

STATES OF JERSEY



DRAFT INCOME SUPPORT (AMENDMENT NO. 22) (JERSEY) REGULATIONS 202- (P.94/2022) – AMENDMENT) – COMMENTS

**Presented to the States on 27th October 2022
by the Minister for Social Security**

STATES GREFFE

COMMENTS

The Minister for Social Security strongly rejects the proposed first amendment to P.94/2022.

The Minister undertook as part of the recent mini-budget to increase the components of Income Support from January 2023. The second amendment to the Regulations fully reflects the recently published September Retail Price Index (RPI) – the main measure of inflation. This delivers a minimum of a 10.4% increase over all component rates above their September levels. It also delivers extra support to carers, people on low incomes who rent in the private sector and those living in hostel accommodation.

The Minister's proposals address current need; they are fully costed, well targeted and funded through the 2023 Government Plan.

Deputy Southern's amendment proposes a significant increase in some of the component rates – it proposes a 14.9% increase over the September 2022 rates for the adult, single parent, first child, further child and household components.

If accepted, this would add an additional £3.5 million per annum to the cost of Income Support, which is £2.7 million above the Minister's proposed amendment. The proposition does not suggest how this increase can be funded.

Whereas Deputy Southern's report refers to component rates in 2014, there is no explanation as to the rationale for using this specific year as a basis rather than any other year. Likewise there is no explanation for the significant uprating of some components without increases in the remaining components.

Since 2014 there have been improvements to the way that the Income Support system is structured. As such, a direct comparison today with 2014 component rates cannot be made. In particular:

- The amount of additional money that an Income Support household retains from earnings, maintenance and Old Age Pension has increased significantly. Originally only 6p in every pound was retained. At the start of 2014 20p in the pound was retained, today it is 26p in the pound. The majority of current Income Support households benefit from this extra retained income over and above the value of the components themselves.
- Since 2018, additional support has been provided to every Income Support household that includes a child, with a higher component for the first child in each family.

The Minister for Social Security asks members to reject this proposed amendment.