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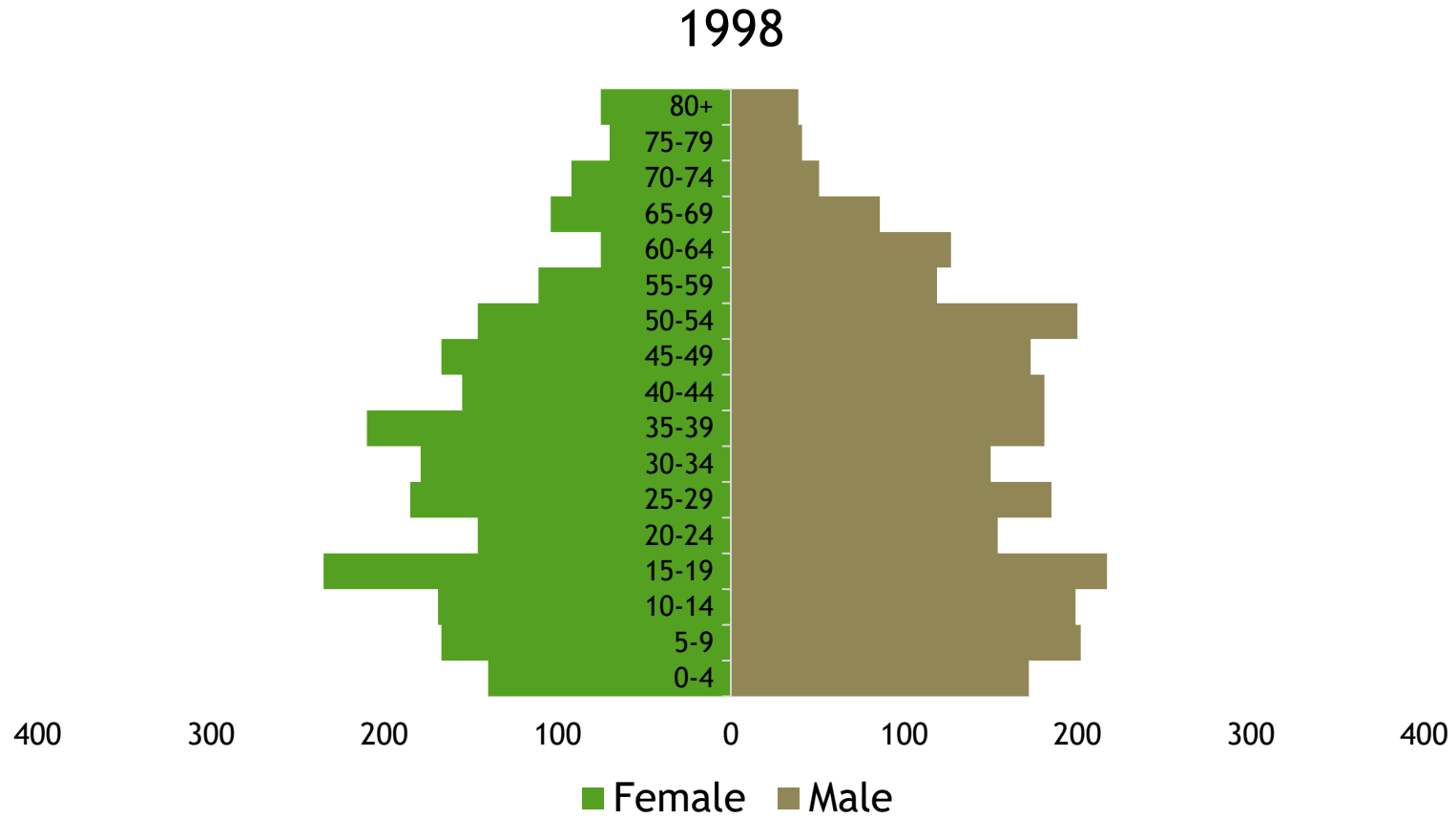
# Social Security Review Recommendations

