

STATES OF JERSEY



Jersey

DRAFT INCOME SUPPORT (AMENDMENT No. 19) (JERSEY) REGULATIONS 201- (P.56/2019): AMENDMENT

Lodged au Greffe on 2nd July 2019
by Deputy G.P. Southern of St. Helier

STATES GREFFE

DRAFT INCOME SUPPORT (AMENDMENT No. 19) (JERSEY)
REGULATIONS 201- (P.56/2019): AMENDMENT

PAGE 11, REGULATION 1 –

For Regulation 1, substitute –

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

- (1) In this Regulation, a reference to a paragraph by number is to the paragraph of the same number in Schedule 1 to the Income Support (Jersey) Regulations 2007.
- (2) For paragraph 2(1) (rates for basic component) there is substituted –

“(1) The rates payable for the basic components under Article 5(2) of the Law are as follows –

(a)	under Article 5(2)(a) of the Law (adult component rate)	£100.65
(b)	under Article 5(2)(b) of the Law (single parent component rate)	£40.39
(d)	under Article 5(2)(c) of the Law (first child component rate)	£74.94
(e)	under Article 5(2)(ca) of the Law (subsequent child component rate)	£69.94
(f)	under Article 5(2)(d) of the Law (household component rate)	£56.09”.

- (3) Paragraphs 2(2) and 2(3) are deleted.
- (4) For paragraph 4(2) (rates of housing component) there is substituted –

“(2) The rates payable under this sub-paragraph are –

(a)	in the case of a hostel	£109.38
(b)	in the case of lodgings or a bedsit	£144.06
(c)	in the case of a flat with 1 bedroom	£212.33
(d)	in the case of a flat with 2 bedrooms	£271.89
(e)	in the case of a flat with 3 or more bedrooms	£291.79
(f)	in the case of a house with 1 bedroom	£243.41
(g)	in the case of a house with 2 bedrooms	£309.02
(h)	in the case of a house with 3 bedrooms	£360.86

- (i) in the case of a house with 4 bedrooms £393.38
- (j) in the case of a house with 5 or more bedrooms £435.48”.

(5) For paragraph 4(7) there is substituted –

“(7) The rates payable under this sub-paragraph are –

- (a) in the case of a bedsit or flat with 1 or 2 bedrooms £6.99
- (b) in the case of a flat with 3 bedrooms £9.88
- (c) in the case of a flat with 4 or more bedrooms £13.99
- (d) in the case of a house with 1 bedroom £6.99
- (e) in the case of a house with 2 bedrooms £9.88
- (f) in the case of a house with 3 or more bedrooms £13.99”.

(6) For paragraph 4(13) there is substituted –

“(13) The rates payable under this sub-paragraph are –

- (a) in the case of a hostel £109.38
- (b) in the case of lodgings or a bedsit £136.49
- (c) in the case of a flat with 1 bedroom £201.23
- (d) in the case of a flat with 2 bedrooms £257.61
- (e) in the case of a flat with 3 or more bedrooms £276.43
- (f) in the case of a house with 1 bedroom £230.58
- (g) in the case of a house with 2 bedrooms £292.87
- (h) in the case of a house with 3 bedrooms £341.90
- (i) in the case of a house with 4 bedrooms £372.68
- (j) in the case of a house with 5 or more bedrooms £412.56”.

(7) For paragraph 6(3) (personal care element) there is substituted –

“(3) The rate of personal care element payable in respect of the total score calculated under sub-paragraph (2) is as follows –

- (a) for a score of at least 15 but less than 36 £25.16
- (b) for a score of at least 36 but less than 56 £110.46
- (c) For a score of at least 56 £158.69”.

(8) For paragraph 7(3) (mobility element) there is substituted –

“(3) The rate of mobility element of the impairment component is –

- (a) £25.16 if the person’s average weekly earnings do not exceed the amount in clause (b); or
- (b) £50.25.”.

(9) For paragraph 8(2) (clinical cost element) there is substituted –

“(2) The rate of clinical cost element of the impairment component is –

- (a) £3.53; or
- (b) if, based on the criteria set out in sub-paragraph (1)(b), the member will need at least 9 consultations with an approved medical practitioner, £7.07.”.

