

6. Statement by the Minister for Social Security regarding Income Support

6.1 Senator P.F. Routier (The Minister for Social Security):

I am today making available to Members a progress report on the first months of income support, and also announcing some enhancements to the income support system, and the extension of protected benefit payments. As a result of careful planning and a highly committed staff team, income support was introduced in January 2008 with the minimum of disruption to benefit claimants. Over 8,000 households received their first payment on Monday, 28th January with subsequent payments being spread-out over the payment cycle. The Parishes continue to provide a valuable service to their parishioners by offering advice and cash payments to those people who prefer to have local access to their income support. On 1st May appropriate income support components were increased to ensure that low income families were not disadvantaged by the introduction of G.S.T. (Goods and Services Tax) on 6th May. Income support payments increased from £120,000 per day to approximately £125,000 a day as a result. All claimants received their additional benefits before the introduction of G.S.T. As well as regular weekly payments, in the first 4 months the department has dealt with 175 special payments, 85 emergency payments, 113 personal care and medical assessments, 5 applications for discretionary payments, and over 2,200 went to fuel allowance payments per month. Income support has introduced a comprehensive appeals process for claimants to ensure that anyone dissatisfied with a decision can appeal to an independent tribunal. The new job-seeking service was introduced a few weeks ago. So far 60 people have been asked to attend an interview, 36 have signed a job-seekers agreement and, of those, 8 have already found work. A review of the first 3 months of operation has included collating evidence of issues arising from the introduction of income support from staff and claimants. I have led feedback sessions for representatives of local voluntary organisations and other stakeholders. I attended a meeting organised by the Senior Citizens Association to discuss income support. The Social Security Advisory Council has provided feedback to the department. The department has extracted data from the social security business system to analyse and the detailed circumstances of benefit claimants, and to provide forecasts for ongoing costs, both for benefits and the transition protected payments. The analysis required reviewing approximately half a million separate pieces of information and assessing the impact of more than 100 variables within the system. Overall, the main message from these inquiries has been that income support is working well but as known from the outset there are a small number of adjustments that could be made in certain areas. The main concern regarding the delivery of income support has been that it is very different from the previous benefits and many claimants do not fully understand the new system, and this has led to some worry. The department will be devoting additional resources to communication over the next few months working directly with claimants as well as stakeholder groups and other States departments to ensure that claimants understand the new system. I will be asking the Social Security Advisory Council to assist us in this work. As anticipated, following the implementation of income support, the information that we now have enables us to make adjustments to ensure that benefits are targeted to their maximum effect. The department will continue to monitor costs and identify potential improvements to the scheme on an ongoing basis. The detailed report that I am circulating today includes statistics on the impact of income support on different types of households. Over 3,000 households received additional benefit from the beginning of income support. These households are among the poorest families within our society and the introduction of a consistent financial safety net is something that we should rightly be proud of. In addition, over 700 individuals received benefits while in residential care. Benefits for these people are being maintained. I would like to remind Members that there is a major piece of work being undertaken at the present time with the regard to residential care for the elderly. This work should be concluded within the next 9 months and, in the meantime, the introduction of income support has continued the accessibility and level of financial support available under the old system. Those households that do not see an immediate benefit from the

