

Open Agenda

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Memorandum for Executive Council

SUBJECT

Social Security (Amendment) Regulations, 2021

Memorandum by the Chairman of the Social and Community
Development Committee

ADVICE SOUGHT

1. **In the event of the Social Security (Amendment) Bill, 2021 being passed by Legislative Council at the next formal meeting of the Legislative Council, Executive Council is asked to consider and advise whether the Social Security (Amendment) Bill, Regulations (Annex A) should be approved.**

**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 Social Security (Amendment) Bill was approved by ExCo on the 22nd July 2021.
4. The overall aim of the Social Security Bill is to protect vulnerable groups of people from living in poverty in St Helena.
5. The Regulations for this Bill set out the following.
 - a) Application requirement for IRB.
 - b) Determination of benefits, how the rate in respect of every family is worked out:
 - i. For each adult in the family – the basic adult rate which for additional non-family adults in shared accommodation will take into account the Shared Household Deduction (SHD);
 - ii. For each of the first 3 children in the family - 40% of the basic adult rate per child; for each additional child - 30% of the basic adult rate per additional child;

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- iii. If the dwelling where the family resides constitutes Government Landlord Housing - the full amount of the rental amounts for the relevant week;
 - iv. If the dwelling where the family resides is rented but does not constitute Government Landlord Housing - so much of such rental amounts for the relevant week as does not exceed £33.36;
 - v. If a loan has been incurred for purposes of purchasing the dwelling where the family resides - the total amount of the interest on the loan which is payable during such week.
- c) How the SHD (for shared household goods and services) is calculated as a percentage of the Minimum Income Standard which will apply to each adult IRB rate in shared accommodations. This will be apportioned pro-rata between all adults; including non IRB persons in shared accommodation.
 - d) Family Income Level – what family income is taken into consideration (the disregard) to calculate to IRB payment. This includes income (SHG allowances, earning (full or part-time), pensions, any other income and assets.
 - e) Reporting requirements to the Benefits Office and Careers Access St Helena as per the job ready categories in the legislation – 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

- 6. The budget for the amended legislation was approved by LegCo on the 19th July 2021. There is no additional cost for these regulations.
- 7. The budget has been based upon the assumption that the change from household to family 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*, Annex 1.

CONSISTENCY WITH INVESTMENT POLICY PRINCIPLES

- 9. N/A.

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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

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 17th August 2019.
14. Meeting of the SCDC 23rd September to advise on the direction of travel (Version 1).
15. Meeting of the SCDC on the 12th 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 the 5th November 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 the 12th November 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 the 15th December 2020
19. Social Security Amendment Bill 2021 endorsed by SCDC on the 14th July 2021.
20. Social Security Amendment Bill 2021 approved by ExCo on

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the 22nd July 2021 for presentation to LegCo on the 30th July 2021.

- PUBLIC REACTION** 21. 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** 22. A sensitive and extensive public communication campaign by SHG will be needed to explain the SHD and the asset disregard.
- SUPPORT TO STRATEGIC OBJECTIVES** 23. 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.
- IMPLEMENTATION OF POLICY/ LEGISLATION** 24. The Benefits Office is responsible for implementing the Social Security Ordinance and Regulations.

AAG

- OPEN/CLOSED AGENDA ITEM** 25. Recommended for the Open Session.

Central Support
Services

26th July 2021

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