

**WRITTEN QUESTION TO THE MINISTER FOR SOCIAL SECURITY
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
QUESTION SUBMITTED ON TUESDAY 19th APRIL 2022
ANSWER TO BE TABLED ON TUESDAY 26th APRIL 2022**

Question

“Further to the response to Written Question 115/2022, will the Minister state whether it is her assessment that an additional £20 per month to Income Support households is adequate to compensate for the recent rise in the cost of living, particularly taking into account that Income Support components have not been fully indexed since 2014 and their real value has therefore fallen by approximately £11 per week compared to where their value would be if full indexation had occurred?”

Answer

As Members will be aware, I have announced a new scheme to provide temporary targeted support to low income and just about managing groups with payments of £20 per person per month starting in April and running through to December.

My answer to written question 115/2022 included a detailed explanation of my assessment of whether an additional £20 per person per month is adequate to compensate for the recent rise in the cost of living. I reproduce that part of the answer below:

“An additional £20 per month per person will make a significant difference to a family living on a low income. For a pensioner couple, there will be an extra £40 per month, for a couple with two children this will be an extra £80 per month. The impact of inflation will be different on each household. These points were covered in my note sent to all States members on 30/3 which I reproduce below:

Dear States Members,

I understand that it is difficult for households to manage and deal with the sudden increases in prices we are seeing and are expecting to see during the year.

The latest inflation figure from December stands at 3.8% for the main rate, with the rate for low income households at 3.3%.

The Fiscal Policy Panel, who published their new economic assumptions today, think that inflation could rise to around 6% by the end of the year.

Yesterday, I announced a temporary scheme to provide extra support of £20 a month, per person, to over 11,000 people in Jersey who are likely to be the hardest hit by increases in the costs of basic goods.

The scheme covers income support households and pensioner households who are eligible for help with heating, health or other costs.

This will cost about £2 million and will be paid for from the income support allocated budget for 2022, which is expected to be underspent during the year, because of the record low level of unemployment.

In addition to the £20 a month per person payment, these groups will also see benefit rises during 2022.

The old age pension will increase automatically in October. It will rise by at least the June RPI figure. in line with the FPP advice, this is likely to be up to 6%.

Income support rates will also increase in October, in line with the decision made last year by the States Assembly. Component rates will increase by 2.6%, in line with the FPP advice issued last year.

For wage earners, the minimum wage rose by 11% from 1 January 2022.

I was asked to provide information on the impact of the extra temporary support compared to the impact of inflation on households.

It is difficult to do this, because the impact of inflation is different for everyone. It will depend on the goods and services they buy, and how much their prices are increasing - and it will depend on how much their overall income increases during the year.

Bearing this in mind, I expect that this scheme will provide support that is worth up to an additional 2% or 3% of average household spending for eligible recipients. This will make a meaningful contribution to the rising cost of living for those most likely to struggle, starting from April, alongside the 2.6% uplift in Income Support component rates in October."

The second part of this question refers to the uprating policy for Income Support since 2014. As previously explained in recent question WQ.115/2022 and previous question WQ.54/2021, there have been many changes in the Income Support system since 2014 and it is not straightforward to make a comparison based purely on Income Support components.

In particular, the proportion of income that can be kept by an Income Support household has been increased significantly since 2014 ensuring that total household income has continued to rise as well as component rates. Families with children have also seen substantial increases with the component allocated to the first child in each family rising from £63.98 to £83.02 per week.

In addition:

- In 2020 I introduced the Health Access Scheme, which reduces the cost of GP visits for all Income Support households.
- Income support families received additional help during Covid and are now about to benefit from the additional payments which will provide an additional £180 per person over the next 9 months.
- All Income Support households will receive an uprate that will be implemented in October 2022 increasing components by 2.6%.

Whilst not mentioned specifically in WQ.136/2022, the previous question 115/2022 made reference to a single person receiving Income Support and the change in their Income Support components since 2014.

As noted above, a simple comparison of component rates does not provide a full picture of the total household income of an Income Support household and does not take account of the additional support, such as access to GP services, that is now available.

However, it is possible to make a comparison of the overall household income of working age adults who do not have children and are receiving Income Support between 2014 and 2021.

Working age adults with no children	Own income	IS benefit	Total weekly income
End of 2013	£134	£174	£308
End of 2021	£183	£220	£403

This shows an overall increase in household income of 31%, well above the RPI increase over the same period of 20.4%.