

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY

THE IMPLEMENTATION OF INCOME SUPPORT AND TRANSITIONAL PROVISIONS

The States are asked to decide:

Whether, after consideration of the Policy Letter entitled 'The Implementation of Income Support and Transitional Provisions, dated 22nd January 2018, they are of the opinion:

1. To agree the following rates and allowances, uplifted for indexation from the figures approved by the States on their agreement of the proposals of the Social Welfare Benefits Investigation Committee (SWBIC), in resolution 1 on Article IX of Billet d'État No. VII of 2016, to apply to all claimants on and from the date of implementation in 2018 of the SWBIC proposals–

- a) the short term requirement rates for supplementary benefit or income support as set out in table 1 of the Policy Letter;
- b) the long term requirement rates for supplementary benefit or income support as set out in table 2 of the Policy Letter;
- c) the maximum rent allowances in relation to supplementary benefit or income support as set out in table 3 of the Policy Letter; and
- d) the capital allowances for supplementary benefit or income support as set out in table 4 of the Policy Letter.

2. To agree the following additional matters in relation to supplementary benefit or income support to apply from implementation in 2018 of the SWBIC proposals -

- a) to set the earnings disregard at £35 per week;
- b) to entitle claimants for supplementary benefit or income support who are –
 - i) of pensionable age; or

ii) disabled and who are deemed incapable of fulfilling a work requirement,

to have their claims assessed under long term requirement rates from the date of their claim, with no requirement to have been in receipt of supplementary benefit or income support for a period of 6 months.

c) to entitle claimants for supplementary benefit or income support –

i) whose income and other resources are in excess of their short term requirement rates, but

ii) whose income and other resources are less than their long term requirement rates,

to be paid at the long term rate 6 months after the date of their claim provided that they meet all relevant requirements that would have to have been met by a claimant who had been paid short term rates for 6 months.

3. To note the proposed transitional provisions for a reduced rent rebate to be available for those social housing tenants most affected by the transition from rent rebate to supplementary benefit or income support.

4. To direct the preparation of such legislation as may be necessary to give effect to their above decisions.

The above Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY

THE IMPLEMENTATION OF INCOME SUPPORT AND TRANSITIONAL PROVISIONS

The Presiding Officer
States of Guernsey
Royal Court House
St Peter Port

22nd January 2018

Dear Sir

1. Executive Summary

- 1.1. In March 2016, the States agreed proposals following a Policy Letter from the Social Welfare Benefits Investigation Committee (SWBIC), (Billet d'État VII of 2016, Volume II, Article 9) hereafter, the '2016 Policy Letter'. It was Resolved that these reforms would be implemented from January 2017, subject to the availability of funding. Funding was not available in 2017, but the 2018 budget has made provision to fund the implementation of the Resolutions. While awaiting funding, the Committee *for* Employment & Social Security has been developing and refining the proposals approved by the States. The purpose of this Policy Letter is to establish the indexed rates and set out further detail as to the nature of the transitional provisions. Subject to the approval of the States, it is intended that the new Income Support scheme will be introduced on 6th July 2018.
- 1.2. The rates set in this Policy Letter are, for the most part, increased in line with previous uprating policies from the 2015 value rates approved by the States in 2016, and this is in line with the current uprating policy for non-contributory benefits. There are two exceptions, the Capital Allowances contained in section 3.5, and the Maximum Rent Allowances contained in section 3.4. The Capital Limits have been increased in line with the policy set out in the 2016 Policy Letter, but the Committee has also rounded these figures up or down to the nearest thousand in the interest of simplicity. Maximum Rent Allowances have been set in relation to the highest weekly rent charged for an appropriate unit of social rented housing stock, this follows the established practice.

- 1.3. The cost of the Income Support scheme has been re-modelled to account for uprating. The rates have been increased from a 2015 value to a 2018 value. A revised financial model is included as Appendix 1. The projected cost of operating the scheme for 6 months in 2018 has been included in the 2018 budget (Billet d'État XX of 2017, Article I).
- 1.4. This Policy letter does not significantly amend the SWBIC proposals, and so will not go into detail on the logic or justification for the rates and policies contained herein; save for proposals which develop or alter one of the SWBIC proposals. Unless this Policy Letter states otherwise, the Committee stands by the reasoning of the 2016 Policy Letter, and would in the first instance refer readers to that document if they would like more detail.
- 1.5. Although the Committee intends to implement the necessary changes on 6th July 2018, implementation will be delayed if it becomes evident that the service is not ready for launch. Given the nature of Income Support it would be entirely unacceptable to launch without total confidence that recipients will receive accurate assessments and proper service. Consequently the Propositions that accompany this Policy Letter do not contain an implementation date, so that the legislation may be introduced at an appropriate date after 6th July 2018, if required. This is not to say that the Committee doubts that the service will be operational by that date, but should be seen as an acknowledgment of the vast amount of work required to launch a scheme of this nature and the importance of getting it right from day one.
- 1.6. The Committee has identified the implementation of these reforms as its top priority, following the States debate on the Policy & Resource Plan (Billet d'État XII of 2017, Article 1). It has stressed that further delaying implementation is unacceptable if the States wishes to meet the objectives of the Plan, in particular the commitment for these islands to be "one community bound by a commitment to inclusion and social justice."¹ These reforms will, in part, "address the uncomfortable truth that some individuals...are not able to enjoy the standard of living or level of participation in society that would be deemed acceptable against independent measures of wellbeing."²

2. Background

- 2.1. In 2012 (Billet d'État V of 2012, Volume 1, Article 6) "the 2012 Policy Letter" and 2013 (Billet d'État XX of 2013, Volume 2, Article 1) "the 2013 Policy

¹ Policy & Resource Plan Phase 1 (Billet d'État XXVIII of 2016, Article 1)

² Policy & Resource Plan Phase 2 (Billet d'État XII of 2017, Article 1)

Letter”, the former Social Security Department approached the States with proposals for substantial reforms of the Supplementary Benefit system. These proposals were in part rejected by the States, and the Social Welfare Benefits Investigation Committee (SWBIC) was formed. From 2013 to 2016, SWBIC undertook an extensive review of the current Supplementary Benefit and Rent Rebate systems.

