

23.03.21

**14 Deputy G.P. Southern of the Minister for Social Security regarding deemed income (OQ.46/2023)**

Will the Minister provide an explanation of the concept of deemed income, giving reference to the example found on page 33 of the Income Support Policy Guidelines, and further advise whether the application of such deemed income to the pensioner couple example on page 36 would give rise to an interest rate of 20.8 per cent on savings?

**The Bailiff:**

You are not going to ask for a ruling from me whether the question has been answered, are you? I obviously cannot read the various things that you have proposed in the question.

**Deputy G.P. Southern:**

Sorry, I do not understand.

**The Bailiff:**

Let us wait and see what the answer is. This is one of those questions, which will be very difficult for the Chair to make any kind of ruling on.

**Deputy E. Millar (The Minister for Social Security):**

This is quite a complex subject and I am not sure it is entirely appropriate for an oral question or indeed for an answer within 90 seconds. But I will do my best and try to give Members a simple explanation of the treatment of assets under the income support system. I am not going to refer to page numbers of the guidelines, which Members will not have in front of them. I am more than willing to answer a written question on this topic to provide more detail but I would also remind Members that I sent an email to all States Members on this subject on 23rd January 2023 following the States sitting that week. Income support is a means-tested benefit. Payments are made to households who lack sufficient income and savings to meet their current needs. Where the household has some income of its own the weekly benefit is reduced until income is at a high enough level that no support is needed. Likewise, a household with significant savings but limited current income is expected to draw on those savings before making a claim on the public purse. In other countries, such as the U.K., no benefit at all is payable if savings are above a certain level. There is no fixed cut-off in Jersey. The system is more flexible but the benefit available does gradually decrease as the level of savings increases. Without any such decrease, a household could have a bank balance of £100,000 or more and still claim income support. The principle of deemed income is unrelated to an interest rate or to any income received from the capital. It simply reflects the principle that a person with greater savings or other assets can afford to meet some of their own costs from those savings. At present, and referring to a pensioner couple, savings of up to £22,718 are fully disregarded for a pensioner couple. If the household has savings above that level, then the income support benefit payable decreases in proportion to that extra savings until the benefit reduces to zero. One of the areas I have already identified for further work during 2023 is the question of asset limits and disregards under the income support system.