SSRWG October 2019

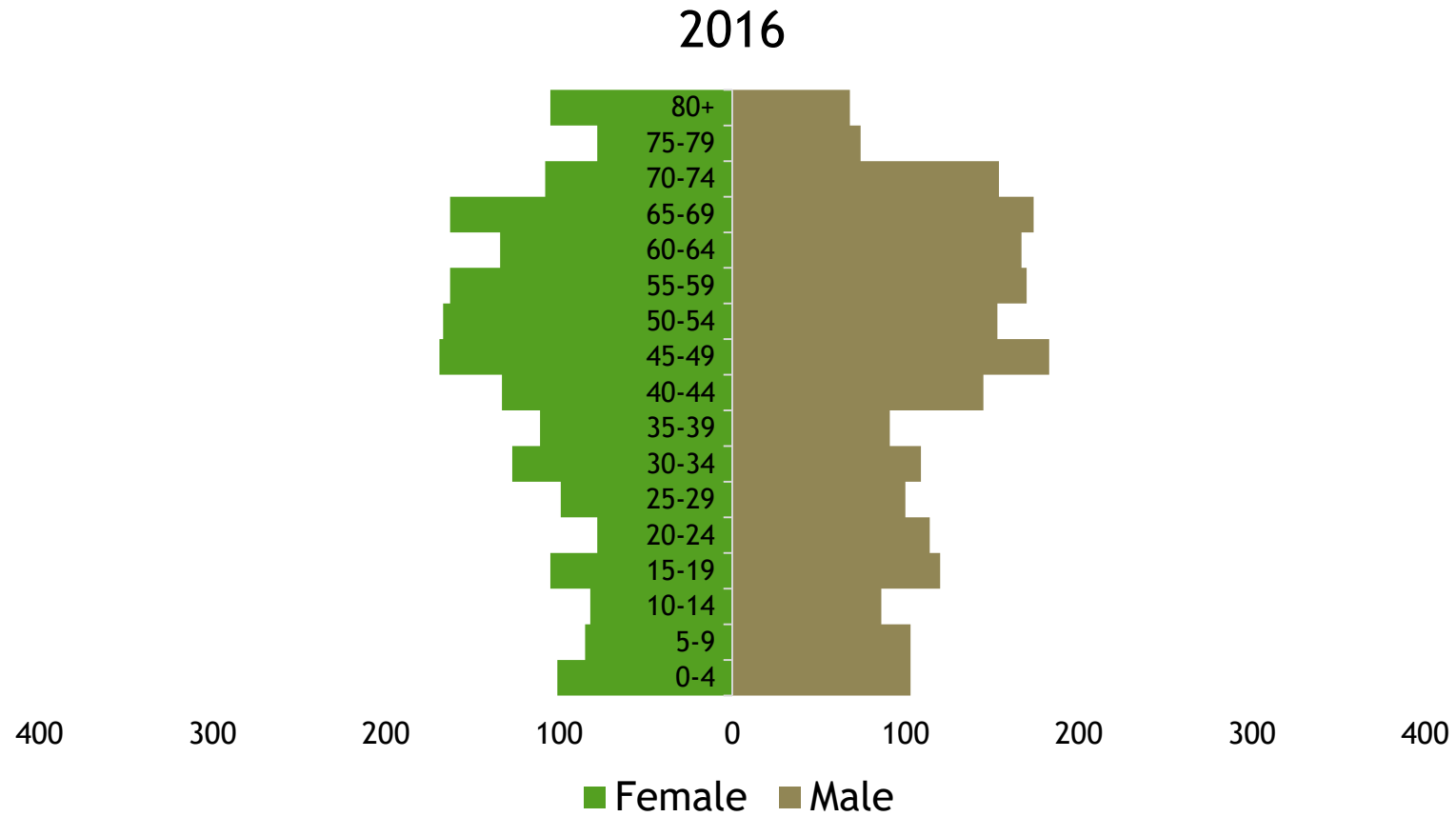
# Context

- ▶ The current system was put in place in 2010-11. It was developed with the aim to make the system more efficient and reduce costs.
- ▶ However the system has caused longer term concerns regarding affordability, and ability to alleviate poverty.
- ▶ In particular, some of the efficiencies made have led to circumstances whereby people are not in receipt of benefits where they require them.
  - ▶ *A married woman who has been a housewife for most of her life and a dependent of her husband, who has retired and has a private pension. The husband dies before the wife attains the age of 65 years. The widow then applies for IRB but because she has adult children living with her (over the age of 21) whose income is taken into account as part of her IRB assessment, the widow does not qualify for IRB and so, has to depend on her children to keep her.*
  - ▶ *Private sector employees employed by a private contractor. Employee becomes ill and is given two weeks off work by doctor. Employer does not continue to pay wages for more than 5 days' sickness absence; as a result, employee approaches Social Security for assistance. The person can apply for IRB but not necessarily receive any benefits because of the income of other household members.*
  - ▶ *An elderly person cannot qualify for the Basic Island Pension, as s/he spent a number of years working overseas e.g. Ascension Island. They cannot claim IRB because they are living with other relatives in the household whose income is above the poverty line. Therefore they have to rely on other members of the household to keep them.*
- ▶ The aim is to establish a new system, fit for purpose, rooted in fairness with affordability as a guiding principle.
- ▶ A review group started with a clean sheet of paper, and this presentation summarises the outcomes of the review.

