

Consultation on the High Level Policy for Means Testing
Summation of Public Response
Cabinet Office, September 2017

Means-testing as a whole is a controversial issue, and several responses engaged with means-testing in concept without commenting upon any specific recommendations listed in the consultation. It should be noted that all of these broad-issue responses were not in favour of means testing in principle, and that they have been coded in the table below as 'Not specifically commented' for each recommendation.

Responses to the consultation tend to focus upon three distinct issues, which do not perfectly align with the list of recommendations and which ought to be highlighted here.

The first overarching trend in the responses was a desire for more and better information, particularly regarding the possible impact of any means testing policy. One respondent summed up the consultation document as 'woolly', and another as 'a jumble of complex ideas and phrases that no ordinary mortal could be reasonable [sic] be expected to understand'. Although the consultation sought response on high-level principles of means testing policy, many respondents expressed the reservation that they were unable to judge the policy recommendations either before the principles have been agreed upon (which primarily took the form of anxiety over what constitutes socially just redistribution), or before the impact of adopting the recommendations has been estimated or mapped out more fully. Interestingly, despite the general cry for more detail, Recommendation 5 – that the development of more detailed policy should fall to the Council of Ministers' Social Policy and Children's sub-committee – elicited the fewest specific comments.

The second pressing issue is the definition of 'means', encompassing 1) the definition of the unit of assessment, i.e. the 'household' (see Recommendation 2); and 2) the composition of 'means', and on what basis to include or exclude (variously) income, capital assets, and certain needs as deductible costs (i.e. 'disposable' income only). Defining the household raises many questions from respondents regarding intergenerational dependency, marriage/partnership vs. cohabiting, etc. The issue of means definition is frequently linked to arguments that capital assets should be excluded from means assessment, with particular reference to the topical issue of funding residential care through the sale of privately owned homes. Several respondents felt that savings should also be excluded from any definition of means, identifying that as a disincentive for financial prudence. Definition of means is a cross-sector issue, as private citizens, publically elected officials, and public servants are all equally likely to comment on it.

The third salient issue raised repeatedly is the assertion that social housing ought to be treated as a unique species of benefit. This trend within the responses arises largely from the vocal contribution of several commissioners' bodies as well as the DOI. In particular, Onchan Commissioners present lengthy substantive comment on the issue, and suggest that the administration of public sector housing is already a de facto form of means testing.

Recommendation 1:

**That the means testing calculation is done by the Treasury in the medium to long term;
That a standard list of incomes, capital assets, additions and deductions which would be used for means testing is drawn up;**

That there is one application process where relevant information is provided;

That Treasury prepare an implementation plan for the process and system;

That Government moves gradually to standardize the income, capital, additions and deductions included across all means tested benefits;

Treasury will work towards gathering the information in a central database for means testing.

It must be noted that responses to Recommendation 1 are frequently coloured by anterior questions about the definition of means, rather than the appropriateness of standardizing the means assessment framework, centralizing the related administration, and assigning the calculation to Treasury. Many respondents, either directly or indirectly, are concerned about the development of a standard list of incomes and capital.

That aside, there is broad support for Treasury's role in calculating means testing, with the notable exception of Onchan District Commissioners who feel that Treasury's role should exclude social housing application on the grounds that this is better left in the hands of local authorities. Marown Parish Commissioners and Greg Hurt recommend that means testing calculations should be done independent of government.

Douglas Council would like consideration to be given on the sharing of means testing information with other departments and authorities. DOI notes that Treasury does not currently have the resources to administer means testing. DHSC feels that it should share means assessment with Treasury. Several respondents, conversely, feel that means testing should be administered by an entity external to government. Graih points out that society's most vulnerable are less bureaucratically visible, and questions whether Treasury can appropriately respond.

Those who comment specifically on a centralized database are in favour of that proposal, with attendant legislation. The exception is Wilfred Tomlinson, who states that the high-level means testing policy "disingenuously" implies a single resident record system, and asserts that the SRR issue should be dealt with through open consultation before means testing is addressed.