- 2.2. In March 2016, SWBIC brought its proposals to the States (Billet d’État VII of 2016, Volume II, Article 9). A key part of SWBIC’s work was to review the existing Supplementary Benefit rates. At present the requirement rates are divided into short-term and long-term rates. The two-rate system is historic, SWBIC determined that this two-rate system should continue, and the Committee accepts that decision.
- 2.3. Paragraph 80 of the 2016 Policy Letter noted the intention to allow persons of pensionable age, and those who had disabilities which effectively prevented them from undertaking any form of employment, to begin claims on long-term rates. This will require an amendment to the legislation, and as such, a proposition has been proposed.
- 2.4. SWBIC decided upon a ‘basket of goods’ calculation for short-term and long-term needs, and the rates were priced on the 2015 value of this basket of goods. In the case of short-term rates, this basket of goods was stripped back to fundamental immediate essentials; food, electricity, and transport etc. No provision was made for expenses which are more infrequent, such as replacing clothes or repairing or replacing white goods. The long-term rates factored in an allowance for these expenditures, recognising that it would be unreasonable and unrealistic for households to subsist for more than six months on a level of income that prevents them putting any money aside towards these occasional but essential household costs.
- 2.5. The March 2016 Policy Letter proposed the closure of the Rent Rebate Scheme. At present, social housing tenants are entitled to receive a Rent Rebate if they meet certain financial eligibility criteria. This operates entirely separately from Supplementary Benefit. SWBIC identified that this was unsatisfactory for a number of reasons. Firstly, rebated rent is only available to social housing tenants. Secondly, Rent Rebate does not count toward the benefit limitation used by Supplementary Benefit, which means that all else being equal, a social housing tenant may receive more financial support than an individual in private rented accommodation. Finally, unlike Supplementary Benefit, there is no work requirement attached to eligibility for a Rent Rebate, so there is no mechanism to withhold benefit if an individual who is capable of work does not seek work. The States resolved that the Rent Rebate scheme be closed over a transitional period of three

years. The precise mechanism for this closure was left open for further development and is explained in section 4 of this Policy Letter.

- 2.6. At present, the capital limit for all Supplementary Benefit claimants is £20,000, though an assumed income is calculated on any capital above £5,000. The States agreed that the legislation providing for calculation of assumed income on capital shall be repealed, and that instead, the capital cut-off limits would be staggered according to the circumstances of the claimant. The States approved unified Capital Limits for social housing tenants and Supplementary Benefit claimants. Five categories of households were to be established and their Capital Limits referenced to six months living and rental costs.
- 2.7. Most Social Security benefits have fairly rigid and strict criteria, with some discretionary powers for the Committee and the Administrator to avoid unfairness. This includes those benefits designed to assist people with disabilities. Having discussed the matter with stakeholders, SWBIC recommended, and the States agreed, that an Extra Needs Allowance be introduced for those with additional needs, but who do not qualify for severe disability benefit. The Extra Needs Allowance will be a modest sum, payable on a weekly basis, in addition to Income Support entitlement. The criteria are intended to be broad. An individual must simply demonstrate that they have an additional financial need in relation to one or more of the following categories: energy, laundry and clothing, food and diet.
- 2.8. Under Income Support, the majority of existing and eligible claimants will be entitled to receive more financial support from the States than they currently can. There will also be some who receive less under the new system. It was determined that this was unavoidable if the system was to be both fair and affordable.
- 2.9. During the debate of the 2012 Policy Letter, it was resolved that the States would note the intention to change the name of Supplementary Benefit to Income Support. This was supplemented by a Proposition in the Policy Letter 'Benefit and Contribution Rates for 2018' (Billet d'État XXI of 2017, Article 2), to rename "Supplementary Benefit" as "Income Support". This proposition was approved by a Resolution of the States in November 2017. Provided that Royal Assent is received in time, the Committee intends to implement these changes on 6th July 2018, along with the other reforms.

3. Rates

3.1. Short-term requirement rates

3.1.1. The 2018 values of the agreed short-term requirement rates are as set out below in Table 1. These rates have been calculated by increasing the rates approved by the States in 2016, using the same methods used in the relevant annual uprating policies.

Table 1 – Short-term (up to 26 weeks) weekly requirement rates in 2018 terms

	Proposed (2018 Value)	Original SWBIC Proposal (2015 Value)	SPB current (from 2018)
Couple householder	£180.19	£171.66	£203.63
Single householder	£102.96	£98.09	£141.42
Single non-householder:			
18 and over	£78.84	£75.11	£107.66
Rent allowance	£75.00	£75.00	-
Member of household:			
18 and over	-	-	£107.66
16 to 17	-	-	£91.42
12 to 15	-	-	£56.63
11 and over	£73.59	£70.11	-
5 to 11	-	-	£41.13
5 to 10	£55.19	£52.58	-
Under 5	£36.80	£35.06	£29.95

3.2. Long-term requirement rates

3.2.1. The 2018 values of the agreed long-term requirement rates are as set out overleaf in Table 2. These have been calculated by increasing the rates approved in 2016, using the same methods used in the relevant annual uprating policies.