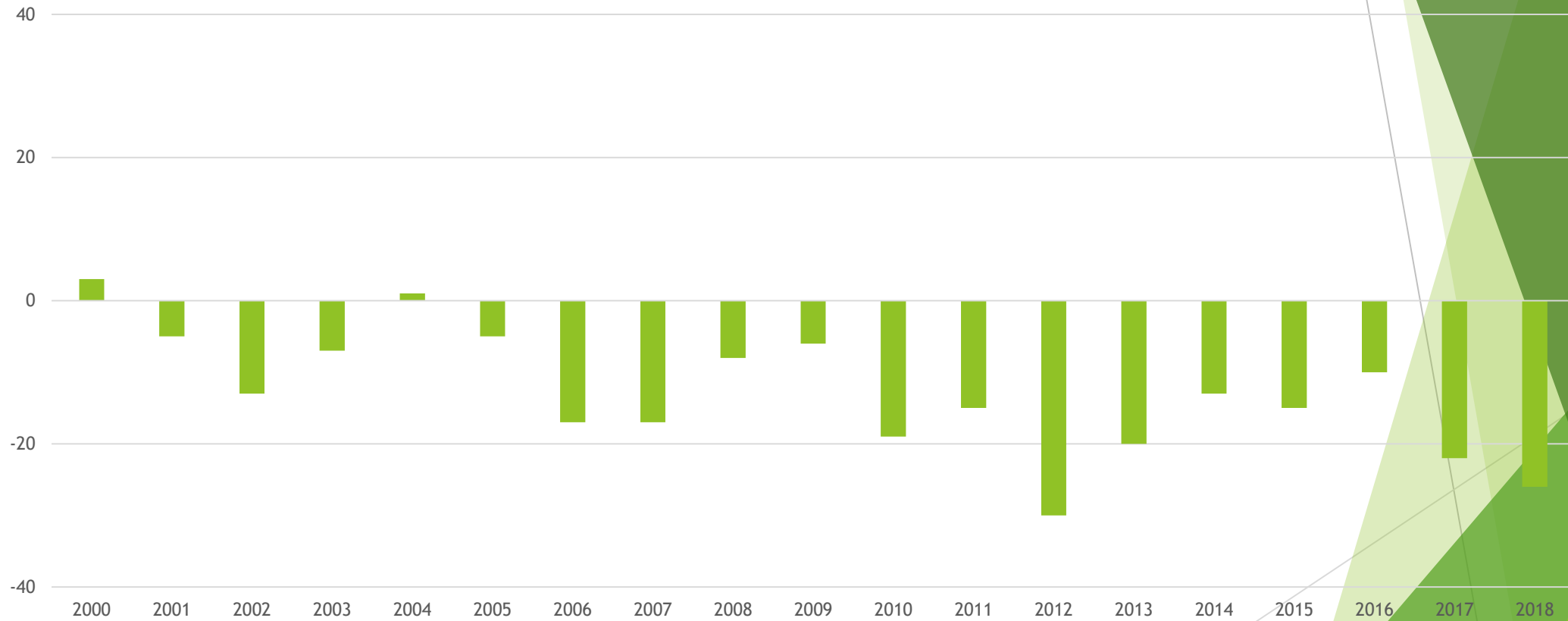
# Statistics - Changing demographics



# Statistics - Changing demographics



# Statistics - Deaths Exceed Births

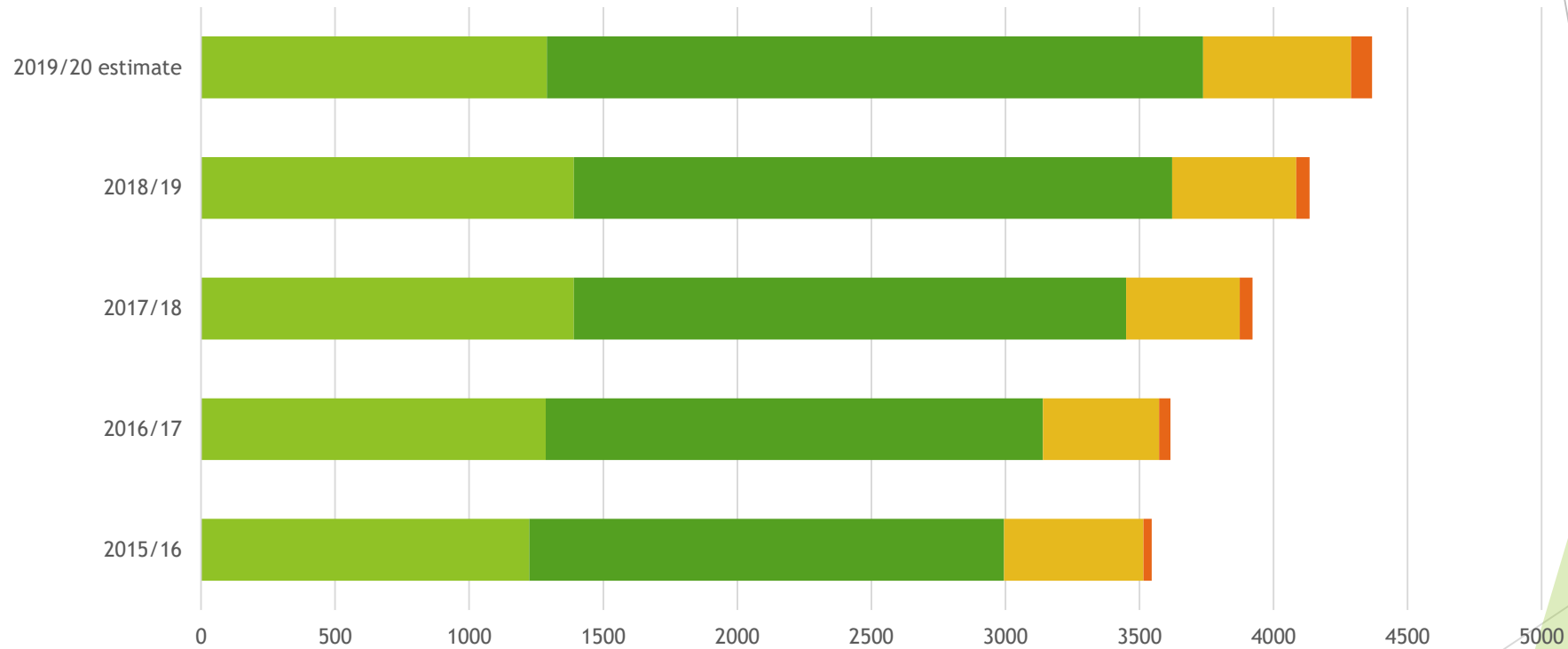


# Statistics - Unemployment Allowance Claimants



# Statistics - Social Security Payments

Costs related to Social Security



	2015/16	2016/17	2017/18	2018/19	2019/20 estimate
Defined Benefit Pensions	1224	1,286	1390	1390	1290
Basic Island Pensions	1771	1,854	2061	2232	2448
Income Related Benefits	520	433	423	463	551
Management of Social Security	31	43	48	50	79

# Social Security Review Working Group (SSWRG)

- ▶ Task and Finish Group including
  - ▶ Members of Social and Community Development Committee (Cllr Leo and Cllr Hercules)
  - ▶ Claims Manager and Officer (Anthony Hopkins, Roxanne Coleman)
  - ▶ Chief Economist (Nicole Shamier)
  - ▶ Assistant Director of Safeguarding (Victoria Kellett, Carol George)
  - ▶ AG Chambers (Nikita Crowie, Christine Cooper)
  - ▶ Finance (Nicholas Yon, Connie Stevens)
  - ▶ Secretary (Nicole Plato)
- ▶ TORs *‘The Review will scrutinise the current Social Security Ordinance and recommend possible improvements and amendments in relation to the St Helena Government providing a more appropriate, justified, fair and proportionate financial assistance and support for the vulnerable people of St Helena.’*



