

**STATEMENT TO BE MADE BY THE MINISTER FOR SOCIAL SECURITY
ON TUESDAY 21ST JANUARY 2014**

Within the Medium-Term Financial Plan, I committed to deliver £3 million of additional savings from tax-funded expenditure from 2014.

I am pleased to advise Members today how the £3m of savings will be achieved and also how I will further increase the incentive to work for those claiming Income Support.

In delivering these savings I have applied the following principles:

- Income support claimants continue to afford adequate accommodation for themselves and their families.
- Those already in employment are further encouraged to sustain work and seek better employment prospects.
- Jobseekers will always be better off in work and are further encouraged to take up employment.
- Childcare cost is not a barrier to securing or sustaining employment.
- Those facing additional barriers to work will receive increases to their financial support.
- Pensioner income is protected and pensioners will receive at least the full benefit of their States pension increases.

In 2013 I chose to freeze the rates of the majority of Income Support components. Only the accommodation component was increased in 2013 by 2.15% in line with increases in rents from the Housing Department. This has resulted in an ongoing saving of £2.2m.

I intend to again maintain the main Income Support components at the same level for 2014. Therefore the adult, child, lone parent and household components will be unchanged for 2014. This will save at least an additional £1.6m.

The accommodation component will be increased in accordance with the Housing Transformation Programme and I have already lodged my proposals for further financial help for private sector tenants on Income Support.

I have continued to increase the pensions disregard so that Income Support Pensioners are protected and will again in 2014 receive at least the full benefit of their States pension increases.

I intend to propose that the remaining components: personal care, childcare, carer, mobility and clinical costs will be increased by at least RPI and I will return to the Assembly with Regulations so that these changes can take effect from October 2014.

In line with the States Strategic Plan and our most urgent Strategic priority to Get People into Work, I will be strengthening the financial incentive to work within the Income Support system by increasing the earned income disregard by 3%, raising this from 20% to 23%. This will be raised from April this year. The annual cost of this is £1.1m.

This improvement means that those finding work and those already in work and on Income Support will keep more of their earnings and reinforces the clear message that you are better off in work.

I have also decided to utilise previous additional savings made by the department to help fund this increase in the earnings disregard.

In 2011 the age at which Income Support could be claimed in their own right was increased to 19 and additional net savings of £0.3m were created. I have invested these savings to help fund the increase in earnings disregard.

In 2012 the residency rules were tightened to claim Income Support. This has also produced additional savings of £0.1m.

As already agreed by the Assembly, in 2014 there will be a review of the living wage and minimum income standards. This work will help inform future changes to the levels and balance of Income Support components.

In summary therefore I will be delivering £3m of ongoing savings by the end of 2014. The combination of maintaining Income Support rates and increasing the earning disregard means that the financial incentive to find and stay in work is at its strongest since the introduction of Income Support.