Table 2 – Long-term (over 26 weeks) weekly requirement rates in 2018 terms

	Proposed (2018 Value)	Original SWBIC Proposal (2015 Value)	SPB current (from 2018)
Couple householders	£296.84	£282.79	£258.28
Single householders	£179.17	£170.69	£178.69
Single non-householder:			
18 and over	£135.02	£128.63	£138.71
Rent allowance	£75.00	£75.00	-
Member of household:			
18 and over	-	-	£138.71
16 to 17	-	-	£117.49
12 to 15	-	-	£72.69
11 and over	£105.14	£100.16	-
5 to 11	-	-	£52.70
5 to 10	£78.85	£75.12	-
Under 5	£52.57	£50.08	£38.84

3.3. Eligibility of those falling between short-term and long-term rates

3.3.1. In some cases, a claimant’s assessed needs fall between the short-term and long-term rates. This means that they are unable to begin a claim and therefore they would never become eligible to receive a cash benefit. In order to prevent this, the Administrator has a discretionary power³ to permit a claim at long-term rates, provided that the claimant in question has satisfied all other conditions for the six months prior. Effectively treating the claim as though a ‘zero rate’ had been payable for the duration of their short-term rate eligibility.

3.3.2. Given that, generally, the gap between short-term and long-term rates will be widening, more claims will fall into this category in the future. A proposition has been submitted which will effectively turn this from a discretionary power of the Administrator into an enforceable right of the claimant. The Committee cannot envisage a circumstance where it would be inappropriate to award a claim to an individual who has met all conditions except that their income modestly exceeds the short-term requirement rates. As such, the Committee does not consider it appropriate that such a decision should be discretionary.

³ See paragraph 5(4) of the First Schedule of the Supplementary Benefit (Implementation) Ordinance, 1971

3.4. Maximum Rent Allowances

- 3.4.1. Maximum Rent Allowances are upper limits of rental support under Supplementary Benefit. At present, two categories of claimant are included in legislation; single people and couples with no children and people living in shared accommodation. After consideration of the 2016 Policy Letter, the States resolved that Maximum Rent Allowances should be extended to include families.
- 3.4.2. The Maximum Rent Allowances set out in Table 3 are to be implemented at the same time as Income Support. This will require the addition of tenancy groups to the legislation. It is also proposed to set out a table of Maximum Rent Allowances in the legislation for all tenancy groups. The allowances are calculated in the same way as in previous years, but have been updated to reflect the current rent charges for social housing applied by the Committee and the Guernsey Housing Association. The Maximum Rent Allowances apply to all claimants, irrespective of whether they reside in social rented accommodation or private rented accommodation.
- 3.4.3. These tenancy groups are materially the same as those submitted in the 2016 Policy Letter, but the definitions have been revised and tenancy group 1 has been split. These changes were made to better reflect the definitions that will be used in legislation and follows Law Officer advice. There is no change to the policy intention.

Table 3 – Maximum Rent Allowances

Tenancy Group	Description	Proposed maximum weekly rent allowance	Original SWBIC proposals
Group 1	Single householder with no child dependants	£217.50	£207.00
Group 2	Couple with no child dependants	£217.50	£207.00
Group 3	Couple or Single householder with 1 dependent child	£260.14	£247.29
Group 4	Couple or Single householder with 2 dependent children	£332.40	£316.10
Group 5	Couple or Single householder with 3+ dependent children	£407.17	£387.26
Group 6	Person living in shared accommodation	£174.97	£167.87

- 3.4.4. The 2016 Policy Letter noted that the Administrator currently has the discretion to pay rates higher than the Maximum Rent Allowances in

exceptional circumstances⁴, and that this should remain due to the circumstances in which it is required. For instance, it would be inappropriate to re-house a tenant who was under-occupying a two bedroom property because they had an occasional need for a carer to stay the night. Under these circumstances, the Administrator would permit a higher rent allowance so that the tenant was not unfairly disadvantaged. The wording of Resolution 1e following the 2016 Policy Letter could be taken as stating that there would be no discretion to exceed the maximums. The Committee does not believe this was the intention, as the 2016 Policy Letter referred, at paragraph 127, to the Administrator's discretionary power to pay a higher rent being used in certain circumstances. Therefore, this power is to be retained to deal with those cases e.g. where a person needs an additional space because of a disability.

3.5. Capital Limits

- 3.5.1. In a slight deviation from the policy agreed in 2016, the Committee is proposing that the Capital Limits are rounded up or down to the nearest thousand, for simplicity and ease of reference. Under Income Support, there will be no notional income assumed on capital in excess of £5,000. Capital will only be considered in respect of these Capital Limits.
- 3.5.2. In the event that a claimant or applicant has capital in excess of the relevant capital limit, but has an income below their requirement rate, they will be unable to claim until such time as their capital falls below the relevant capital limit. In order to prevent the divestment of capital to become eligible, a formula is applied which calculates the number of weeks that the claimant or applicant should be able to support their household using the capital that is in excess of the limit. The claimant or applicant will not be entitled to claim until this period has elapsed and their capital is below the relevant capital limit.
- 3.5.3. The Committee proposes the Capital Limits set out overleaf in Table 4, which are accompanied by the pre-rounded figures for information.