# Aims of the Social Security System

- ▶ The SSRWG agreed that the principal aim of the Social Security System should be to protect vulnerable groups of people from living in poverty in St Helena.
- ▶ The vulnerable groups which were identified were:
  - ▶ jobseekers/unemployed,
  - ▶ people of pensionable age,
  - ▶ people living with disabilities,
  - ▶ people with medical issues which prevent them from working,
  - ▶ people with young children up to 5 years old,
  - ▶ parents during the antenatal (6 weeks prior) and postnatal period (3 months after) and
  - ▶ widows/ers and partners of recently deceased people.

# Principles

- ▶ The majority of the monetary benefits paid should be means tested.
- ▶ It is expected that couples (married, cohabiting, and life-partners) should financially support each other and that parents would financially support their children until 18.
- ▶ Means tested benefits paid under the provision of Social Security should ideally include enough provision for food and drink, clothing and personal goods and services, utilities, household goods and services, local transport, and where relevant, rent, home adaptations and staff support.
- ▶ Mobility is important for the wellbeing of vulnerable groups as it assists people to attend health appointments, provide autonomy in decisions pertaining to the provision of food and goods and allows people to interact with other members of the community.

# Comparing Principles with the Current System

- ▶ A review was undertaken of the existing schemes to understand, considering each of the vulnerable groups, whether the principles were being exercised. The review is summarised in Appendix A of the report.
- ▶ 4 large Issues were identified with a further 5 smaller issues identified.
- ▶ Each of the issues were discussed in length and options of how to deal with each issue were identified. Some of the options were co-dependant on outcomes from managing other issues.
- ▶ Costings were developed based on existing expenditure, population forecasts, existing statistics and some assumptions, which were recorded. Forecasts are never perfect, but numbers were generated based upon best available information. These were considered alongside qualitative benefits and disbenefits of each option.
- ▶ Recommendations were made after considering the costs, benefits and disbenefits. These are presented to SCDC today for endorsement.

# Issue 1: Household

- ▶ Currently the means test utilised for the IRB considers the income of the household. The Working Group discussed who should be responsible for a person's welfare and it was agreed in principle that a spouse, cohabiting partner/life partner should and would naturally be responsible for providing financial support for their partner during challenging times. And parents are responsible for the welfare of their dependent children.