(10) For paragraph 10(3) (rate for the child day care component) there is substituted –

“(3) The rates payable under this sub-paragraph are –

- (a) for a child under the age of 3 years £7.21
- (b) for a child aged 3 years or over £5.62”.

(11) In paragraph 12 (rate for the carer’s component) for “£49.84” there is substituted “£51.34”.

DEPUTY G.P. SOUTHERN OF ST. HELIER

Report

This Assembly is committed to reduce income inequality as one of its 5 shared Strategic Priorities. Further, “*As a result of our actions during our term of office we will reduce levels of people living in relative low income.*”.

The first opportunity to show our commitment comes with decisions to uprate the safety net that is Income Support. The bare minimum required to make the reduction of income inequality real is to ensure that Income Support levels at least keep up with living costs as indicated by RPI or RPI (low income). The Minister in effect has 3 options she can use to increase Income Support levels to best support those with the lowest incomes –

- To award a fixed sum
- To increase components by a fixed percentage
- To increase the level of disregards by a fixed percentage,

or some combination of all three. In any case, the updating should stay within the spending envelope of £2.6 million a year, as indicated on page 6 of the Minister's report.

It is important to recognise that Income Support is a benefit designed to help those households with the lowest disposable incomes, and that small changes can have a disproportionate impact.

1. Proposal to improve Income Support

The Minister for Social Security is proposing to improve Income Support this year by –

- (1) Strengthening the financial incentives for households to increase their own income and move towards financial independence.
- (2) Increasing most of the Income Support components by 1.9%.
- (3) Increasing the first child component by just over £5 a week. The component was also increased by £5 a week in January to help support families receiving Income Support.

The Draft Income Support (Amendment No.19) (Jersey) Regulations 201-[\(P.56/2019\)](#) (“the draft Regulations”) cover the changes to component rates. The Minister will carry out the first part of the proposal by Ministerial Order, subject to the draft Regulations being approved by States Members. If approved, the changes will take effect from 1st October 2019.

On the surface, this combination of changes appears to increase levels of benefit appropriately. However, examination of the Minister’s proposals in the draft Regulations shows that they fail to meet CSP Strategic Priority 4, and must be viewed in the light of decisions made previously on Income Support uprating.

In response to [Written Question 244](#) on 4th June, the Minister gave this summary of the structure of Income Support.

Income Support components

The Income Support components determine how much Income Support a household could receive based on its situation before any income or savings are taken into account. They are important for all households receiving Income Support, but are particularly important for the minority of households that do not have any income of their own – for example, if the adult(s) are unemployed and looking for work.

The size of each of the components affects how much financial support households get according to their circumstances, i.e. number of adults, children, whether they pay rent, have childcare costs, care for someone, or have an impairment of some kind.

Income Support disregards

The income disregards determine how much a household is better off by getting or increasing its own income, whilst also receiving Income Support. The income disregards play an important role in encouraging households to move towards financial independence by getting their own income and finding ways to increase it. Since the introduction of Income Support, the earning disregard has increased from 6% to 25% – i.e. for every extra £1 of wages received, the household is 25p better off, and their need for Income Support is reduced by 75p.

Summary of changes

Since the start of Income Support, a range of approaches have been taken, including a freeze in respect of most components as part of the last Medium Term Financial Plan 2016–2019, and significant increases in the level of income disregards from the original level of 6% to 25%. Previous Ministers have prioritised increasing rental components to help cover rent increases.

Over the last few years –

- ❖ In 2016, the rental and childcare cost components increased.
- ❖ In 2017, all the components increased and the income disregards were also increased from 23% to 25%, strengthening incentives to increase income.
- ❖ In 2018, the States agreed to re-introduce the single parent component, and all the other components were increased.
- ❖ At the start of 2019, the child component for the first child increased further by £5.04 a week.

Component freeze

In order to assess the impact of freezing Income Support components, I turn to the words of Philip Alston, the UN special rapporteur on extreme poverty, in his damning report on UK poverty levels –

“Poor households typically spend a higher proportion of their income on consumer goods than wealthy households and already often struggle to put food on the table after bills are paid. Despite this, the Government froze benefit rates in 2016, thus enabling continuing inflation to systematically reduce the value of the benefits. Poor families have thus had to do more with less as the prices of goods has gone up and the value of their income has declined. Households are expected to have to cope with a reduction of £4.4 billion in 2019/20 alone.”

