

# The Salvation Army's response to Health and Social Security Scrutiny Panel review



## Overpayment of Income Support Benefits

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### Conclusions and recommendations

- The repaying of debts from overpayment of income support benefit is a significant cause of financial hardship amongst Jersey residents. Repaying these debts is one of the most common causes of people needing to access foodbanks.
- The rules, policies and underpinning legislation regarding income support are difficult to navigate and understand, leaving people vulnerable to receiving overpayments unknowingly and therefore falling into debt with Social Security.
- The decision-making criteria for Social Security around issues such as interdependent relationships are often vague and open-ended with the good intention of avoiding being too prescriptive. This, however, means that identifying and enforcing overpayments can be open to subjective interpretation by Social Security staff, with rules and policies being applied inconsistently as a result. A review of the legislation, and consistent guidelines for all staff on how to apply the legislation is needed.
- Communication with individuals regarding overpayments and repayment plans should be reviewed, with the needs of the most vulnerable in society taken into consideration. Of particular concern are groups such as older people, those with additional learning needs, and those who are in or have survived abusive relationships. Training, particularly around trauma informed practice, is needed.
- Whilst the current appeals process gives opportunity for individuals to contest decisions, this is not an accessible process for the many vulnerable people in society. A review should be carried out with meaningful engagement with marginalised and vulnerable groups to shape this service.
- The cost of reduced income support for households as they make repayments for previous overpayment is often met by charities through providing support to those having to make repayments, e.g. food banks.

## **About The Salvation Army**

The Salvation Army is a worldwide Christian church and registered charity, which has tirelessly fought against social inequality to improve the lives of the most vulnerable and marginalised people in our society for over 150 years. The Salvation Army believes in putting faith into action and serving God by serving others; offering practical support to all who need, regardless of ethnicity, religion, gender, or sexual orientation.

Our presence in left-behind communities has evolved to better support those we serve. Sadly, while for some living standards have improved, we continue to fight many of the same ills - homelessness, modern slavery, poverty, addiction, social exclusion and isolation, debt, unemployment, and the exploitation and abuse of vulnerable people.

In this response we focus specifically on two questions which the Health and Social Security Scrutiny Panel have identified:

- To consider the impact of overpayments on those in receipt of the income support benefit, including family members and delegates.
- To consider possible solutions to the overpayment of income support and ways of minimising its prevalence and/or impact.

## **About Jersey Corps of The Salvation Army**

The Salvation Army has served the island of Jersey for more than 140 years, during which time it has been involved in various aspects of community life. As a church, Jersey Corps of The Salvation Army has provided spiritual support as part of the holistic care offered to all, and we have sought to live out our Christian faith through various forms of practical support.

In recent years, Jersey Corps opened a community café in St Helier as a safe space for people come to in difficult times, with the intention of reducing barriers to people accessing our support and removing the stigma of approaching a charity for help.

The support offered ranges from free soup each day, to practical support with utility top-ups, a food bank and assistance with the cost of setting up home in difficult circumstances through our starter packs. We will also offer a listening-ear and pastoral support to anyone, and we are often approached by people in significant crisis including but not limited to financial hardship, for advice and support. We provide advocacy and assistance in navigating issues with Social Security for those that need it, as well as providing support with applying for jobs and housing issues. As a result, we encounter people with issues relating to social security on a daily basis, and seek to empower them to resolve and overcome these challenges

## **Our Response**

**To consider the impact of overpayments on those in receipt of the income support benefit, including family members and delegates.**

### **A cause of financial hardship**

As one of the 3 major food bank providers in Jersey, the majority of people accessing our food bank service are recipients of income support. A significant number of those we support cite repaying debt from overpayment of income support as a major contributory factor to their reliance on our service. Whilst this is anecdotal evidence, it indicates that overpayment of income support and consequentially the paying back of this debt is a significant cause of financial hardship here in Jersey.

Income support is described within the Government of Jersey website as being “a financial safety net for those in need.” It is intended to provide a wide variety of households with the finances for a reasonable standard of living, whilst also being “designed to encourage people to become self-sufficient as far as possible.” The obvious inference from this is that the income support benefit will provide enough for the needs of a household for as long as it is required, with the expectation that the household will seek to become independent when possible and practicable to do so. Any deduction from the income support benefit will leave a household short of what it requires to function to a reasonable standard of living, and therefore in financial hardship and potentially in poverty. This is the outcome we see regularly among those we support. Deductions from income support benefit to repay overpayments leaves individuals and families unable to cope financially. The eligibility criteria for income support means that households that qualify for income support have little in the way of savings, and so are not in a position to cope with the reduction in their household income.

We see on a daily basis that repaying overpayments in Income Support benefit directly leave people in financial hardship and poverty.

### **Lack of clear guidance**

A regular issue that is raised by those we serve and support is that the process is hard to navigate. Often people describe not understanding the policies and legislation that underpins the income support benefit. They say that the information provided online is difficult to understand, making it difficult for them to know what they should receive. Checking that their benefit is correct for their circumstances is not easy. Added to this, it is our experience that advice given by staff at Social Security varies from advisor to advisor for the same specific situation. It is our opinion that the entire income support system is too complicated.

This over-complicated system and the lack of clarity in the guidance given by social security both in-person, over the phone and online, disproportionately impacts the most vulnerable in society. For example, a number of older people that we have supported, for whom there is the added complication of pensions from Jersey and overseas, have found themselves inadvertently owing large amounts of money after unknowingly receiving overpayments. Many older people do not have access to

online information, and are unable to attend Social Security in person due to mobility issues. They are often left with the stress and anxiety of owing money, and find it difficult to access the information required to fully understand their situation and make meaningful positive decisions.