Issue Short Name	Option	Description	Additional average annual cost	Recommendation
Household				
	1A	Redefine 'Household'	£861,200	
	1B	Include new definition of 'Family' for means test.	£861,200	Preferred
	1C	Special dispensation on a selective basis	£918,800	

## Issue 2: Pensions

► The Basic Island Pension is currently acting as both a means to pay an income related pension (supporting those who would otherwise be living below the Minimum Income Standard), and an employment based pension (providing reward for number of years worked). Whilst the former is of importance to Social Security, the latter payment is not a support mechanism for vulnerable groups. **As a matter of principle, the SSRWG, in reviewing the Social Security Ordinance, must work according to the fact that Social Security is a government system that provides monetary assistance to people with an inadequate or no income.**

Issue Short Name	Option	Description	Additional average annual cost	Recommendation
BIP				
	2A	Means test all for BIP	-£1,218,100	
	2B	Means test all for IRP. Introduce (non-means tested) EBP.	-£163,600	
	2C	Means test all for IRP. Introduce (non-means tested) EBP. Reduce EBP payment amounts by 50% compared to IRP.	-£609,000	
	2D	Introduce NIC. Means test all for IRP. Introduce (non-means tested) EBP at existing rate with no inflation increases.	-£163,600	
	2E	Introduce NIC. Means test all for IRP. Introduce (non-means tested) EBP and reduce EBP payment amounts by 50%.	<b>-£609,000</b>	Preferred

# Issue 3: Skills and Mental Health

- ▶ The principle was agreed by the Working Group that the benefits system should ideally do more to facilitate improvements in the skills and quality of life of the claimants. For example, people with medical issues which prevent them from working (including addiction, depression etc.) should be supported through the system to seek and receive the best possible support to improve their chance of recovery. And that unemployed people should be supported in reskilling and seeking placements which help them to become more desirable in a competitive job market.

Issue Short Name	Option	Description	Additional average annual cost	Recommendation
<b>Skills &amp; Mental Health</b>				
	3A	Refer claimants to support on an advisory basis	£15,000	
	3B	Develop a 3 day work scheme	£85,000	
	3C	Develop a Jobs and Skills Service called 'Career Access St Helena'	<b>£45,000</b>	Preferred
	3D	Create a Community Work Training Programme	£30,000	

# Issue 4: Childcare Costs

- ▶ The SSWG also were concerned at the cost of living for families and **agreed that families should be protected against the increasing costs of childcare.** It was noted that when the Minimum Wage increases, as does child care, and this affects those who haven't experienced an inflationary increase in wages.

Issue Short Name	Option	Description	Additional average annual cost	Recommendation
<b>Child Benefit</b>				
	4A	Childcare Tax Allowance 0-3 Years	£57,500	
	4B	Childcare Tax Allowance 0-5 Years	£107,800	
	4C	Childcare Tax Allowance 0-12 Years	£345,000	
	4D	Child Benefit 0-3 years	<b>£112,100</b>	Preferred
	4E	Child Benefit 0-5 years	£214,800	
	4F	Child Benefit 0-12 years	£496,700	

# Issue 5: Mobility and Transport

- ▶ In the current Social Security System, provision for local transport is provided; in terms of an allowance which accounts for 2 tickets per week (medium ticket 3-6 miles). **The principle was agreed by the Working Group that ideally more provision for public transport should be included within the benefits payment.**

Issue Short Name	Option	Description	Additional average annual cost	Recommendation
<b>Transport Allowance</b>				
	5A	Reimburse bus tickets for IRB	£135,000	
	5B	Increase Travel costs in MIS	£90,000	
	5C	Include 8 bus tickets in IRB and Free Bus Pass for over 65s	£171,000	
	5D	Reimburse travel costs to health appointments and IRB assessments for IRB/IRP claimants	<b>£6,000</b>	Preferred



# Issue 6: Unemployment Allowance

► The principle was agreed by the Working Group that all benefits should be means tested to ensure that funding is being directed to people who need it most. Additionally, the current unemployment allowance only supports food and drink, clothing and personal goods and services. The principle was agreed by the Working Group that Jobseekers ideally should be provided with an allowance to also cover their utilities and household goods and services, proportional to their household size.