⁴ See paragraph 6(4)(b) of the First Schedule to the Supplementary Benefit (Implementation) Ordinance, 1971.

Table 4 – Proposed Capital Limits

Household	Proposed Capital Limit (Rounded)
Single Person	£13,000.00
Couple	£15,000.00
Family, one child	£17,000.00
Family, two children	£21,000.00
Family, three or more children	£23,000.00

3.6. Earnings Disregard

3.6.1. In the 2016 Policy Letter, paragraph 121 noted the intention to increase the earnings disregard to £35 per week, from £30 per week, in order to recognise the additional transport costs of working people. A further £5 per week for travel was taken into account in the calculation of requirement rates as part of the 2016 Resolutions. The earnings disregard exists to ensure that claimants see some form of financial benefit from being employed. It was recognised that there was an additional cost incurred by travelling to and from work, and that the best way to offset this, was to make an allowance within the earnings disregard. A proposition to that effect is included alongside this Policy Letter.

3.7. Extra Needs Allowance

3.7.1. After consideration of the 2016 Policy Letter, the States resolved to introduce an Extra Needs Allowance. An award of between £10 and £20 per week will be made in accordance with a person’s individual circumstances and their needs within three distinct categories, energy, laundry and clothing, and food and diet. Given that the benefit is aimed to provide for needs rather than conditions, the Committee believes that it is difficult to assess the suitability of the sums provided, until it has greater experience of the claims received. As such, the Committee intends to keep the extra needs allowance under review for the foreseeable future, with a view to ensuring that it meets the intended objectives and adjusting the rates in accordance with this experience.

4. Transitional Arrangements

4.1. Rent Rebate

4.1.1. The States resolved that *“the Rent Rebate scheme be closed over a transitional period of 3 years”*. The exact nature of this transition was left for further consideration. Taking into account the financial implications to both

tenants and the States, the Committee intends that the Rent Rebate scheme will be closed to new applications from 6th July 2018. A transitional rebate calculation will be introduced, which will provide a rebate based on how a tenant is financially impacted by the introduction of Income Support and the closure of Rent Rebate.

- 4.1.2. If a tenant will be better off financially under Income Support, or if they are disadvantaged by £10 or less per week, they will not require any transitional arrangements. They will pay the full standard weekly rent from the implementation date, planned for 6th July 2018. It is expected that this will be the case for approximately 75% of tenants.
- 4.1.3. Approximately 25% of tenants are expected to be disadvantaged by more than £10 per week under the new arrangements. These individuals will be entitled to benefit from transitional provisions for a period of between six months and three years, depending on the amount that they are disadvantaged by. Entitlement for transitional arrangements will be calculated as follows; the total benefit received by the tenant through both Supplementary Benefit and Rent Rebate immediately before the implementation date will be calculated, and their entitlement under Income Support from the implementation date will be deducted from this, to calculate the tenant's financial disadvantage. The amount of this disadvantage will be used to calculate the rebate that the tenant is eligible to receive during the transition. This rebate will be subject to an initial £10 reduction and then further £10 reductions at six month intervals during the transition. So, for example, a tenant who is disadvantaged by £30 will be phased out of transitional arrangements within 12 months. Appendix 2 contains sample claims which demonstrate how some households will be affected by the changes.
- 4.1.4. Although it is estimated that 25% of tenants may be disadvantaged in cash terms, it must be remembered that there are non-cash benefits which are available to Income Support recipients, access to free medical cover being the most notable example. Pensioners and families with young children are particularly likely to benefit from access to these services, and the financial impact should not be disregarded, even though it is difficult to accurately quantify the relative cash value from household to household.
- 4.1.5. If the circumstances of tenants did not change, there would be approximately 80 tenants who would not be fully transitioned after three years. It is impossible to predict how changes in circumstances will affect these claims over the three year period. Under the new scheme, all those receiving Income Support or a transitional Rent Rebate will have an assessed work requirement. The imposition of a work requirement, which has never

been an element of Rent Rebate, may have a significant impact on the circumstances of some of those currently only receiving a Rent Rebate. If some claimants have not fully transitioned from Rent Rebate by the end of the three years, the scheme will be closed and these claims will be considered on an individual basis. If it is considered that there should be further assistance given to these individuals, this will be dealt with through the Committee's discretionary powers under Income Support Legislation, or by such other policy that the Committee may propose to the States. The Committee feels that it would not be effective, or appropriate, to propose a solution until the scale of the issue is known, however, it is anticipated that only a very small number of claims could be affected.

