

**WRITTEN QUESTION TO THE MINISTER FOR SOCIAL SECURITY
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 17th JANUARY 2017**

Question

Further to the answer to oral question 9758, asked on 12th December 2016, will the Minister, as agreed, circulate written notes by 17th January 2017 on the four topics relating to the withholding of Income Support?

Will she further undertake to give a detailed answer to the question and advise how many Income Support claims have been subject to the withholding of benefit paid, and the sums involved, through:

- (a) sanctions;
- (b) overpayment charges;
- (c) Household Medical Account payments; and
- (d) loan repayments on special payments;

and will she provide the total sum withheld in the first quarter of 2016?

Answer

to circulate some written notes on this topic to members prior to the next States sitting. This suggestion was then superseded by Deputy Southern's proposal for the answer to be prepared for the States sitting on 31st January 2017. I can therefore confirm that work is underway, and has been scheduled to meet this deadline, as agreed.

Answer provided on 17 January:

“This question asks for a significant amount of information, relating to four very different areas of Income Support administration. It requires detailed analysis of a large number of records to provide a comprehensive answer and a clear explanation of the data. On the 12 December 2016 during the supplementary dialogue following the answer to oral question 9758¹ the Social Security Minister offered to circulate some written notes on this topic to members prior to the next States sitting. This suggestion was then superseded by Deputy Southern's proposal for the answer to be prepared for the States sitting on 31 January 2017. I can therefore confirm that work is underway, and has been scheduled to meet this deadline, as agreed.”

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Extract from previous response to oral question 12 December 2016:

“Whilst the Deputy has grouped these four individual areas of Income Support into a single question, they actually represent very different aspects of benefit, each of which requires its own explanation. They are not directly comparable to each other. Even so, a detailed analysis of individual claims would need to be undertaken to fully answer each part and it is not realistic to undertake this volume of work within the timetable set for an oral question.”

Figures for each area specified in question

The figures listed in the question cannot be directly compared because although they affect the amount of Income Support a household ultimately receives, they differ in the legal reasons as to the level and allocation of benefit payment. There are also caveats to the data. It is difficult to identify situations in which a payment or allocation has been made and is later altered in light of revised circumstances. As such, the figures below should only be considered as good estimates of the amounts involved.

a) Work related sanctions

There is clear international evidence of the benefits of employment over unemployment with workers benefitting not just from a higher household income, but also from improved health and social outcomes. For most working age adults, Income Support includes a requirement to be in work, or actively seeking work. The Back to Work teams provide a wide range of support to job seekers and have achieved significant results over the last few years. Since the introduction of Income Support, the incentive (also known as earnings disregard) for employment has been increased progressively and now stands at 23%. Alongside a financial incentive for finding work, there is also evidence that a job seeker regime that includes both incentives and financial sanctions is more effective than one that concentrates on one aspect or the other. As such, Income Support now includes a set of phased sanctions that increase in severity for repeated failures to actively seek work.

The numbers in this section relate to situations where a household’s total benefit entitlement has been reduced by the removal of the adult component of Income Support in respect of somebody who has;

- Breached a written warning that they were not available for and actively seeking remunerative work (referred to as a “first or second breach of a written warning”); or
- Voluntarily left remunerative work without good cause (referred to as “GUW” or giving up work)

Type of financial sanction	Total reduction in benefit due to work related sanction in Q1 2016	Number of income support households affected
Giving up work	£64,700	143
Jobseeker - breach of written warning (1 and 2)	£12,500	64

In addition, 13 households were subject to a jobseeker breach 3 sanction during the first quarter of 2016. As such these households were no longer entitled to receive income support. If these claims had continued until the end of the quarter at the rate paid immediately before the claim closed, the additional benefit paid during the first quarter of 2016 would have been approximately £14,500.

b) Overpayments

The Income Support system is designed to respond to current need and provides payments in advance to ensure that low income households can meet their basic living costs as they arise. The amount of Income Support received depends on the number of adults and children on the claim, rental and other costs as well as the wages and other income of the household. A change in any of these areas can lead to a temporary overpayment of benefit. Claimants are advised that they should notify the department as soon as changes in circumstances occur.

When this happens, the revised benefit level is confirmed, the overpaid amount is calculated and ongoing benefit payments are reduced to recoup the extra benefit that has already been paid. Benefit is not being withheld – the household is repaying money which they were not entitled to. The Department does not make any overpayment ‘charges’ – the money that is recovered is just the amount that was overpaid. The Department does not charge interest on outstanding amounts.

Significant improvements have been made in the last two years to assist customers in advising the Department as soon as a change occurs (or in advance) but there will still be occasions when overpayments occur. The alternative of only providing benefit payments in arrears could cause significant difficulties for households faced with a sudden drop in income.

Total value adjusted from Income Support claims in quarter 1, 2016	Number of income support households with an adjustment at some point during the quarter
£402,000	1,887

c) Household Medical Account allocations

Each adult and child component within Income Support includes an allocation for four General Practitioner (GP) surgery visits a year. On top of this, additional components support those with health conditions who need regular GP check-ups. Most income support households receive these amounts as part of their regular benefit payment and are able to budget for their own GP costs.

However, the Income Support system does provide extra support with budgeting for some Income Support claimants. This support is provided through Household Medical Accounts, which are a mechanism for a claimant to allocate a set amount of their benefit each week into the account to ensure that they can meet the cost of GP visits in the future. The total amount set aside remains part of the claimant’s entitlement and is agreed with the claimant. In most cases, the claimant has the choice to close the Household Medical Account and budget for future GP costs themselves.

Total value of allocations during quarter 1, 2016	Number of income support households making HMA allocations at some point during the quarter
£137,000	777

d) Loan repayments on Special Payments

As well as providing support with weekly living costs, the Income Support system also helps with the cost of larger, one-off items such as rental deposits and white goods. Most support is provided through an interest free loan with some payments being provided as grants.

If a claimant requests a loan, a repayment rate will be agreed at the start of the loan. The provision of a loan ensures that the claimant is aware of the value of the item, whilst enabling the claimant to spread the cost over a longer time period without incurring interest charges.

Total value of loan repayments from Income Support households during quarter 1, 2016	Number of income support households making a loan repayment at some point during the quarter
£92,500	426