introduction of income support have been receiving protected payments to ensure that their previous level of benefit has been maintained and partially reduced over a number of years, only once advocate notice has been given. The funding for these protected payments is additional to the main income support budget. In September 2007 a paper describing the transition process and the calculation of protected payments was circulated to all Members. At that time it was explained that it was impossible to provide accurate costings of the transition process until the number and makeup of claimants eligible for transition was settled, shortly after the introduction of income support. Accurate costings for transition have now been completed. Together with my department, my Assistant Minister and I have considered these costings and I am announcing today that within the existing budget provided by the Treasury and Resources Minister we will extend the 100 per cent protection for all claimants from this October until 27th January 2009, which will be a full year since the introduction of income support. During August the department will be writing to households to give them guidance on the partial reduction in protected payment that they can expect to receive from January 2009. I can confirm that 28th January 2009 will be the first time any protected payments will be partially reduced. Of course if at any time a claimant's circumstances change, a new assessment will be undertaken. In particular, should the financial circumstances of a household worsen, the household will be eligible to receive income support as appropriate to their circumstances. There were 3 benefits - Attendance Allowance, Child Disablement Allowance and Adult Disablement Allowance - that were previously available to households with an income of up to £55,498 per annum. In the case of a child receiving Attendance Allowance, to a child with an income of up to £55,498 per annum regardless of their parent's income. The majority of families previously receiving these disability benefits are now receiving an enhanced benefit from the introduction of income support. There are also families with their own incomes which would not normally be supported through the income support system who have been accustomed to receiving a benefit in respect of their disability. While these families would not be considered to be in need of financial support in income support terms, some of them rely on the value of the disability benefit to assist with the cost of existing financial commitments. Households that include someone with a disability have become accustomed to the level of benefit under the previous system and may find it more difficult than other households to adapt to new benefits. I believe that we should continue to support and protect people with disabilities for a longer period. Due to the gradual build-up of income support claims during 2008 it is possible to transfer additional funds to the funding of protected payments to allow households previously receiving Attendance Allowance, Adult Disablement Allowance or Child Disability Allowance to continue to receive full protection. I am announcing today that this protection will be for a further 2 years up until October 2010. Only then will the first partial reduction in protected benefit occur. While I recognise that the States have on several occasions debated and approved the tightening-up on the availability of benefits to those with higher incomes, my Assistant Minister and I also listened to the views of those who represent children with severe disabilities and their families. I believe a special case can be made to provide financial assistance to families that care for a child with a severe disability. I will be lodging a proposition to amend the Income Support Regulations to enable children with severe disabilities in families that would not otherwise qualify for income support to access the high level personal care component. I also want to take this opportunity to remind families who care for people with disabilities that the Invalid Care Allowance still exists, and that we also have a new Carer's Allowance that has been introduced within income support. The take-up of this allowance is quite low at present and we will be writing to carers and the Jersey Carers' Association to ensure that everyone entitled to the new benefit is receiving it. I recognise that Members will want to be confident that people with disabilities are supported appropriately and I would like to reassure the public that this package of measures has enhanced for many the support that they receive and for others maintained the support they receive. I am also announcing today steps to provide automatic qualification to the first level of personal care component for those with 100 per cent Long Term Incapacity

Allowance awards. If someone has an accident or serious chronic illness during their working life they are normally supported financially through the Long Term Incapacity Allowance. This benefit is paid on a percentage scale depending on the level of incapacity. If the person had very high personal care needs they would also have qualified for Attendance Allowance, however many people with moderate personal care needs received no additional help with the cost of their disability. Those in receipt of L.T.I.A. (Long Term Incapacity Allowance) could not access Adult Disablement Allowance. Under income support 2 additional levels of support accessible to those on L.T.I.A. have been introduced. There will be a significant proportion of individuals with 100 per cent L.T.I.A. awards who are already eligible for one of these additional personal care components. As this is a new benefit the take-up is quite low at present, and we will be lodging Regulations to provide an automatic entitlement to the personal care component level one without the need for further application or assessment. Of course, if someone considered that they should have a higher care component they could make an application for a higher rate component. With regard to the treatment of lone parents who have a child remaining in education from the age of 16 to 18 the current definition of lone parent in the Income Support Law leads to a reduction in the level of benefit when the child of a lone parent finishes compulsory schooling and remains in education. I have today lodged a proposition that addresses this issue and will create a financial incentive for the child to remain in education. While this statement focuses on enhancements to the scheme and extended protected benefits, it should not be forgotten that there are a significant number of the poorest households within our community who have received an immediate benefit increase since last January. In conclusion, Sir, I would like to thank all those who have fed back information and for the support they have given to enable my Assistant Minister and I to make these announcements today. In brief, they are extended, protected benefits until 27th January 2009 for everyone; extended protected benefits until October 2010 for people who previously received Attendance Allowance, Adult Disablement Allowance or Child Disablement Allowance; a new entitlement for households for children with severe disabilities to claim the high level personal care component without regard to the parent's income; a new automatic entitlement for Long Term Incapacity Allowance claimants with 100 per cent awards to the first level personal care component; and a new incentive for children of lone parents to remain in further education. The report placed in Members' pigeon holes later today sets out a detailed analysis of income support households and their financial position in October this year. I do hope these initiatives find favour with Members. **[Approbation]**

The Bailiff:

Before I call for questions for the Minister on that statement I notice in the public gallery a number of students from St. Michael's School and I am sure that Members would wish to welcome them to this ... **[Approbation]**

6.1.1 Deputy G.P. Southern:

May I first of all congratulate the Minister on recognising the major problem that he has come across with Attendance Allowance, Child Disablement Allowance and Adult Disablement Allowance, and congratulate him on providing additional funds to cover further some hundreds of families who will be affected to the tune of thousands of pounds per annum; and ask him when he recognised that this problem was going to happen; or did he realise when he brought the income support proposals to the House that the intention was to reduce the cap - the means testing - on this particular allowance and that he was going to affect these families, and when he explained that to the House when he brought this to the House in the first place?

Senator P.F. Routier:

I think the Deputy seems to have the impression that there are hundreds of families who are in this group and it was going to affect thousands of pounds. There are 69 families with 75 children who were previously receiving Attendance Allowance and they were in a position whereby they

were being supported by the previous benefits. The majority of them are better off under income support regardless of us making this change, by far. There are a small number of parents who have significant incomes of their own who the States had repeatedly asked us to tighten-up on, ensuring that benefits went to those people who were in financial need. That was what the States had asked us to do on several occasions - 3 or 4 times - and repeated that request. I have today announced that I will be bringing today back to the States a proposition which will reverse that because I recognise that it is important that we do support people with disabilities, children with disabilities and that is what I intend to do.

