

**WRITTEN QUESTION TO THE MINISTER FOR SOCIAL SECURITY  
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ANSWER TO BE TABLED ON TUESDAY 4th JUNE 2019**

**Question**

Will the Minister inform members how the individual rates of Income Support components (adult, child, householder) have increased over the period 2008 to 2019 for those working-age recipients who are not in work, and how they compare alongside R.P.I. figures for the same period; and will she state what her decision is in respect of the 2019 updating of components and disregards?

**Answer**

The amount of income support a household receives depends on their household circumstances, the level and type of their own income and savings.

Income support components

The income support components determine how much income support a household could receive based on its situation before any income or savings are taken into account.

They are important for all households receiving income support, but are particularly important for the minority of households that do not have any income of their own – for example if the adult(s) are unemployed and looking for work.

The size of each of the components affects how much financial support households get according to their circumstances, i.e number of adults, children, whether they pay rent, have child care costs, care for someone or have an impairment of some kind.

Income support disregards

The income disregards determine how much a household is better off by getting or increasing its own income, whilst also receiving income support.

The income disregards play an important role in encouraging households to move towards financial independence by getting their own income and finding ways to increase it. Since the introduction of income support, the earning disregard has increased from 6% to 25% - i.e for every extra £1 of wages received, the household is 25p better off and their need for income support is reduced by 75p.

**Components, disregards and RPI: 2008 and 2019**

| Description         |      | Jan-08 | Jan-19 | Note |
|---------------------|------|--------|--------|------|
| Adult               | £/wk | 83.58  | 97.72  |      |
| Single parent       | £/wk | 37.10  | 40.39  |      |
| First child         | £/wk | 56.42  | 72.94  |      |
| Subsequent children | £/wk | 56.42  | 67.90  |      |
| Household           | £/wk | 42.84  | 54.46  |      |

|                              |       |                 |                 |   |
|------------------------------|-------|-----------------|-----------------|---|
| 1 bed flat – private sector  | £/wk  | Up to<br>143.50 | Up to<br>206.15 |   |
| 1 bed flat – social sector   | £/wk  | Up to<br>143.50 | Up to<br>253.62 | 1 |
| 3 bed house – private sector | £/wk  | Up to<br>236.81 | Up to<br>350.35 |   |
| 3 bed house – social sector  | £/wk  | Up to<br>236.81 | Up to<br>459.23 | 1 |
| Disregard for earned income  | %     | 6%              | 25%             |   |
| RPI index (Dec 07-Dec18)     | index | 133.3           | 175.4           |   |

### Note

1: In 2008, there was a single set of maximum rates for private and social rental accommodation. This was the maximum amount of rent (private or social) that would be included in the calculation of income support. In 2019, the maximum rates apply to private rental accommodation only. Andium's social rents (and any increases from year to year) are now automatically included in the income support calculation for its tenants. In January 2019, Andium's average rent for a 1 bedroom flat was £785 per month and the maximum £1,099 per month. The table above includes the equivalent maximum weekly rent.

Likewise, Andium's average rent for a 3 bedroom house was £1,279 per month and the maximum £1,990 per month. The table above includes the equivalent maximum weekly rent.

(<https://www.andiumhomes.je/yourhome/paying-your-rent/>)

### Summary of changes

Since the start of income support, a range of approaches have been taken including a freeze in respect of most components as part of the last Medium Term Financial Plan 2016-2019, and significant increases in the level of income disregards from the original level of 6% to 25%. Previous Ministers have prioritised increasing rental components to help cover rent increases.

Over the last few years:

- In 2016, the rental and childcare cost components increased.
- In 2017, all the components increased and the income disregards were also increased from 23% to 25%, strengthening incentives to increase income.
- In 2018, the States agreed to re-introduce the single parent component, and all the other components were increased.
- At the start of 2019, the child component for the first child increased further by £5.04 a week.

RPI has increased by about 2.9% a year on average over the last 11 years (Dec 2007 – Dec 2018).

The proportion of households receiving income support which has its own income (earned, pension, maintenance or contributory benefit) has increased from 68% in 2008 to 88% in 2018.

### **Households receiving income support with their own income: number and %**

|                                     | 2008  | 2018  | change |
|-------------------------------------|-------|-------|--------|
| Households receiving income support | 5,500 | 5,700 | 200    |
| Households with own income          | 3,700 | 5,000 | 1,300  |
| % with own income                   | 67%   | 88%   | 20%    |

### Household examples

Total household income depends on the value and number of components available to the household, the value and type of their own income, and the rate at which income is taken into account when calculating the benefit rate.

At present,

- A single person who lives on their own and is unemployed receives £152 per week after allowing for rent for a 1 bed flat.
- If this jobseeker finds a full-time job at £8 per hour, their overall income will increase to £218 per week, after rent.
- A single parent with a child aged 2 who is exempt from job seeking and lives in a 2 bed flat receives £266 per week after allowing for rent.
- If the parent finds a part-time job at £12 per hour (the average hourly rate in the retail sector), their overall income will increase to £322 per week after rent and childcare costs.

### Income support proposal for 2019

The Social Security Minister's proposal will:

- help all households receiving income support
- focus on households with children, and
- improve the financial incentives for households to increase their income.

The Social Security Minister will lodge her proposal and the Regulations for income support on Tuesday 4<sup>th</sup> June and the States will debate them on 16<sup>th</sup> July 2019.