

COMPREHENSIVE SOCIAL WELFARE BENEFITS MODEL

Public Presentation

3 February 2016

What is proposed?

At present two separate benefit systems

- Supplementary benefit
 - providing income
- Rent rebate
 - reducing rent costs

In future a unified system of Income Support

Background

March 2012 debate

- > work incentivisation
- > closure of the rent rebate scheme

October 2013 debate

- > closure of the rent rebate scheme
- > SWBIC formed

March 2016 debate

- > closure of the rent rebate scheme

Social Welfare Benefits Investigation Committee (SWBIC)

Deputy Andrew Le Lievre (Chairman)

Deputy Peter Gillson (Vice Chairman)

Deputy Roger Perrot (T&R Representative)

Deputy Mike Hadley (Housing)

Deputy Paul Le Pelley (Housing)

Deputy Michelle Le Clerc (SSD)

Deputy John Gollop (SSD)

Methodology

- SWBIC'S definition of poverty
- Returned to the 2011 Minimum Income Standards (MIS) material
- Each standard examined in detail
- SWBIC's judgement required to resolve conflicting results

Key Changes

- Single Income Support scheme achieved through amalgamation of supplementary benefit and rent rebate schemes
- New benefit rates
- Benefit limitation to stay at £609 (2016 rate)
- Maximum rent allowances based on social housing rents
- Pensioners straight on to long-term rates
- New extra needs allowance
- New rules for non-dependants
- New rules on savings

Impact on social housing tenants

- Rent rebates to be phased out over 3 years, starting January 2017
- By 2020, all social housing tenants will be charged full rent
- Some tenants will pay full rent immediately
- Social housing tenants can apply for income support to compensate for loss of rebate
- Around 900 social housing tenants will be eligible for income support once their rebate stops (900 already are)
- Existing social housing tenants will be assessed on long-term rates from the outset
- Income support rent allowances will always cover social housing rents
- Social housing tenants will be subject to the existing job-seeking rules

Impact of changes on social housing tenants

- Some tenants will be better off:-
 - > New benefit rates
 - > New way of assessing earnings
 - > Winter fuel allowance
 - > Value of medical cover
- Some tenants will be worse off:-
 - > They have no entitlement to income support
 - > Their income support payment is worth less than their rebate
- Difficult to be precise because circumstances change

Short-term Rates

Short term (up to 26 weeks) weekly rates in 2015 terms			
	SWBIC proposed	SPB Current	SWBIC increase (decrease)
Couple householders	£171.66	£199.43	(£27.77)
Single householders	£98.09	£138.50	(£40.41)
Single non-householder:			
18 and over	£75.11	£105.44	(£30.33)
Non householder rent allowance	£75.00 (max)		
Member of household			
18 and over		£105.44	
16 and 17		£89.53	
12 to 15		£55.46	
11 and over	£70.11		
5 to 11		£40.28	
5 to 10	£52.58		
Under 5	£35.06	£29.33	£5.73

Long-term Rates

Long-term (over 26 weeks) weekly rates in 2015 terms			
	SWBIC proposed	SPB Current	SWBIC increase (decrease)
Couple householders	£282.79	£246.06	£36.73
Single householders	£170.69	£170.24	£0.45
Single non-householder:			
18 and over	£105.16	£132.15	(£26.99)
Non householder rent allowance	£75.00 (max)		
Member of household			
18 and over		£132.15	
16 and 17		£111.93	
12 to 15		£69.25	
11 and over	£100.16		
5 to 11		£50.20	
5 to 10	£75.12		
Under 5	£50.08	£37.00	£13.08

Better & Worse Off

	Supplementary benefit in private sector	Social housing tenants	Total
Better off:			
£101+ pw	2	93	95
£51 to £100 pw	18	243	261
£21 to £50 pw	94	357	451
£1 to £20 pw	<u>142</u>	<u>292</u>	<u>434</u>
	256	985	1241
Worse off:			
£101+ pw	0	17	17
£51 to £100 pw	0	93	93
£21 to £50 pw	211	189	400
£1 to £20 pw	<u>57</u>	<u>172</u>	<u>229</u>
	268	471	739
No change	610	568	1,178

Additional benefits are proposed for medical care and extra needs (energy costs, laundry & clothing and food & diet).

Additional States' Expenditure

	Year 1	Year 2	Year 3
Social Housing tenants	£1.93m	£1.64m	£1.4m
Existing supplementary benefit claimants	£1.3m	£1.14m	£1.07m
Other impacts	£0.19m	£0.42m	£0.51m
Staffing	£0.18m	£0.2m	£0.2m
Impact of work incentivisation	(£0.047m)	(£0.14m)	(£0.19m)
	£3.50m	£3.26m	£2.95m

Your questions?

or visit

www.gov.gg/incomesupport