- 4.1.6. The Committee stated in its submission in the Policy & Resource Plan (Billet d'État XII of 2017, Article 1), that during this term it intends to propose above inflation increases to the benefit limitation. In the event of a benefit limitation increase, the calculation of transitional rebate entitlement will be revisited as a tenant's disadvantage may be reduced. Increases to the benefit limitation will therefore reduce the number of claimants requiring transitional provisions.
- 4.1.7. In the event that a tenant has a material change of circumstance, which renders him or her ineligible to receive Income Support, that tenant will also be rendered ineligible to receive a transitional Rent Rebate. As there will not be live assessments of Rent Rebate eligibility, any trigger for a review will be initiated by an Income Support assessment. Tenants who have a variable income, that occasionally exceeds requirement rates, will remain entitled to receive a transitional Rent Rebate, unless it becomes apparent that they are likely to exceed requirement rates in the long-term.
- 4.1.8. Although Income Support will provide an opportunity for qualifying individuals to access non-cash benefits, such as the payment of medical expenses and access to Legal Aid, the majority of benefit received will now be in the form of cash benefits. This Committee is aware that this carries a risk of increased rent arrears for the States as a landlord. The Committee is proposing that rent owed by Social housing tenants should be paid by the tenant from their cash benefit, rather than deducted at source. It would not be fair to remove this responsibility from the tenant, as most tenants pay their rent on time and have done so for many years. Those who request direct payment will of course be allowed to do so, but it will not be mandatory. Rent arrears will continue to be monitored following implementation and individual cases will be addressed in accordance with the appropriate procedures, taking an early intervention approach to ensure that a tenant's debt does not accumulate to unmanageable levels. As well as an individual approach, rent arrears will be monitored at a high level to identify trends; internal policy will be reviewed if a pattern does emerge.

5. Re-pricing

- 5.1. As the rates will be linked to a defined basket of goods under new scheme, it is important that the rates retain their purchasing power over the years to come. RPIX is a useful indicator, and annual RPIX increases to the rates will broadly reflect the cost of the underlying basket of goods, but they will gradually slip further and further out of alignment. The basket of goods used in calculating the short-term rates was very detailed and included specific items and costs. It is therefore much narrower than the RPIX calculations. If the price of a few of the goods used in these calculations were to rise at a disproportionate rate, it could have a serious impact on quality of life for claimants. There is no slack or contingency built into the new short-term rates.
- 5.2. For the rates to maintain their relative value, a re-pricing exercise will have to be carried out periodically. The Committee will endeavour to provide a mechanism to periodically reprice.

6. Waste Strategy

6.1. Provision of financial assistance

- 6.1.1. Following the Resolutions arising from debate of the Policy Letter entitled “Waste Strategy Implementation - Household Charging Mechanisms” (Billet d’État XXIV of 2017, Article 13). The States have resolved to implement a new mechanism to fund the waste management. Although there is no direct link between the implementation of Income Support and the Waste Strategy, the timing of this Policy Letter provides an opportunity to address how these proposals will affect claimants.
- 6.1.2. Supplementary Benefit legislation has a provision to account for rates and taxes incurred by a householder arising from their occupancy⁵. This power is not tied to specific values, but costs must be considered reasonable by the Administrator. In this case the charge for one general waste bag per household, per week, would be considered a reasonable charge incurred by the householder. There will be no legislative amendments required to meet these needs, nor will this be a significant policy change as the parish rate is already accounted for under this provision. This will be kept under review following implementation, to assess whether funding accurately reflects need.

⁵ Paragraph 6(2)(b) of the First Schedule of The Supplementary Benefit (Implementation) Ordinance, 1971.

6.2. Costs

- 6.2.1. At present the Committee cannot comment on the expected cost of supporting future waste charges until revised proposals are submitted. In its original form it was expected to cost approximately £500,000 per annum, to fund the standing charges and the cost of one bag, per household, per week. When revised proposals have been submitted, the Committee will ensure there is suitable financial information available for members during debate. The cost of the Waste Strategy in respect of Income Support is not reflected in the figures provided in Appendix 1

7. **Resources**

- 7.1. Since the 2016 Policy Letter, the financial projections have been remodelled, taking into account the proposed rates. The new projections take into account any deviations from the previously agreed policy, including the increased benefit limitation. A table containing the full financial information is appended to this Policy Letter. (See Appendix 1). The cost of these proposals were incorporated into the 2018 budget.

8. **Consultation**

8.1. Internal

- 8.1.1. The Committee *for* Employment & Social Security has been in frequent discussion with the Policy & Resources Committee regarding the introduction of Income Support. The Policy & Resources Committee has been consulted throughout, particularly in relation to the financial modelling.
- 8.1.2. The States of Alderney has been informed of the impending changes. Training will be provided for States of Alderney staff in due course so that they can take the initial claim information from Alderney residents. Claims will then be processed by Social Security staff in Guernsey, this is in line with existing policy.
- 8.1.3. The Committee has consulted with the Law Officers regarding the legal implications and legislative drafting requirements resulting from the propositions set out in this Policy Letter.

8.2. External Communications

- 8.2.1. Before this Policy Letter was published, the Office *of the* Committee *for* Employment & Social Security wrote to tenants and service users informing them of the proposed changes. All tenants currently receiving a Rent Rebate

will be asked to provide up to date information in order to model and predict their entitlement under the new proposals. Although there will be many changes of circumstance before launch, it is hoped that early notice will allow people to plan for any forthcoming changes, and give them the opportunity to contact the office to have any questions answered.

- 8.2.2. Service users will be kept as informed as possible throughout. As well as relying on letters, online platforms will be kept fully up-to-date, including a list of frequently asked questions and concise summaries of the changes.
- 8.2.3. In an effort to streamline the claim procedure and lessen the administrative work necessary to monitor claims, the Committee has undertaken a number of internal improvement initiatives. A mobile app has been introduced, which allows claimants to submit wage slips and other documentary evidence electronically, without the need to visit the office. The objective is to reduce footfall and improve the service user experience. In summer 2017, a consultation exercise reviewed how the Supplementary Benefit system currently operates, with a view to making efficiencies which would improve the service user experience and reduce workload. This exercise had a specific focus on digital solutions. An action plan has now been developed and officers are prioritising those actions which can be completed before the launch of Income Support. It is essential that the service is operating as efficiently as possible prior to the implementation of Income Support to limit the need for additional administrative staff.

