

STATES OF JERSEY



DRAFT INCOME SUPPORT (AMENDMENT No. 6) (JERSEY) REGULATIONS 201-

**Lodged au Greffe on 22nd February 2011
by the Minister for Social Security**

STATES GREFFE



Jersey

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REPORT

Introduction

The Income Support legislation requires the Minister for Social Security to bring forward any proposals to changes to the rates of components of Income Support for consideration by the States Assembly. These component rates must be reviewed at least once a year. Component rates were last reviewed on 1st October 2010 (P.77/2010) and this proposition sets out proposals to take effect from 1st June 2011.

Increase in rate of GST

The 2011 budget debate (P.157/2010) endorsed an increase in the rate of GST from 3% to 5% on 1st June 2011. It is planned that this increase should be accompanied by a compensatory increase in the Income Support budget and the value of the Food Costs Bonus (previously the GST (Food Costs) Bonus).

This proposition deals with the increase in Income Support. The increase in the value of the Food Costs Bonus will be brought to the States separately as part of the renewal of the triennial Regulations which underlie that benefit.

Increasing Income Support benefit

The Income Support benefit provides assistance towards the cost of everyday living, accommodation, childcare costs and the additional costs associated with long-term disability. Housing costs, childcare costs and the cost of G.P. visits are exempt from GST and are unaffected by the increase in the rate of GST. In areas where GST is charged, the increase from 3% to 5% is equivalent to an increase of 1.94%.

Income Support benefits are calculated as a combination of component rates and incentives and disregards. As has already been indicated, it is proposed that the additional budget in respect of the GST increase will primarily be allocated to improve incentives within the Income Support system.

Earned income is incentivised within Income Support through a disregard on gross earnings. It is proposed to increase this disregard from 16.5% to 20%. It is vital that the employment of local residents is encouraged as the Island starts to move out of recession. The Department is currently investing considerable additional resources to assist jobseekers and provide appropriate work-orientated training programmes. In particular, young jobseekers will receive intensive support. The increase in the

incentive for earned income will help to ensure that Income Support claimants are motivated to take up all employment opportunities.

Individuals aged 65 and above are incentivised to provide their own pension through a disregard on pension income. It is proposed to increase this weekly disregard from £35.98 to £37.80 for a single person aged over 65 with a pension, and from £58.38 to £62.02 for a couple aged over 65, both receiving pensions.

In addition, the household component will be increased by 2.02% from £48.58 per week to £49.56. This component is paid to all IS claimants who occupy their own accommodation, as lodgers, tenants or owners. It is not available to claimants who live as part of another household, or who live in hostel accommodation.

The household component rate is included within the Income Support Regulations and the accompanying Regulations set out the increased rate which will come into effect on 1st June 2011.

The value of disregards is dealt with in the Income Support (General Provisions) (Jersey) Order 2008, and a new Ministerial Order will be made during April, so that changes to the departmental computer system can be made at the end of April. This will allow four weekly payments (mainly made to pensioners) paid at the beginning of May to reflect the change in Income Support levels from the beginning of June.

Financial and manpower implications

The estimated cost of this package in 2011 is £0.86 million, which is provided for in the departmental cash limits. The equivalent full year cost is £1.48 million.

There are no additional manpower implications.

Explanatory Note

Regulation 1 amends Schedule 1 to the Income Support (Jersey) Regulations 2007. The amendment increases the basic component rate for a household from £48.58 per week to £49.56.

Regulation 2 provides for the citation of these draft Regulations and for their commencement on 1st June 2011.

Basic component rates and elements of components were last amended on 1st October 2010.



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Made [date to be inserted]

Coming into force [date to be inserted]

THE STATES, in pursuance of Articles 5 and 18 of the Income Support (Jersey) Law 2007¹, have made the following Regulations –

1 Schedule 1 to the Income Support (Jersey) Regulations 2007 amended

In Schedule 1 to the Income Support (Jersey) Regulations 2007², in paragraph (2)(d), for the amount “£48.58” there shall be substituted the amount “£49.56”.

2 Citation and commencement

These Regulations may be cited as the Income Support (Amendment No. 6) (Jersey) Regulations 201- and shall come into force on 1st June 2011.

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- ¹ *chapter 26.550*
² *chapter 26.550.30*