

**WRITTEN QUESTION TO THE MINISTER FOR SOCIAL SECURITY
BY THE DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 29TH NOVEMBER 2016**

Question

Does the Minister have a figure for the impact of the Income Support freeze of personal components along with the reduction of £10m from Income Support disregards and direct benefits equivalent to the figure recently reported in the U.K. by the Policy in Practice consultancy group which states that “just about managing” households would be £2,500 a year worse off by the end of the decade as a result of benefit cuts and rising rents and inflation, and if not will she state why?

Will she commit her Department to undertake research into the impact of benefit cuts on low-income families?

Answer

The analysis undertaken by Policy in Practice seeks to forecast the likely impact on existing benefit claimants of a number of decisions taken by the U.K. government in respect of their benefit systems over the next four years. Any forecast over a four-year period will also need to make assumptions as to future levels of inflation, rents, wages etc.

As such, there is no direct comparison between Jersey and the analysis carried out by the U.K. Policy in Practice consultancy group, as the Jersey benefit system is completely separate and the two jurisdictions are subject to very different political pressures. For example, the U.K. analysis considers the impact of rising private sector rents, and includes the impact of a large number of families in temporary accommodation paid for by their local housing authority. In the U.K. Job Seekers Allowance, Employment Support Allowance work related activity group and Income support rates, child benefit rates and housing benefit rates have all been frozen for the next four years. Other areas of the U.K. benefit system are subject to future reductions in eligibility or the value of allowances over the same period. All of these factors are included in the U.K. analysis.

Last year the States Assembly agreed to hold the benefit budget of the Social Security Department at its 2015 level throughout the Medium Term Financial Plan. My Department contributed to the MTFP by identifying measures over this period which result in a reduction of the 2019 benefit budget by £10 million, allowing the Council of Ministers to invest in the priority areas of health and education. Although investments in these areas benefit everybody living in Jersey the impact of investments in health and education areas will always provide the most significant benefit to low-income households.

The great majority of the benefit changes need to realise the total of £10 million have already been implemented. The agreed cash limits for 2017, 2018 and 2019 include an allocation of additional funding to increase overall tax funded benefit levels. The Department is already committed to annual increases in social rental components. In addition, an element of this funding is available to be applied to increasing other component levels or incentives or a combination of measures. Detailed options will be considered during 2017, taking account of the level of benefit claims and external factors at that time. For example, Brexit continues to create significant uncertainty in economic and labour markets and flexibility will need to be available to support any local downturn.

We remain committed to helping individual households towards financial independence by helping people into employment. Jersey has also continued to invest in social housing, improving both the quality and availability of homes for low-income families. It is in the interests of all households in Jersey, not just those on low incomes, for government finances to be sustainable. If benefit expenditure increases faster than our income from taxation, we will not be able to deliver a benefit system in its current form.

The Social Security Department provides detailed information on Income Support claimants through the Annual Report and will continue to monitor the levels of assistance it provides to tax funded benefit claimants, particularly when considering the value of potential increases to the components and incentives included within Income Support.