

**WRITTEN QUESTION TO THE MINISTER FOR SOCIAL SECURITY
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 26th JUNE 2012**

Question

“Will the Minister produce an estimate for –

- (i) the numbers of Income Support overpayments and underpayments that occur annually;
- (ii) the average sum overpaid;
- (iii) the most common causes of overpayments, that is, the change of circumstance that triggers an over- or underpayment, and
- (iv) where error can be identified, what percentage is the fault of the applicant or that of the Department?”

Answer

Income Support is designed such that over and underpayments will arise.

Income Support benefit is always paid in advance, on either a weekly or four-weekly basis. Any change of circumstance that occurs after a payment has been made and during the period paid for, which affects the value of the claim rate, will result in the need for a payment adjustment in respect of the over or under payment.

The most common reason for an adjustment (an over or under payment) is a change in employment. This could either increase or decrease the level of Income Support payment. In some cases, all the details of the change will be known in advance and the claim can be amended to pay at the correct rate for a future date. However, it is more usual that there is a short delay before the claimant provides all the details to the Department. When this change is processed, an adjustment will be included to take account of the underpayment or overpayment during this time.

The Income Support team is currently processing over 11,000 individual changes on an annual basis, and these figures are expected to increase as a result of the continuing economic downturn. Depending on the nature of the change, an adjustment may be created as part of the processing of the change. In addition, large numbers of changes are made automatically to claims on a regular basis. Automatic changes do not generate adjustments as they are always made in advance of the change itself. These include the uprating of old-age pensions and other contributory benefits in October each year and increases in rentals and service charges for housing department tenants.

Against an estimate of 11,000 manual changes per annum, 6,246 payment adjustments were created in respect of income support claims during 2011. (3,558 underpayments, 2,688 overpayments). The average overpayment created during 2011 in respect of sums overpaid and leading to an adjustment in the claim is estimated at £138 (median) .

The most common reasons for a payment adjustment to an Income Support claim include:

- change of income or employment

- change of accommodation;
- receipt of an additional benefit; and
- change in the membership of an Income Support Household.

A significant number of larger underpayments are generated by the award of impairment components for long-term illness and disability. These awards require information from both the claimant and the claimant's GP and the collation and assessment of this detailed information commonly takes several weeks. The award is then backdated to the date on which Income Support received the initial application, which can often result in a large underpayment being paid.

It should be noted that the great majority of the adjustments referred to above are not the result of any error. They represent standard payment adjustments used to adjust for short periods when customers were over- or underpaid.

When a customer error is identified, it will be rectified as soon as possible. This can lead to the need for an adjustment. However, as this is included as part of the overall process for the administration and checking of changes to claims, the number of such errors is not recorded separately. It is therefore not possible to identify the percentage of errors made by claimants, as opposed to the Department.