9. Conclusions

9.1. Resource and Implementation Plan

- 9.1.1. Table 5 shows how the Committee has considered the resources required to implement the propositions set out in this Policy Letter.

Table 5 – Resource and Implementation Plan

Details considered	Committee comment
Cost	As set out in Appendix 1.
Timescale	Intended launch on 6 th July 2018. The three year transition is due to be completed in approximately July 2021.
Resource requirements	The Committee requires an increase to its budget to account for the predicted formula-led costs, and the provision of extra staff resource. A summary of the costs is set out in Appendix 1. The budget for the first six months of implementation was approved by the States during the November 2017 budget debate.
Funding	Funding for these reforms was included in the 2018 budget. The funds will come from General Revenue.
Transitional arrangements	Those currently receiving a Rent Rebate, who will be disadvantaged by more than £10 per week, will be entitled to receive a transitional rebate for a period of between six months and three years, depending on their circumstances.
Communications plan	As set out in Section 8

- 9.1.2. The Committee has set out its proposals for Income Support throughout this Policy Letter, and seeks the States support for these proposals.

10. Compliance with Rule 4 of the Rules of Procedure

- 10.1. Through the drafting of this Policy Letter, the Committee has consulted with the Policy & Resources Committee.
- 10.2. The Committee has consulted with the Law Officers regarding the legal implications and legislative drafting requirements resulting from the propositions set out in this Policy Letter.
- 10.3. The Committee has set out its proposals for the implementation of Income Support throughout this Policy Letter, and seeks the States support for the propositions, which are based on the Committee's purpose:

“To foster a compassionate, cohesive and aspirational society in which responsibility is encouraged and individuals and families are supported through schemes of social protection relating to pensions, other contributory and non-contributory benefits, social housing, employment, re-employment and labour market legislation.”

- 10.4. In particular, the propositions are aligned with the priorities and policies set out in the Committee’s Policy Plan, which was approved by the States in June 2017 (Billet d’État XII, Article 1). The Committee’s Policy Plan is aligned with the States objectives and policy plans.
- 10.5. In accordance with Rule 4(4) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the propositions have the unanimous support of the Committee.

Yours faithfully

M K Le Clerc
President

S L Langlois
Vice-President

M J Fallaize
J A B Gollop
E A Yerby

M J Brown
Non-States Member

A R Le Lièvre
Non-States Member

Appendix 1 – Financial model

	2018* (£)	2019 (£)	2020 (£)	2021 (£)	2022 (post-transition) (£)
Rent Rebate Change	(6,737,000)	(13,474,000)	(13,474,000)	(13,474,000)	(13,474,000)
Income Support- Total (including transitional Rent Rebates)	9,041,000	17,781,000	17,511,000	17,371,000	17,201,000
Legal Aid- Additional Claims	25,000	50,000	50,000	50,000	50,000
Administration- Additional Staff	220,000	215,000	185,000	185,000	185,000
Estimated cost above present expenditure	2,548,700	4,572,000	4,272,000	4,132,000	3,962,000

*2018 costs represent a 6 month period; this is because the scheme is not expected to come into effect until July 2018.

Appendix 2– Sample claims

The examples included over the following pages are real examples of actual Supplementary Benefit claims and tenant households. They have been selected to provide a good representation of the effect of these changes to people in a wide variety of circumstances.

Example A

Family unit

- Single pensioner
- living in one bedroom GHA unit
- Savings under £7,000

Income	Weekly	Annually
Guernsey Pension	£212.27	
total income	£212.27	

Income Support need

Rent	£180.15	
Single householder	£179.17	
need	£359.32	

Income Support need £147.05
(need minus total income)

Impact of Benefit Limitation rules

Benefit limitation	£0.00	
Actual benefit limitation	£0.00	
Benefit limitation deduction (Income Support need, minus actual benefit limitation)	£0.00	

Income Support payable £147.05
(Income Support need minus benefit limitation deduction)

Value of current Rent Rebate £117.75

Better off in cash terms by £29.30 £1523.60

(Income Support payable minus Rent Rebate)

- Also, now qualifies for free medical cover. For example 1 GP visit per year per person could have a value of over £40.00
- Also, now qualifies for winter fuel allowance (October to April) and this could have a value of over £700.00

Potentially better off by more than £2200.00
(medical plus fuel allowance plus better off in cash terms)

N.B. The benefit increase in this example is higher than it might otherwise be. The individual is presently entitled to Supplementary Benefit but is not claiming it.

Example B

Family unit

- Couple – both working with 2 children under 15
- A working non-dependant adult is also a member of the household
- Living in three bed social housing unit
- Savings under £5,000

Income	Weekly	Annually
Net weekly earnings (less 2 earning disregard of £35.00)	£539.40	
Family Allowance	£27.80	
total income	£567.20	
Income Support need		
Rent (less £75 non-dependant charge)	£204.51	
Couple	£296.84	
One child aged 8	£78.85	
One child aged 14	£105.14	
need	£685.34	
Income Support need	£118.14	
(need minus total income)		
Impact of Benefit Limitation rules		
Benefit limitation	£670.00	
Family Allowance	£27.80	
Value of Family Allowance disregarded	£15.34	
(The amount of Family Allowance will be disregarded in line with the level of need and will never exceed this value)		
Actual benefit limitation	£685.34	
Benefit limitation deduction	£0.00	
(Income Support need, minus actual benefit limitation)		
Income Support payable	£118.14	
(Income Support need minus benefit limitation deduction)		
Value of current Rent Rebate	£53.03	
Family unit also better off in cash terms by	£65.11	£3385.72
(Income Support payable minus Rent Rebate)		
• Also, family now qualify for free medical cover. For example 1 GP visit per year per person in the family could have a value of over		£150.00
• Also, family now qualify for winter fuel allowance (October to April) and this could have a value of over		£700.00
Family unit potentially better off by		£4000.00

