

**WRITTEN QUESTION TO THE MINISTER FOR SOCIAL SECURITY
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 24TH FEBRUARY 2009**

Question

Given that in his previous answer to my written question on 3rd February 2009, relating to Income Support, the Minister categorised households on protected payments as “Households with a high legacy benefit” and “Other” in addition to “Households receiving a disability benefit”, “Households with someone 65+ or on DTA” and “Households with high income”, will he inform members which types of households comprise the first two aforementioned groups and what components make up their Income Support?

Will he further indicate what weekly sums will be withdrawn from all groups over the periods indicated in his response to that question (from 1st October 2009 to 2014)?

Answer

The household groups receiving transition are set out in the Income Support (Transitional Provisions) (Jersey) Order 2008 which was made by the previous Minister on 21 January 2008. An explanation of the Transition Order was circulated to all States Members in September 2007, prior to the debate on the Income Support Regulations in October 2007. An extract from that document sets out the household types and a general explanation:

“A Guide to Transitional Benefits

The Income Support (Jersey) Law provides for transitional orders to be made, to facilitate the transition from the previous benefit system to the new Income Support system. The Minister lodged P.90 and P.91 on the 12th July 2007. These two propositions set out the Regulations, the Special Payment Regulations and the General Provisions Order which will accompany the main Law. The report of P.90 also referred to the Transitional Order and gave brief details of how the transition process would be managed.

This report provides Members with additional detail on the proposed transitional arrangements. The Minister will not formally make the Order until early 2008, for reasons that are explained below.

Basis of Transitional Benefits

In order to move to a system that effectively addresses need based on a consistent treatment of income and needs, from the current system of 14 separate benefits with many different eligibility rules and levels of generosity, it is inevitable that individual households will see a change to the benefit they receive.

Many households will see an immediate increase in the level of benefit received under the Income Support system. Others with higher incomes or capital assets will be entitled to a lower rate of benefit and it is recognized that a sudden drop in benefit income is undesirable. The Treasury and Resources Minister has provided a separate fund of £22.5 million to enable additional transitional payments to be made to these households over a number of years in order to provide a phased protection of benefit.

For households receiving increased payments under Income Support, the increased benefit will be available from day one of the new system. For Households that will receive less benefit under Income Support than their existing benefit, the difference between their previous entitlement and the Income Support benefit will form the basis of the transition payment.

Example (illustration only)

Existing benefit - Rent rebate £75
New benefit- Income Support £25

Transition will be based on a figure of $£75 - £25 = £50$.

On day one this household will receive

£25 (Income Support) + £50 (transition benefit) = £75 in total.

From the first day of implementation a household entitled to less Income Support than their existing benefit will see no difference in benefit payments as Income Support and the full transitional amount will be paid.

Calculation of transitional reductions

Four different transition schemes are proposed, to take account of different Household incomes and situations.

- 1. Households including at least one individual over 65 years old or at least one individual with an existing disability benefit - 25% reductions per annum over 4 years*
- 2. Households that do not include anyone over 65 or with an existing disability benefit – 33% reductions per annum over 3 years*
- 3. Households that will lose a higher proportion (25% or above) of total income - 20% reductions per annum over 5 years*
- 4. Households with a high calculated income (at least 300% of total of household components) - no transition after October 2008*

These four schemes recognise the relative abilities of different households to adapt and respond to a reducing benefit.”

As anticipated in September 2007, there have been some adjustments to the transition arrangements since then. In particular, the first date for a reduction in transition for all households has been put back from October 2008 to October 2009. In addition, protected payments for families including someone with a disability benefit (Attendance Allowance, Adult Disablement Allowance, Child Disablement Allowance) have been further extended at 100% protection until October 2010 with reductions then at 20% rather than the original 25%. These changes are recorded in the Income Support (Transitional Provisions) (Amendment No.2) (Jersey) Order 2008, made on 26 September 2008.

In effect, household group (1) in the original list has been split into two groups, to give a total of five household types. These are the five types shown in the table included in the response to the previous question.

Households receiving protected payments receive the full range of Income Support components. There is no difference in the calculation of the Income Support benefit for a household receiving a protected payment compared to a household that does not receive a protected payment. The difference between the two households is that under the previous benefit system, the first household was entitled to a total benefit amount that exceeds the household's entitlement to Income Support. The balancing of benefits between different groups was always an integral aim of the introduction of Income Support to ensure that tax funded benefits were provided on a consistent and fair basis across all sectors of the population based on financial need.

The answer to the previous question has already set out the manner in which sums will be withdrawn. Depending on household group, a percentage of the difference between the Income Support amount and the previous total benefit amount will be removed in October 2009.

For example, if a working age household was previously receiving £50 per week in rental subsidy and under

Income Support was awarded £20 per week, then the difference of £30 will be removed over a 3 year period (i.e. a reduction of £10 per week each year).

At present the household continues to receive £50 per week,

in October 2009 this will reduce to £40 per week,

in October 2010 to £30 per week and

in October 2011 to £20 per week.

If at any time the Income Support entitlement of the family increases above the protected amount, then the transitional reductions fall away.

The actual weekly sum to be withdrawn from each household is an individual calculation, depending on a number of factors.