There are a few responses to the issue of eligibility, and it is apparent that they interpret the concept differently: David Gawne equates eligibility with needs irrespective of means, whereas LibVan interprets eligibility as entitlement regardless of means, and recommends that Government proactively dispense public support without the requirement of application. The fact that eligibility is a product of needs and means, subject to pre-determined additions/deductions, evidently needs to be clarified in future.

Recommendation 2:

That the 'income of up to two adults, in a relationship, sharing an address', is the standard measure for determining means;

That full time students are assumed to be living with their parents for this purpose regardless of their actual circumstances.

As noted above, the definition of the household (i.e. "whose means") attracted a high level of comment and question from consultation respondents. While there is widespread implicit acknowledgement that the unit of assessment should be the household rather than the individual, there is equally widespread concern over 1) who should be counted as a member of household, and 2) how to subsequently 'classify' household members in terms of needs and means. There is considerable overlap between the definition of household members and the 'standard list of additions and deductions' referred to in Recommendation 1.

Much of the outright disagreement with Recommendation 2 emanates from third sector representatives, whose perspective from front-line administration lends insight into the exceptional nature of many household arrangements. Rebecca Dooley points out that full time students are sometimes estranged from parents. David Gawne argues that independent or adult children may properly be assessed as contributors to household income, but not in cases of disability. In a similar vein, MLP (David Cretney) states the "societal benefits derived from couples cohabiting in stable relationships are well documented and therefore care should be taken to ensure that means-tested benefits do not act as a disincentive to low income couple establishing a shared household." Michael Manning (Graih) points out that society's most vulnerable are frequently not attached to a 'household', and should be taken into account as such.

A large share of respondents indicate only provisional agreement with the recommendation, on the basis of similar questions: what constitutes 'a relationship', should the household be defined according to more than two adults if these are present, etc. Both Juan Watterson (MHK) and Tynwald Advisory Council for Disabilities express the view that the incomes of all cohabiting adults of working age should be taken into account, without imposing a cap of up to two adults.

Lastly, Onchan Commissioners express particular concern with the assessment of households with *fewer* than two incomes (single or low income households). They point out that numerous single-income households in social housing make application for adaptation of local authority property, normally based on an independently assessed health need. In this scenario, household income is already being means-tested in effect, since the income level commonly falls below the threshold for contribution, and full costs consequently devolve onto the district commissioners.

Recommendation 3:

That cash payments are assessed more regularly than eligibility for free or discounted services;

That access to services (including payments to third parties – such as universities) be assessed on an annual basis unless a defined set of material circumstances (e.g. separation) require;

Where passported benefits are linked to cash benefits such that these are reassessed on the same timescale.

Recommendation 3 attracted less specific comment from respondents than the first two recommendations, and more disagreement as a whole, from various perspectives. Most of the outright agreement with the recommendation comes from those respondents who endorse the entire consultation document wholesale, without offering substantive comment on individual issues. Conversely, most of the outright disagreement with the recommendation relates either to an objection to the administrative bureaucracy associated with multiple assessment timescales (Douglas Council, LibVan, P.R. McDonald) or a concern to protect passported benefits (Graih, Tynwald Advisory Council for Disabilities). David Cretney (MLP) points out that frequent reassessment contributes to the stigmatization of benefits recipients.

The issue of third party payments attracted two comments. Karen Wilson expresses personal dissatisfaction with her child's access to university tuition funding based upon assessment of parental income. Onchan District Commissioners agree with Recommendation 3 as a whole, but then raise the issue of third-party payments under the aegis of Recommendation 4, citing the specific instance of the phased withdrawal of housing benefit and the need to ensure that rent shortfalls, due to reduction in rent payments to third parties, are carried by the benefit claimant.