Issue Short Name	Option	Description	Additional average annual cost	Recommendation
<b>UA Allowances</b>				
	6A	No change as Objective 1 is addressed	-£9,000	
	6B	Remove UA due to Objective 1 being met	<b>-£9,000</b>	Preferred
	6C	Increase allowance to align with IRB	£46,000	

# Issue 7: Rent allowances within IRB

- ▶ The existing benefits are currently capped at the Government Landlord Housing Rate or £33.36 per week for rent or mortgage (equivalent to around £133 per month). **The principle was agreed by the Working Group that ideally the benefit provided to cover the cost of the home should be capped at £300 per month for private rent or mortgage.** £300 was chosen as it is currently representative of a low end private rental cost, however the amount given would be based on the circumstances of the individual.. An individual living in Government Landlord Housing (GLH) would receive less as the GLH rental costs of the property is less than private rental.

Issue Short Name	Option	Description	Additional average annual cost	Recommendation
<b>Rent Allowance</b>				Do Nothing
	7A	Increase IRB rent allowance	£365,200	
	7B	Develop separate Housing Benefit using the same means test as IRB	£279,900	

# Issue 8: Holiday cover

- ▶ Currently the IRB for individuals living with disabilities stops when a holiday is taken and the BLA policy currently states that the allowance will be paid for 12 weeks if the recipient opts to holiday abroad. The principle was agreed by the Working Group that people living with disabilities should ideally be able to travel abroad up to 60 days without their benefits being affected.

Issue Short Name	Option	Description	Additional average annual cost	Recommendation
<b>Disabilities &amp; Holidays</b>				Do Nothing
	8A	Allow IRB to be paid during holidays to those with disabilities	£440	
	8B	Allow benefit to cover housing costs on island to be paid during holidays to those with disabilities	£210	

