax and enjoy themselves. However, we are conducting, as the Assembly and most of the public will know, a review into the Social Security Fund at present, Living Longer Thinking Ahead, doing a massive consultation, which will take about 18 months, into pensions and how we can adjust the culture and help pensioners into the future when pensioners are now claiming the pension for perhaps 30 years when before it might have been 6 years, 10 years. So, yes, we are well ... we have the situation as we see it well in hand and looking forward to the next 40 years as to how we adjust the pension scheme.

3.1.7 Deputy J.A. Martin:

A quick supplementary. Could the Minister, at the beginning she said that they have reduced from 15 per cent to 13 per cent people on income support, and could she then look at that 13 per cent and come back with the figures to tell us how many old age pensioners are on this 13 percent? Because if the figure is not moving that would be the explanation, but can she confirm this please?

Deputy S.J. Pinel:

Yes, I said that in 2011 it was 18 per cent of income support households and by 2015 it was 13 per cent. I think the Deputy is asking for the number of pensioners on income support in that 13 per cent. I will get her those figures.

3.1.8 Deputy G.P. Southern:

The Minister is proud of the rise in the disregard for earned income and the disregard for pensions. Is she aware that the 23 per cent disregard for earned income has not been improved since 2010 and that in fact the disregard at 23 per cent for pensions makes those pensioners on a full States of Jersey pension worse off rather than better off under the old system of a fixed disregard?

Deputy S.J. Pinel:

I think we are straying a bit off the mark here. The Deputy is correct in saying that any new pensioner will be affected by the changes from the previous allowance of £55 to the disregard of £23 but they also have the choice, any pensioner, as to whether they accept ... the people in the current situation accept the new ruling or the disregard. In some cases they will be much better off with the disregard.