Several respondents offered substantive suggestions. Douglas Council considers that "because the means testing process should be the same in both cases [i.e. cash benefits and benefits in kind] it maintains the integrity of the scheme to assess all benefits at the same time". DOI comments that an annual timeframe would be inappropriately short for assessment of public sector housing benefits, but that free/discounted services (specifically free school meal entitlement and free school travel) should be assessed more frequently, rather than less frequently.

LibVan offers the following: "Whilst circumstances do change it does not seem equitable that they should be assessed more frequently than annually, unless there has been a material change in circumstances. Any over/under payments could be dealt with in the same way where there are over/under payments of income tax and recovered through the individual's tax code. As Treasury will be the single point of contact for means testing information, and much of this information could be collected annually through additional information requirements to the tax return, then the administration of an annual assessment could be of minimal impact to the Treasury."

Recommendation 4:

That a simple proportional withdrawal of the combined value of benefits is applied using technology to avoid 'cliff edges';

Households would be banded at levels of discount to standard charges ranging from 0 to 100%;

Cash payments will still be made where required.

One consultation respondent, Wilfred Tomlinson, rejects Recommendation 4 due to lack of confidence in IOM Government's capacity to securely handle and store the information needed. However, the majority of those who comment upon it agree to the recommendation without reservation. As TACD states, "This [cliff edges of benefits withdrawal] has always been the reason for not progressing Means Testing and we very much look forward to reading more detail of the mechanisms for avoiding cliff edges".

There is a general request for more detail in order to effectively draw judgements. PR McDonald queries the gradient bands between 0 and 100%, and the exact scale at which a benefit withdrawal is no longer regarded as a cliff edge.

As is found throughout the consultation, public sector housing benefit is repeatedly viewed as a distinct issue. DOI requests more detail regarding proportionate withdrawal, and asks if additional people will be placed in the benefit system in order to get proportional benefits back. TACD cites the overlap of definition of the household with the attendant definition of household banding.

Juan Watterson (MHK) recommends that cash payments be dispensed digitally, rather than using "expensive, insecure and outdated forms of payment".

David Cretney (MLP) points out that, while smoothing cliff edges can be helpful in alleviating the poverty trap attendant upon transitioning from benefits to independent income, this approach alone "will not achieve any reduction in welfare spending unless steps are taken to address the issues of low pay, high housing costs and affordable child care".

Recommendation 5:

That more detailed means testing policies are prepared by the Council of Ministers Social Policy and Children's Sub- Committee subsequent to the consultation and other ongoing policy development.

Recommendation 5 invokes the least specific comment from consultation respondents. A large majority of those who do comment are in agreement that the Council of Ministers Social Policy and Children's Sub- Committee is the appropriate body for developing more detailed policies for means-testing.

Douglas Council suggests that the timescale for implementation of co-ordinated means testing should align with the DOI's 5-year fixed term tenancy agreements for public sector housing, which will begin to come under review in 2018. Onchan District Commissioners recommend that input be sought from other governmental entities and service providers. Marown parish Commissioners indicate that more detailed testing policies should be subject to full consultation.

The MLP are of the opinion that the specific issue of changes to prescription benefits properly falls under the umbrella of means testing, and states that "any decisions made about means testing prescription charges should not be made until these high level principles of means testing have been agreed".

TACD "would request consideration that any means testing methodology must be cautious of pushing people to the third sector".

Quantitative Summary of Coded Results

Number of valid respondents: 30*

	Agreement	Agreement with provisions/reservations	Not in agreement	Not specifically commented	More information needed
Rec 1	7	10	5	7	1
Rec 2	5	8	6	8	3
Rec 3	6	5	7	10	2
Rec 4	10	7	1	10	2
Rec 5	10	2	2	14	2

*There were in fact 31 responses to the consultation, but one response was restricted to spelling corrections in the consultation document, and has not been coded.

