

**WRITTEN QUESTION TO THE MINISTER FOR SOCIAL SECURITY
BY THE DEPUTY OF ST. JOHN
ANSWER TO BE TABLED ON TUESDAY 14TH FEBRUARY 2017**

Question

Will the Minister advise what estimates, if any, she has made of the impact that the following changes would have on her Department, both in financial and policy terms?

- (a) Moving the age at which Income Support and access to housing may be claimed from 25 to 18;
- (b) Recognising an 18 year old as a separate household within a family;
- (c) Allowing Income Support claimants to access higher education without there being any reduction in their Income Support;
- (d) Not removing the component for a young adult who has gone to university; and
- (e) Disregarding the grant received, as income, for young adults within a household who are studying in higher education.

Answer

Income Support is a household benefit, and a fundamental principle of this benefit is that it is paid to support low-income families as a single unit. The total amount of benefit is calculated by adding up 'components' that meet different expenses for a household, such as rent and a personal component for each child, adult or young person. So, where a young person lives in a low-income household the Income Support system acknowledges the extra cost to the parents and increases the overall benefit paid to the household. This includes young people who are in further and higher education.

Income Support is designed to support local families and in general is not payable off-island. Most components of Income Support are not paid during term time when the young person is away at university and support for personal expenses is replaced by the maintenance grant from the Education Department. However, Income Support will continue to support the household with the rental cost of keeping a bedroom for the student, and by continuing to pay any personal care or mobility components that a disabled student is entitled to.

The principle of considering the needs of a family unit means that parents with overall incomes too high to qualify for assistance from Income Support themselves are expected to support a young person who lives with them, rather than allowing that young person to claim a tax-funded benefit. Exceptions are made for young people who can't live with their parents, and for young people with a high level of disability or long-term illness. In those cases, Income Support can be paid to the young person directly irrespective of the income of their parents.

In response to the specific bulleted points:

- (a) Social housing policy in Jersey has always restricted the level of assistance available to the under 25s, and Income Support continues to reflect this ongoing policy. Extending the eligibility for support with housing costs to single people aged under 25 would represent a significant increase to the cost of Income Support, and would also put pressure on Jersey's limited social housing stock. Any move in this direction would need to be taken very carefully. Support with housing costs through Income Support is available to a claimant from school-leaving

age if they are unable to live in the family home or have the care of a child. Other young people receive support through the family unit, including housing costs.

- (b) As outlined above, young people are treated as a separate household from their parents if they are unable to live at home or if they have a high level of disability or long-term illness. Young people who are under 25 but are in full-time employment are removed from the parental Income Support claim, so that their earnings do not reduce the amount of Income Support payable to their parents. This is designed to increase the incentives for young people to find work. Students have always been included in the parental household up to the age of 25, but the States have twice debated the age at which young jobseekers are included in the parental household. A change in 2011 included young jobseekers up to the age of 19 in the parental household, and this was then increased to age 25 in 2015 – bringing the treatment of jobseekers in line with those young people who remain in full-time education. The impact of these changes was to remove support from young people living in better-off households, as in both cases young people living in a low-income household continued to be supported by increased payments as part of the parental Income Support claim. The result of these changes has been positive: an increased motivation for the young person to find work and a steady decrease in the numbers of young people registered as Actively Seeking Work.

Any decision to treat young people as a separate household from the age of 18 would have the effect of paying benefit to people living with parents who are not themselves a low-income household. In a period where overall benefit expenditure has been limited as part of the Medium term Financial Plan, it would be very difficult to justify this change.

- (c) Young people living in an Income Support household are supported to be in full-time education up to the age of 25. This applies to degree-level (or equivalent) courses providing they commenced the course prior to their 22nd birthday. Exceptions are made for vulnerable young people, and people who are studying on a “critical skills” course designed to meet the needs of Jersey’s economy. For those courses, Income Support will support somebody regardless of their age.

Extending the provision for Income Support to pay for people over the age of 25 to undertake full time higher education would have the effect that fewer people would be expected to find work, and people who would otherwise find employment might choose to study instead. Although some people would increase their potential earnings through education, this is by no means guaranteed, and would have a significant cost to the benefit budget. The mechanism of selecting “critical skills” courses is a good compromise, as it supports educational courses that guarantee paid employment in fields where Jersey has struggled to recruit skilled workers, such as nursing. Many higher education courses are part-time, allowing the claimant to work and study at the same time. There are also increasing opportunities for distance learning, for example through the Open University.

- (d) As stated in (c), Income Support is available to people undertaking higher education in Jersey, subject to certain conditions. Income Support cannot be paid off-Island, although students are supported as part of a household claim when they return to Jersey outside term-time, and by their parents receiving a housing component to maintain a bedroom for them. Funding for day-to-day living expenses of students studying outside Jersey is provided through the maintenance grant from the Education Department.
- (e) As household income increases, the level of income support reduces as the household need less help with meeting the cost of their basic living costs. Income Support does contain mechanisms to disregard a proportion of certain forms of income from the benefit calculation. This is used in order to encourage households to pursue types of income that increase financial independence such as income earned from employment and old age pensions. The disregard allows people to keep a percentage of these incomes so that they are better off than households who have not worked towards them, which supports the Department’s message of financial independence. Other forms of income reduce the amount of Income Support received by a household on a pound-for-pound basis, for example, other contributory benefits received by family members. The Education maintenance grant, like the components of Income Support, is designed to pay towards

living expenses. If we were to disregard the value of the grant people would effectively be paid twice by different States departments towards the same expense. Aside from increasing the amount of benefit somebody could receive by approximately £92 a week, this would set a very difficult precedent for Income Support when considering other forms of income.