The figures supplied by the Minister show that in the 11 years since the introduction of Income Support to December last year, R.P.I. increased by around 32%, and that many of the components which constitute Income Support have failed to match inflation –

Adult	17%
Household	27%
Single parent	9%
First child	29%
Second child	20%

Income Support assists some 5,700 households, covering 7,300 of the least well-off adults and some 3,000 children. To put these percentages into real terms, full indexation during this period would have resulted in an extra £12.60 weekly for the adult component and an extra £6.50 for each child (after the first).

For those Income Support recipients not in work (or those unable to work), inflation has reduced the value of their real terms disposable income by over £650 a year. These worst-off households have been rendered significantly worse-off.

In examining previous approaches to the levels of Income Support, where rental rates have been raised, it must be noted that this is largely in response to escalating rent levels, and makes little difference to disposable income for most, going straight to landlords instead.

Much is also made of the approach to the importance of raising Income Support disregards for those with earned income, which have grown from 6% to 25% over this period (and are proposed to rise further to 26%); this is described as the cure-all by the U.N. special rapporteur –

Employment as the Cure-All for Poverty

“The government says work is the solution to poverty and points to record employment rates as evidence that the country is going in the right direction. But being in employment does not magically overcome poverty.

In-work poverty is increasingly common and almost 60% of those in poverty in the UK are in families where someone works. There are 2.8 million people living in poverty in families where all adults work full time.

Families with two parents working full time at the national minimum wage are still 11% short of the income needed to raise a child. One person told me “I know people who are working five jobs to make the national minimum wage, which isn’t a living wage.”

What she has not done is take a fresh look at the scheme in the light of the new commitment to reduce income inequality. It is clear from the 2017 Annual Report that working-age households are split almost 50/50 between those with earnings and those without. There is no doubt either that those working-age Income Support recipients, some 1,900 households with no earned income, are clearly those worst-off in our community.

In the light of the impact of the lack of indexation of components on real terms disposable income, it is clear that raising the level of components either as a percentage or a fixed sum can deliver best to the worst-off households, whilst increased disregards is ineffective in reducing income inequality.

This amendment therefore proposes an increase of most components by 3%, reducing the increase in the first child component to £2 and removing the 1% increase in earned income disregard.

The first child component would rise to £74.94 under this amendment, a total rise from October 2018 of £7.08 (1.4%). Second and subsequent children would see a rise of 3% to £69.93.

This amendment assists the Government to meet the CSP priority of putting children first.

In terms of attempting to meet CSP 4, reducing income inequality, the following tables demonstrate how the combination of measures proposed by the Minister fails to reduce inequality, but instead acts to increase income inequality between those who are the least well-off and the rest.

Increase all components by 3%

<i>Total income including Income Support, after rent</i>	<i>£ Now</i>	<i>£ After</i>	<i>£ Change</i>	<i>%</i>
Adult, no employment	152	157	5	3.0
Adult, 40 hours @ £8/hour	227	235	8	3.3
Single parent, no employment	266	273	8	3.0
Single parent, 25 hours @ £8 plus £50 maintenance	325	335	10	3.2
Couple, one child, 40 hours @ £8	398	411	13	3.2
Pensioner, 3/4 (£158)	192	198	6	3.2

Disregard to 26%, £5 first child, components up by 1.9%

<i>Total income including Income Support, after rent</i>	<i>£ Now</i>	<i>£ After</i>	<i>£ Change</i>	<i>%</i>
Adult, no employment	152	155	3	1.9
Adult, 40 hours @ £8/hour	227	236	9	4.0
Single parent, no employment	266	273	8	3.0
Single parent, 25 hours @ £8 plus £50 maintenance	325	338	13	3.9
Couple, one child, 40 hours @ £8	398	414	16	4.0
Pensioner, 3/4 (£158)	192	198	6	3.2

Financial and manpower implications

The total estimated cost of the changes remains £2.6 million, and there are no staffing or other resource implications arising from the adoption of this amendment.