Respondent	Rec 1	Rec 2	Rec 3	Rec 4	Rec 5
Andrew Thomas	Agree	Agree	Agree	Agree	Agree
Peel Town Commissioners	Agree	Agree	Agree	Agree	Agree
Alex Allinson, MHK	Agree	Agree	Agree	Agree	Agree
W S Costain	More info needed	More info needed	More info needed	More info needed	More info needed
William Costain	Not specifically commented	Not specifically commented	Not specifically commented	Not specifically commented	Not specifically commented
Clive Hesketh	Agreement with provisions/reservations	Agreement with provisions/reservations	Not specifically commented	Not specifically commented	Not specifically commented
Dr Karen G Wilson	Not specifically commented	Disagree	Not in agreement	Agree	Not specifically commented
J Keith Sutton	Not specifically commented	Not specifically commented	Not specifically commented	Not specifically commented	Not specifically commented
Douglas Council	Agree	Agreement with provisions/reservations	Not in agreement	Agree	Agree
Department of Infrastructure	Agree	Agreement with provisions/reservations	Agreement with provisions/reservations	Agreement with provisions/reservations	Agree

Respondent	Rec 1	Rec 2	Rec 3	Rec 4	Rec 5
Rebecca Dooley, Adult Social Care Divisional Steering Group	Agreement with provisions/reservations	Not in agreement	Agreement with provisions/reservations	Agreement with provisions/reservations	Agree
Greg Hurt	Not in agreement	Not specifically commented	Not specifically commented	Not specifically commented	Not specifically commented
Juan Watterson MHK	Agreement with provisions/reservations	Not in agreement	Agreement with provisions/reservations	Agreement with provisions/reservations	Not specifically commented
Tim Norton	Not specifically commented	Not specifically commented	Not specifically commented	Not specifically commented	Not specifically commented
P R McDonald	Agreement with provisions/reservations	Agreement with provisions/reservations	Agreement with provisions/reservations	Agreement with provisions/reservations	Agreement with provisions/reservations
David Gawne	Agreement with provisions/reservations	Not in agreement	Agreement with provisions/reservations	Agree	Agree
Christine Pritchard	Not in agreement	More info needed	More info needed	More info needed	Not in agreement
David Cretney, MLP	Not in agreement	Not in agreement	Not in agreement	Agreement with provisions/reservations	Not in agreement
Michael Manning, Graih	Not in agreement	Agreement with provisions/reservations	Not in agreement	Agreement with provisions/reservations	Not specifically commented
Onchan District Commissioners	Agreement with provisions/reservations	More info needed	Agree	Agreement with provisions/reservations	Agree
Patrick Parish Commissioners	Not specifically commented	Not specifically commented	Not specifically commented	Not specifically commented	Not specifically commented
Rob Callister MHK	Agreement with provisions/reservations	Not specifically commented	Not specifically commented	Not specifically commented	Not specifically commented
Liberal Vannin Party	Agreement with provisions/reservations	Agreement with provisions/reservations	Not in agreement	Agree	Agree

Respondent	Rec 1	Rec 2	Rec 3	Rec 4	Rec 5
Marown Parish Commissioners	Not in agreement	Agreement with provisions/ reservations	Agree	Agree	Agreement with provisions/ reservations
Tynwald Advisory Council for Disabilities	Agree	Agreement with provisions/ reservations	Not in agreement	Agree	Not specifically commented
RA Comish	Not specifically commented	Not specifically commented	Not specifically commented	Not specifically commented	Not specifically commented
Stuart Comish	Not specifically commented	Not specifically commented	Not specifically commented	Not specifically commented	Not specifically commented
Sue Plant	Agreement with provisions/ reservations	Agree	Not in agreement	Not specifically commented	Not specifically commented
Braddan Parish Commissioners	Agree	Agree	Agree	Agree	Agree
Wilfred Tomlinson	Agreement with provisions/ reservations	Not in agreement	Not specifically commented	Not in agreement	More info needed