

No: 43/2021

Memorandum for Executive Council

SUBJECT

Social Security (Amendment) Bill, 2021

Memorandum by the Chairman of the Social and Community
Development Committee

ADVICE SOUGHT

1. Executive Council is asked to consider and advise whether the Social Security (Amendment) Bill, 2021 (Annex A) should be printed and published and presented as Government business at the formal Legislative Council meeting due to be held on 30 July 2021.

**BACKGROUND &
CONSIDERATIONS**

2. In May 2018, the Social Security Review Working Group (the ‘Working Group’) met to begin the process of reviewing the Social Security System. The Terms of Reference required the Group to scrutinise the 2011 Social Security Ordinance and recommend improvements and amendments in relation to providing more appropriate, justified, fair and proportionate financial assistance and support for vulnerable people. This provided a review of current welfare benefits including Income Related Benefit (IRB).
3. The consequent IRB Policy was endorsed by ExCo on 15 December 2020.
4. The overall aim of the Social Security Bill is to protect vulnerable groups of people from living in poverty on St Helena.
5. The Bill:
 - a) Replaces the use of ‘household’ in IRB legislation with ‘family’ which includes an adult and their spouse, cohabiting partner or life partner and their dependent children under the age of 16, or 18 if in full time education. A family can also consist of a single adult
 - b) Means tests families, not households. However, it also ensures that costs for rent, or loan repayable, utilities and household goods and services are considered proportionate to the household through a Shared Household Reduction (SHD)
 - c) Allows families in full-time employment with a family income below the IRB threshold to apply for IRB because being in full-time employment does not mean that a family is not living in poverty
 - d) Introduces a category of job readiness, whereby conditions are attached to each category to better monitor the reasons for

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claiming IRB, e.g. whether through disability, medical or unemployment.

6. The finer details of the changes will be set out in Regulations:
 - a) The IRB family rate - the base rate for adults and rates for children;
 - b) The application of the SHD to be applied to adults;
 - c) The disregard – how the income level of a family is to be calculated;
 - d) Job readiness – conditions attached to whether unemployed; not job ready (e.g. for temporary health reasons); permanently unable to work (e.g. for permanent health reasons) and when the family income level is below the IRB family rate.

FINANCIAL IMPLICATIONS

7. Provision for the recommendation to change the definition of “household”, has been factored into the budget for this year. The budget has been based upon the assumption that the change may take effect from October 2021 and includes the sum of £0.205 million for the proposed change. The actual funding required can only be determined following application and assessment and a conservative approach has been adopted in formulating the budget provision.

ECONOMIC IMPLICATIONS

8. Economic implications for families are set out in the *Discussion: Preliminary Draft of IRB Policy Reforms*.

CONSISTENCY WITH INVESTMENT POLICY PRINCIPLES

9. N/A.

PUBLIC/SOCIAL IMPACT

10. There will be a positive social impact for IRB claimants with the change from ‘household’ to ‘family’ as the recipient unit, and for families not previously eligible under the household. Using SHD will have no impact on the income of families of two adults and will benefit larger groups of adults sharing accommodation (which is probably larger with higher overheads). The focus on support into work and reducing unemployment will also be positive for IRB claimants and for employers and the community.

ENVIRONMENTAL IMPACT

11. N/A

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PREVIOUS CONSULTATION/ COMMITTEE INPUT

12. Social Security Working Group report *Review of the Effectiveness of the Current Social Security System in St Helena, 2019*.
13. Approved by the SCDC on 17 August 2019.
14. Meeting of the SCDC on 23 September (date) to advise on the direction of travel (Version 1).
15. Meeting of the SCDC on 12 October 2020 a) to comment on the revised Income Related Policy (Version 2) with a view to preparing a final draft for presentation to SCDC; and b) either endorse an option for Child Benefit Policy or to make a decision as to whether to proceed with Child Benefit. It was decided not to proceed with Child Benefit as it was considered unaffordable at the current time.
16. Meeting of the SCDC on 5 November 2020 to approve the revised Income Related Policy (Version 3). After reviewing the disregard SCDC asked for the asset disregard to be revised, which has been done for this Version.
17. Meeting of the SCDC on 12 November 2020 to approve the revised Income Related Policy (Version 4) with a view to presenting a final draft to ExCo. After reviewing edits were required by SCDC in the section on Temporary Work Placements and Payment to provide more details on the reasons by which IRB would be paid during absence from a work placement.
18. Approval by ExCo on 15 December 2020.
19. Social Security Amendment Bill 2021 endorsed by SCDC.

PUBLIC REACTION

20. The IRB change from 'household' to 'family' and the SHD will generally be welcomed by the public as fairer and the stronger emphasis on getting into work will also be appreciated.

PUBLICITY

21. A sensitive and extensive public communication campaign by SHG will be needed to explain the SHD and the asset disregard.

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SUPPORT TO STRATEGIC OBJECTIVES

22. This paper supports the following 10 Year Plan Goals:
- a) Altogether Wealthier: SO 3.1 *Ensure sustainable economic development* - We will ensure that the tax and benefit system protect the most vulnerable
 - b) Altogether Safer: SO 4.2 *Care for vulnerable and disadvantaged groups in society such as people with disabilities, children, elderly people and low income earners* - We will protect and empower all vulnerable people
 - c) Altogether Better for Children and Young People: SO 2.1 *Improve education and training to increase opportunities for all citizens to achieve their full potential* - We are committed to St Helenians being the leaders of the Island and we will equip them with the skills and experience to take up key posts.

LINK TO SUSTAINABLE ECONOMIC DEVELOPMENT PLAN GOALS

23. This paper supports SEDP Goal 7: Developing, Maintaining and Attracting a Skilled Workforce

OPEN/CLOSED AGENDA ITEM

24. Recommended for the Open Session.

AAG

Central Support Services

14th July 2021

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