

**STATEMENT TO BE MADE BY THE PRESIDENT OF THE EMPLOYMENT AND SOCIAL
SECURITY COMMITTEE ON 20th JANUARY 2004**

In view of the continuing interest in the proposed new Income Support system and the number of references being made to it, I am making a brief statement today to update members on progress and the work that has to be undertaken over the next two years so that it can be implemented in 2006 as agreed by the States.

Just to remind members, the aim is to integrate and simplify the existing system of support available to low income groups. The current system is fragmented with financial support being delivered across a number of systems such as Welfare Grants, Non Contributory Benefits, Housing Rent Rebate and Abatement, as well as other schemes such as Education Maintenance Grants. All these benefits and grants have different qualifying criteria and means tests and are administered by a number of Departments and the Parishes. The system is complicated for claimants, unwieldy to administer and gives rise to disincentives.

The proposal is to replace all these means tested benefits with a single, graduated one which will consist of different components. In addition to a basic 'living allowance,' there will be others covering various needs such as those relating to housing, disability, health, childcare, transport, care and general costs arising from frailty in old age.

A considerable amount of preliminary work has been done. Progress, as members may recall, was delayed pending the commissioning of an income distribution survey needed to provide key data on which to identify the level of assistance required and what it is likely to cost. The States Statistical Unit is completing the analysis of that data and a model is being developed to support the work, not only to ensure the means tested benefit systems are integrated but also the benefit and fiscal systems.

In view of the complexities around all these issues and the pressure on public spending, the Committee has decided to undertake a policy review on each aspect so that money can be better targeted to those in need. Members will have already seen the first one on Disability Benefits and others will follow throughout the year.

There are many other complex issues to resolve, not the least on qualifying conditions such as residence periods, which are linked to work on the migration policy, and funding, which has recently been the subject of a Parish Working Group report. In addition, we need to take into account aspects of the new Fiscal System as they unfold.

Subject to decisions being made on related issues and adequate resources which we are trying to put together, our aim is to complete all the necessary fact finding, research, evaluation, policy reviews and modelling work by the end of this year to present to the States for approval. This would enable a brief to be prepared and new Law to be drafted the following year, in 2005. Implementation is also likely to be time consuming, particularly if maximum advantage is to be taken of IT to streamline the administration. Our best estimate at this time is that it will be well into 2006 before a new income support system is introduced but we will also be looking at phasing it in if this proves more practical.

In the meantime, interested members may wish to refer to P.44/2000 for a more detailed description of the proposed system. I am happy to arrange a presentation or meeting for any members who would like to discuss it further.