

3.6 Deputy G.P. Southern of the Minister for Social Security regarding consideration of measures to assist Jersey's 'Just about managing' working households: [9736]

What measures, if any, is the Minister considering to assist Jersey's "Just about managing" working households that would be equivalent to the U.K. Chancellor's decisions to allow those on universal credit to keep an additional 2p in the pound of their earnings and to raise the national living wage to £7.50; and, if none, why is she not considering such measures?

Deputy S.J. Pinel of St. Clement (The Minister for Social Security):

As Deputy Chairman of the Health and Social Security Scrutiny Panel, the Deputy will already be aware of my commitment in respect of work incentives within the income support system. For the benefit of other members, I will quote from my recent formal response to the Scrutiny review of living on a low income: "The cash limit available for 2017 for income support does allow for some improvements in component levels and work incentives. Previous Ministers have increased the work incentives from the original 6 per cent to the current level of 23 per cent. This level will be considered again during 2017 and the suggestions provided by the panel will be included in those deliberations. It is too soon to say how the additional budget available in 2017 will be allocated but I can certainly confirm that I will be very keen to improve our incentive levels if at all possible." The second half of the question refers to a national living wage. As Members will be aware, Jersey does not have a national living wage. This is a U.K. concept that applies to workers aged 25 and above. Jersey has one minimum wage that applies to all age groups. We will be debating the value of the minimum wage later in this session.

3.6.1 Deputy G.P. Southern:

Will the Minister also consider unfreezing the living components of income support in order that all people in receipt of income support should be able to survive?

Deputy S.J. Pinel:

It was agreed in the Medium Term Financial Plan that the income support benefits would be frozen for 3 years up until 2017. As I have said, in my first answer to the Deputy, that the support for income support clients will be reviewed and we will either increase incentives or benefits, and that will happen in 2017.

3.6.2 Deputy M. Tadier:

The Minister has talked about steps such as increasing the disregard for earned income from 6 to 23 per cent, which is a laudable step to take, but nonetheless it masks the problem of low paid work and simply increases the subsidy to low paid workers and gives no incentive for employers to pay a living wage. Does the Minister accept that a significantly higher minimum wage or something moving towards a living wage is going to get rid of the need for the taxpayer to subsidise low paid work, and that it is better for everybody to make sure that work pays in the long run?

Deputy S.J. Pinel:

I think I have made it clear in many answers that I have given to the Deputy that the Social Security Department; the height of their principles is to get people back into work, hence the increase in the disregard to encourage people to do that. It means now that they keep 23 per cent, either 23p in every pound that they earn is disregarded. We wish to keep that incentive going to get people back into work, which we know is far better all round, inasmuch it is not just financial. It is from a self-esteem and a social point of view as well.

3.6.3 Deputy S.Y. Mézec:

Deputy Southern's question refers to working households. If you are a household where both people are working you do not need an incentive to go to work because you are already in work. So the question is about what is being done to assist those families, many of whom are struggling and who are not earning enough to make ends meet. So on that basis what consideration is she prepared to give to looking at what the aims of the national living wage are in the U.K., which is to raise what has essentially become their minimum wage to a much higher level so people can get by on it. It is about people in work not those out of work. What are her plans?

Deputy S.J. Pinel:

I am sure this will be discussed at length in the debate on the minimum wage. The national living wage I must remind the Assembly and public, is only available to those over 25. The minimum wage in Jersey is available to all of those over 16 so it caters for a much larger branch of the population.

3.6.4 Deputy G.P. Southern:

Will the Minister consider the introduction of a fresh disregard for earnings for the second worker in the family because at the moment the disregard is eaten up by one person's earnings? If the second person wishes to go to work there is no disregard and therefore very little incentive to work because every penny you earn will get taken away off your income support.

Deputy S.J. Pinel:

The whole review will be put into force by October next year when we have the wherewithal to increase the income support benefits but we do not know yet in which way that will be done. I would hope it would be an increase in the incentive but it is very difficult to say in a year's time what will be the demands on other parts of the income support.

3.6.5 Deputy G.P. Southern:

Will she give consideration to the second earner?

Deputy S.J. Pinel:

We will give consideration across the board.