6.1.2 Deputy G.P. Southern:

Supplementary, Sir? Will the Minister answer the question? When did he first recognise that he was going to have this impact on Attendance Allowance and, in particular, when did he point out to the States that this action in reducing the availability of benefit did not just apply to the Rent Rebate and Abatement Scheme or to D.T.A. (Disability Transport Allowance) but to these particular people with disabled children?

Senator P.F. Routier:

I would imagine probably at the same time as the Deputy when he scrutinised the legislation. The Scrutiny Panel scrutinised the legislation as well as myself bringing it forward. It has been a requirement of this Assembly to means test all of the benefits, and that has been happening for a number of years. Now we have it in place I recognise, and I accept that is a decision we need to reverse, and that is what we are going to do.

6.1.3 Deputy G.P. Southern:

Final supplementary. Is it not the case that the Minister recognised that this was the case and he recognised it in July of last year?

Senator P.F. Routier:

I cannot recall that, no.

6.1.4 Deputy S. Pitman of St. Helier:

I have had several people complain to me that they are worse off under I.S. (Income Support) than they were on H.I.E. (Health Insurance Exception) and most of these people are on the lowest income. How many complaints has the department had on this matter and will the department be monitoring this? Also, Sir, could the Minister inform Members when his leaflet on special payments to recipients will be published?

Senator P.F. Routier:

I am not quite sure of the exact question, the early part about the complaints. Could you just repeat that again please?

Deputy S. Pitman:

I asked if his department has received complaints from recipients of I.S. that they were better off under I.S. than H.I.E., and also will his department be monitoring this?

Senator P.F. Routier:

Certainly when H.I.E. was first subsumed within income support there were some concerns and that is why we brought back amendments to the income support system. I think the Deputy may recall that we increased the amount of visits that people were able to have on income support so it replicated what was available to those people who were previously on H.I.E. We have addressed that issue. With regard to special payments and literature, that is one of the things in my statement I said that now that things are bedding-down: communication is one of the big

issues for us and we will be ensuring that information will be given to claimants and to the general public as a whole to ensure that they are aware of what they can claim for.

6.1.5 Connétable S.A. Yates of St. Martin:

In light of my close interest to this matter I would like to thank the Minister for his statement today. I would like to ask him to explain or describe the new entitlement for households with children with severe disabilities to claim the higher level of personal care component without regard to parent income. I would like to say also that, with my thanks for his statement, I will also tell him that I shall still be taking a very personal interest in his future work in Social Security, Sir.

Senator P.F. Routier:

The proposal with regard to enabling children in their own right to be able to claim the personal care component without regard to their parent's income has replicated what used to happen with Attendance Allowance, and it will be possible for... I think I have explained that, that it will be possible for a child in their own right, without regard to their parent's income, to make an application for the personal care component level 3.

6.1.6 The Connétable of Grouville:

I too, Sir, would like to thank the Minister for his statement today and I would also like to include in that the Scrutiny Committee, who with one of my parishioners were very kind, very courteous and took the matter forward on his behalf with the Minister, and I am very grateful for Scrutiny and the Minister for what has happened today. Thank you.

6.1.7 Deputy I.J. Gorst of St. Clement:

I too, would like to join the chorus of thanks to the Minister. He has shown that he has been prepared to listen to families who have members with disability and I thank him for that. However, he has extended the protected benefits until 2010: I would just like him to confirm - I know that he, as an individual cannot, but perhaps he can on behalf of his department - that his department will continue to listen because I suspect that these issues might just rear their heads again in 2010, and I ask that his department will continue to consider that they could be extended even further.

Senator P.F. Routier:

I thank the Deputy for those kind comments. Certainly, the issue... I have done a 2-stage approach of protecting those existing people who were in the system until 2010, but if there was somebody new coming into the system they are going to benefit from the ability for any child who has a severe disability to make a claim in their own circumstances. So, they will have a very similar effect beyond 2010. I believe that will be the case.

6.1.8 Deputy S. Pitman:

The Minister did not answer my questions earlier. He said that his department were doing something about people who are better off under income support; can he tell us exactly what his department has done? Also when his department will be sending out the special payments leaflets to recipients?

Senator P.F. Routier:

The H.I.E. replacement, we recognise that there was a need to increase the visits that people were able to claim under the old system, within income support. So increase the availability of doctors visits they used to go to under H.I.E. With regard to the leaflet regarding special payments, all the communication, all the issues regarding income support are being dealt with in the next few weeks.