Example C

Family unit

- Couple – one working and one incapable of work
- Four children under 13
- Living in three bed social housing unit
- Savings under £5,000

Income	Weekly	Annually
Net weekly earnings (less earning disregard of £35.00)	£357.31	
Family Allowance	£55.60	
Incapacity Benefit	£182.28	
total income	£595.19	
Income Support need		
Rent	£264.75	
Couple	£296.84	
Two children under 5	£105.14	
One child aged 8	£78.85	
One child aged 12	£105.14	
need	£850.72	
Income Support need (need minus total income)	£255.53	
Impact of Benefit Limitation rules		
Benefit limitation	£670.00	
Family Allowance	£55.60	
Actual benefit limitation	£725.60	
Benefit limitation deduction (Need minus actual benefit limitation)	£125.12	
Income Support payable (Income Support need minus benefit limitation deduction)	£130.41	
Value of current Rent Rebate	£135.63	
Family unit worse off in cash terms by (Income Support payable minus Rent Rebate)	£5.22	£271.44
• But, family now qualify for free medical cover. For example 1 GP visit per year per person in the family could have a value of over		£225.00
• But, family now qualify for a winter fuel allowance (October to April) and this could have a value of over		£700.00
Family unit potentially better off by (medical plus fuel allowance minus worse off in cash terms)		£600.00

Example D

Family unit

- Couple – one working
- Five children under 11
- Living in three bed social housing unit
- Savings under £5,000

Income	Weekly	Annually
Net weekly earnings (less earning disregard of £35.00)	£700.87	
Family Allowance	£69.50	
total income	£770.37	
Income Support need		
Rent	£274.89	
Couple	£296.84	
One child aged 2	£52.57	
Four children aged 5 to 10	£315.40	
need	£939.70	
Income Support need (need minus total income)	£169.33	
Impact of Benefit Limitation rules		
Benefit limitation	£670.00	
Family Allowance	£69.50	
Actual benefit limitation	£739.50	
Benefit limitation deduction (Need, minus actual benefit limitation)	200.20	
Income Support entitlement (Income Support need minus benefit limitation deduction)	-£30.87	
Value of current Rent Rebate	£73.75	
Family unit worse off in cash terms by (Income Support entitlement minus Rent Rebate)	£73.75	£3835.00
• But, family now qualify for free medical cover. For example 1 GP visit per year per person in the family could have a value of over		£260.00
Family unit potentially worse off by (medical minus worse off in cash terms)		£3500.00

N.B. This family will be entitled to benefit from transitional provisions for 3 years, provided that their circumstances do not change (see Appendix 3).

Example E

Family unit

- Pensioner couple
- Living in one bed GHA unit
- Savings less than £7,000

Income	Weekly	Annually
Pensions	£365.10	
total income	£365.10	
Income Support need		
Rent	£193.00	
Couple	£296.84	
need	£489.84	
Income Support need (need minus total income)	£124.74	
Impact of Benefit Limitation rules		
Benefit limitation	£0.00	
Actual benefit limitation	£0.00	
Benefit limitation deduction (Income Support need, minus actual benefit limitation)	£0.00	
Income Support payable (Income Support need minus benefit limitation deduction)	£124.74	
Value of current Rent Rebate	£118.00	
Family unit better off in cash terms by (Income Support payable minus Rent Rebate)	£6.74	£350.48
<ul style="list-style-type: none"> • Also, family now qualify for free medical cover. For example 1 GP visit per year per person in the family could have a value of over • Also, family now qualify for winter fuel allowance (October to April) and this could have a value of over 	£80.00	£700.00
Family unit potentially better off by (medical plus fuel allowance plus better off in cash terms)		£1100.00

Example F

Family unit

- Couple – one pensioner and one person working
- Living in one bed social housing unit
- Savings less than £5,000

Income	Weekly	Annually
Net weekly earnings (less earning disregard of £35.00)	£234.26	
Pension	£173.69	
total income	£407.95	

Income Support need

Rent	£216.00	
Couple	£296.84	
need	£512.84	

Income Support need £104.89
(need minus total income)

Impact of Benefit Limitation rules

Benefit limitation	£0.00	
Actual benefit limitation	£0.00	

Benefit limitation deduction £0.00
(Income Support need, minus actual benefit limitation)

Income Support payable £104.89
(Income Support need minus benefit limitation deduction)

Value of current Rent Rebate £107.75

Family unit worse off in cash terms by £2.86 £148.72
(Income Support payable minus Rent Rebate)

- But, family now qualify for free medical cover. For example 1 GP visit per year per person in the family could have a value of over £80.00
- But, family now qualify for a winter fuel allowance (October to April) and this could have a value of over £700.00

Family unit potentially better off by £600.00
(medical plus fuel allowance minus worse off in cash terms)

Example G

Family unit

- Single pensioner
- living in one bed social housing unit
- Savings under £7,000

Income	Weekly	Annually
Guernsey Pension	£212.27	
UK Pension	£46.97	
Occupational Pension (£10.00 disregard)	£127.63	
Private Pension	£3.31	
	total income	£390.18