### **Impact on wellbeing**

Another issue that we see among those we support who have been recipients of overpayments in Income Support benefit, is the impact of the news that they owe money to Social Security. Much of our time spent with people accessing our food bank is providing pastoral support. On many occasions, we have spent time with people who are panicking and caused huge anxiety having received a letter from Social Security advising them that they have received an overpayment, and will need to pay this back. Often this is an additional anxiety to people already going through difficult times.

In one case, an older person receiving a pension had even been forced to seek treatment from his GP because of the level of anxiety they were feeling as a result of being informed of the overpayments. They had been caused sleepless nights, and the lack of sleep coupled with their anxiety made existing medical conditions significantly worse. The way that information was given to them by letter, and then a lack of follow-up care had a hugely negative impact.

### **Emotional cost of appealing**

In another case, an individual had told Social Security about various traumas relating to a previous abusive relationship, explaining that these experiences had contributed to the circumstances that Social Security based their decision on regarding an overpayment. This individual was told that they could easily appeal if they felt a decision was not correct, with no recognition of the courage and energy that would be required to make such an appeal. There was also a likelihood of having to recount these traumas again. For this individual, the additional stress and anxiety caused by this process left them “unable to fight another battle” and so they chose what they felt was the easier route of not appealing the overpayment decision. They are now in considerable debt as a result. There was little understanding of the emotional needs of this individual, and little evidence of any understanding of trauma informed practice.

It is our opinion that there is not enough understanding among Social Security staff and the Income Support process, of how stressful it can be for an individual to have any dealing with income support matters. To then be able to register an appeal is a huge cause of anxiety, and simply accepting the debt is easier than appealing the decision.

### **Decision-making criteria for Interdependent relationships**

Another concern that we have is the decision-making criteria for determining that 2 persons are in an interdependent relationship. Whilst dealing with one case in particular, it seemed clear that deciding whether 2 people are in an interdependent relationship is not a simple matter. However it has far reaching consequences for an individual, because the cost of living in Jersey means that any overpayment builds up into a significant debt. Just a few months of overpayment can mean years of repayments for a household.

In this case, the decision was made by Social Security staff that there was indeed an interdependent relationship, using the criteria set out in the Income Support (General Provisions)(Jersey) Order 2008. This set of criteria is incredibly vague and open to interpretation, with no clear guidance for staff or individuals on how it would be applied. As a result, any decision is subjective, because there is so much interpretation needed within the set criteria. The level of evidence backing up the decision in this case was very low, and again the advice was for the individual to appeal if they felt the decision was incorrect. Given the previously mentioned emotional cost of making an appeal, it feels wrong that the burden of proof regarding an interdependent relationship should fall on the individual to defend themselves rather than on Social Security to prove the level of interdependence.

### **Cost to charities**

The significant number of people accessing food banks because of reduced income support benefits following overpayments places a financial burden on charities. In some cases, Social Security staff are signposting individuals to our food bank when they raise concerns about their reduced income support. Whilst charities like ours exist to support those in need, and would never turn some away without providing support, there is a financial cost to charities as a direct result of overpayments in Income Support benefit.

### **Recommendations**

1. Review of policy and legislation with consideration to simplifying the Income Support model in Jersey, making the legislation and processes easier to navigate and enable individuals to better understand their entitlements. This would empower individuals to more easily identify when they are receiving overpayments.
2. Review of how guidance and information is communicated online, over the phone, by letter and in-person to ensure consistency, as well as enabling all to better understand the Income Support benefit.
3. Ensure all staff receive suitable training including the core principles of trauma informed practice, to provide a more consistent, supportive and empowering service. This should include clear, easily-accessed support following any letter sent to a household advising of an overpayment.

**To consider possible solutions to the overpayment of income support and ways of minimising it's prevalence.**

### **Deductions for repayments**

The current system of deducting repayments following an overpayment being identified will always risk leaving a household in significant financial hardship. This is because the purpose of the Income Support benefit is to be a financial safety net for those in need. Removing some of that safety net leaves an individual at risk of falling into financial hardship and poverty.

We would suggest that review of the repayment process should be undertaken, with consideration given to identifying a process that would ensure deductions for

repayment are only ever made when it is affordable for the household to make a repayment.

One possible solution is to follow the precedent set by the student loans process in the England and Wales. In that scheme, repayments are only made once a household income reaches a certain level. No repayments are made whilst income is below this threshold, and this would mean that income support remains intact as a safety net for that household.

We would suggest that taking immediate repayments, however small, from income support benefits will always risk leaving people in financial hardship, and this practice should not continue.

### **Simpler income Support Benefit system**

The income support benefit scheme is complex having been developed over time with various pieces of legislation underpinning it. For many of the people we support, this benefit is too complex to be understood properly, leaving individuals reliant on Social Security advisors to tell them what they are entitled to. Making the entire system more approachable and simpler to understand would empower people to engage more with their benefit claims, and assist them in identifying when they are subject to an overpayment. Better understanding and a more transparent system would be an improvement for all, and would potentially reduce the likelihood of overpayments occurring.

### **Proactive support for Charities**

We are keen to recognise the positive development of support offered by Social Security to charities including The Salvation Army. During the pandemic, a team of senior Social Security advisors led by Heather McManus was made available to various charities as a direct link to discuss and secure support and advice for particularly vulnerable people experiencing issues with Social Security. This has been a really positive step and we are pleased that this has continued after the pandemic. For a number of people, this fast-track to sound advice and support has reduced the negative impact on individuals arising from Social Security issues, including overpayments of income support benefit. We would recommend that this continues.

## **Recommendations**

4. Review of policy and legislation in relation to repayments, to ensure households are not placed into financial hardship. Consideration of allowing repayments to be deferred until a household's income is sufficient to make repayments, and eventual writing-off of debt after set period, similar to the student loan system in the UK.