# Issue 9: Targeting Benefits

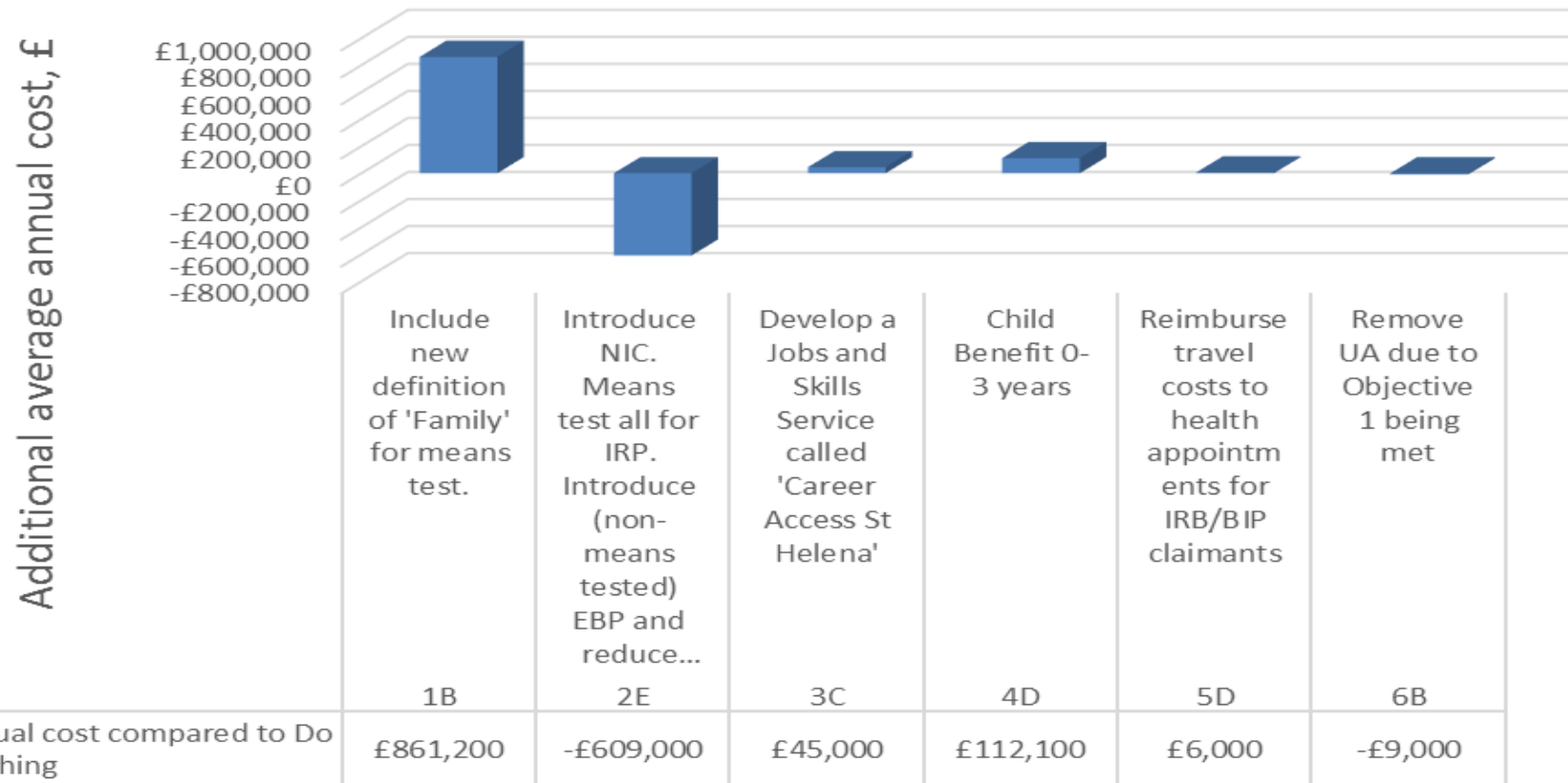
- ▶ There was some concern that payments allocated for food could be misspent and the question arose whether an alternative to money allowances could provide better value for money. **Ideally, benefits should be used for the purpose in which they are intended.**

Issue Short Name	Option	Description	Additional average annual cost	Recommendation
<b>Food Vouchers</b>				Do Nothing
	9A	Issue alternatives for cash (food vouchers).	£230	

# Cumulative Recommendation

► The total additional annual average cost of the recommended options is around £400k per year. Without pension reforms is around £1m per year. If we want to make these changes we need to co-ordinate the finances of it and make the changes simultaneously.

Recommended Options and Associated Estimated Costs and Savings



■ Additional average annual cost compared to Do Nothing

# Prioritisation

- ▶ The Household issue is the largest priority for the group, but the most expensive. Therefore it must be agreed hand in hand with pensions changes. Should pension changes not be implemented at the same time as the change in definition of the household, then additional funding will need to be found within the years that the two policies do not run alongside each other.
  - ▶ The estimated cost of the change in household definition to family could be around £1.8m compared to the existing cost of £950k
  - ▶ Whilst the estimated cost of enacting the recommended pension option could be around £2.25m compared to £2.8m in the first year.
- ▶ The next priorities are to develop the Career Access St Helena service to assist people with employment and skills development estimated to cost an additional £45k per annum.
- ▶ Thereafter the priority is to enact a Childcare Allowance to protect parents from rising childcare costs estimated to start at around £100k per annum.

# Question

- ▶ Do we want to reverse the efficiencies made in 2011?
- ▶ Do you think the changes recommended are important enough to make efficiencies on pensions?
- ▶ Do you endorse the preferred options and prioritisation?

# Next Steps

- ▶ Draft Policy
- ▶ Bring Policy back to elected members before consultation
- ▶ Public Consultation
- ▶ Implementation schedule