Income Support need

Rent	£141.53	
Householder	£179.17	
	need	£320.70

Income Support need £-69.48
(need minus total income)

Impact of Benefit Limitation rules

Benefit limitation	£0.00	
	Actual benefit limitation	£0.00
	Benefit limitation deduction	£0.00
	(Income Support need, minus actual benefit limitation)	

Income Support payable £0.00
(Income Support need minus benefit limitation deduction)

Value of current Rent Rebate £34.53

Worse off in cash terms by £34.53 **£1795.56**
(Income Support payable minus Rent Rebate)

- But, now qualifies for free medical cover. For example 1 GP visit per year per person in the family could have a value of over £40.00

Potentially worse off by £1700.00
(worse off in cash terms minus medical)

Example H

Family unit

- Single person - working
- Two children under 14
- Living in a 3 bed GHA unit
- Existing Supplementary Benefit claim
- Savings of less than £3,000

Income	Weekly	Annually
Net weekly earnings (less earning disregard of £35.00)	£30.30	
Family Allowance	£27.80	
Maintenance	£91.62	
total income	£149.72	
Income Support need		
Rent	£323.08	
Householder	£179.17	
One child aged 4	£52.57	
One child aged 13	£105.14	
need	£659.96	
Income Support need	£510.24	
(need minus total income)		
Impact of Benefit Limitation rules		
Benefit limitation	£0.00	
Actual benefit limitation	£0.00	
Benefit limitation deduction	£0.00	
(Income Support need, minus actual benefit limitation)		
Income Support payable	£510.24	
(Income Support need minus benefit limitation deduction)		
Value of current Supplementary Benefit	£459.38	
Family unit better off in cash terms by	£50.86	£2644.72
(Income Support payable minus Supplementary Benefit)		
<ul style="list-style-type: none"> • Also, family continue to qualify for free medical cover. For example 1 GP visit per year per person in the family could have a value of over • Also, family continue to qualify for winter fuel allowance (October to April) and this could have a value of over 	£120.00	
£700.00		
Family unit potentially better off by		
(medical plus fuel allowance plus better off in cash terms)		
£3400.00		

Example I

Family unit

- Single person - working
- One child age 14
- Living in two bed social housing unit
- Savings of less than £3,000

Income	Weekly	Annually
Net weekly earnings (less earning disregard of £35.00)	£397.65	
Family Allowance	£13.90	
Maintenance	£46.80	
total income	£458.35	
Income Support need		
Rent	£222.00	
Householder	£179.17	
One child aged 14	£105.14	
need	£506.31	
Income Support need	£47.96	
(need minus total income)		
Impact of Benefit Limitation rules		
Benefit limitation	£0.00	
Actual benefit limitation	£0.00	
Benefit limitation deduction	£0.00	
(Income Support need, minus actual benefit limitation)		
Income Support payable	£47.96	
(Income Support need minus benefit limitation deduction)		
Value of current Rent Rebate	£83.79	
Family unit worse off in cash terms by	£35.83	£1863.16
(Income Support payable minus Rent Rebate)		
• But, family now qualify for free medical cover. For example 1 GP visit per year per person in the family could have a value of over		£80.00
• But family now qualify for winter fuel allowance (October to April)		£700.00
Family unit potentially worse off by more than		£1000.00

N.B. This family will be entitled to benefit from transitional provisions for 18 months, provided that their circumstances do not change (see Appendix 3).

Appendix 3 – Examples in Transition

Example D (see example in Appendix 2 for more detail)

The household will be worse off by £73.75 per week under Income Support. This means that they will be entitled to a transitional Rent Rebate to stagger the reduction. Their entitlement to transitional provisions will be as follows:

Period	Value of transitional Rent Rebate (per week)	Net difference under the old and new system (per week) *
July 2018 - December 2018	£63.75	-£10.00
January 2019 - June 2019	£53.75	-£20.00
July 2019 - December 2019	£43.75	-£30.00
January 2020 - June 2020	£33.75	-£40.00
July 2020 - December 2020	£23.75	-£50.00
January 2021- June 2021	£13.75	-£60.00

* This does not take into account the value of non-cash benefits.

It is important to note that the existence of the benefit limitation is the only reason this family will be worse off under Income Support. If the benefit limitation did not exist, the family would be almost £100 per week better off under the new system.

This assessment is based on the current circumstances of the family; changes in circumstances may affect their transitional entitlement. For instance, significant increases in the benefit limitation may make them eligible to receive Income Support.

This is an example of a family who would not be fully transitioned by the end of the three year transition period, assuming their circumstances do not change. If this remains the case, the Committee will consider whether it is appropriate to make further arrangements. This will be on a case by case basis, or via such means as may be proposed to the States in due course.

Example I (see example in Appendix 2 for more detail)

The household will be worse off by £35.83 per week under Income Support. This means that they will be entitled to a transitional Rent Rebate to stagger the reduction. Their entitlement to transitional provisions will be as follows.

Period	Value of transitional Rent Rebate (per week)	Net difference under the old and new system (per week)*
July 2018 - December 2018	£25.83	-£10.00
January 2019 - June 2019	£15.83	-£20.00
July 2019 - December 2019	£5.83	-£30.00
January 2020 onwards	£0.00	-£35.83

* This does not take into account the value of non-cash benefits.

This assessment is based on the claimant's circumstances remaining stable. A material change to the household circumstances may mean that transitional provisions cease to apply.