



**Isle of Man  
Government**

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**Proposed changes to the minimum work  
requirements for Employed Person's Allowance  
&  
Proposed changes to Income Support for lone  
parents**

**A Consultation Response**

**Issued by: The Treasury  
11 January 2019**

The Treasury  
*Yn Tashtey*

## **Introduction**

Treasury undertook a consultation via the gov.im consultation hub to garner public opinion on its proposals to change -

- the minimum work requirements for employed person's allowance; and
- the age of the youngest child of a lone parent, for that parent to be eligible to claim income support.

We wanted to hear the views of: people receiving employed person's allowance, lone parents getting income support, members of the public, employers, the third sector and representative bodies.

And we sought suggestions as to the circumstances in which exceptions should be made to the proposed changes.

The consultation ran for 6 weeks - from 30 November 2017 to 11 January 2018.

A total of 205 responses were received via the hub, with a further 3 "narrative" responses received "off-line".

The Treasury is most grateful to all those who took the time to respond to the consultation.

The responses received have enabled the Treasury to further consider its proposals.

In the light of the responses received it has significantly modified the changes it intends to make to the minimum work requirements for employed person's allowance.

Treasury intends to change the rules for income support for lone parents in line with the proposal consulted on.

## **Onus on benefit recipients to mitigate or eliminate their need for benefit**

To gain a general understanding of how people feel about this, we asked the following question in the consultation (as Question 1) - "Do you think recipients of tax-funded benefits have a duty to society to reduce or remove their need for benefit, where they are able to do so?"

The responses were as follows –

- 81 (39.5%) Strongly agree
- 71 (34.6%) Agree
- 36 (17.6%) Neither agree nor disagree
- 12 (5.9%) Disagree
- 5 (2.4%) Strongly disagree

So there is clearly a popular feeling that benefit recipients should take actions to reduce or remove their need for benefit, where they are able to do so.

However, it should be noted that a number of respondents commented along the lines of “but it would depend on the [individual] circumstances”.

Comments received from respondents who agreed with the question included -

- Benefits should be temporary not permanent
- Benefits should not be a lifestyle choice
- Benefits should not be available unless needed
- Benefits system does not encourage people to work.

Comments received from respondents who disagreed with the question included -

- No-one is dependent on benefits through choice
- Child care is not available
- Living wage would help
- Parents should be left alone to look after their children.

### **Minimum work requirements for employed person’s allowance (EPA)**

We believe that many people getting EPA whose children are settled in school could reasonably work more hours than they currently do, and could therefore reduce or eliminate their reliance on EPA.

Furthermore, as they get to keep 30p of every extra pound they earn, the more they work and earn the better off they and their families will be.

If their earnings increase to the extent that they no longer qualify for EPA, they would keep all of their additional earnings above their applicable amount (less tax and National Insurance).

Therefore, we proposed that for certain groups the minimum work requirements for EPA should be increased.

We recognised that there are circumstances where the proposed new minimum work requirements would not be appropriate and therefore undertook to make exceptions.

We specifically stated that we did not propose any changes to the minimum work requirements for -

- lone parents whose youngest or only child is under 6;
- disabled workers; and
- couples if one or both partners cares for a severely disabled person.

For lone parents:

We proposed that whereas the current minimum work requirement is 16 hours a week irrespective of the age(s) of the lone parent's child(ren), the minimum work requirement should increase as children get older and settle into school.

The current and proposed minimum work requirements are summarised in the table below

Age of youngest/only child	Current minimum work requirement	Proposed minimum work requirement
Under 6	16 hours per week	16 hours per week
6 to 11	16 hours per week	24 hours per week
12 or over	16 hours per week	30 hours per week

In the consultation (as question 2) we asked - "To what extent do you agree with the proposed new minimum work requirements for EPA for **lone parents**? (strongly agree, agree, neither agree nor disagree, disagree, strongly disagree).

Of the 205 consultees who responded to this question:-

- 59 (28.8%) strongly agreed
- 32 (15.7%) agreed
- 18 (8.8%) neither agreed nor disagreed
- 39 (19.0%) disagreed
- 57 (27.8%) strongly disagreed

As regards those who agreed or strongly agreed, the most common reasons cited were:-

- Benefits should be temporary not permanent
- Benefits should not be a lifestyle choice
- Benefits should not be available unless needed
- Living wage would help
- Need to ensure work pays

As regards those who disagreed or strongly disagreed, the most common reasons cited were:-

- a shortage of jobs around school hours
- expensive childcare costs
- children should not be left [at home] unsupervised
- absence/ shortage of child care provision during the school holidays
- lone parents should not be forced to work additional hours [to get EPA]
- what if a child falls ill?
- existing employer does not offer extra hours
- it would diminish quality time with children

## Treasury's response

Treasury is concerned by the responses received.

In the light of these, and until such time as it can be demonstrated there is adequate and affordable childcare available in all localities, we have decided that the minimum work requirement for lone parents should increase only once the youngest or only child in the family is aged 13, and that at that point it should increase to 30 hours a week.

We intend to make exceptions for where a child is -

- severely disabled;
- incapacitated and has been so for one month or more; or
- at least 6 months pregnant.

In these circumstances a lone parent would only have to work a minimum of 16 hours a week to qualify for EPA, irrespective of the age(s) of their child(ren).

Also, where a lone parent qualifies as a "disabled worker" or is a carer for a severely disabled person the minimum work requirement should continue to be 16 hours a week (irrespective of the age(s) of their child(ren)).

### For couples with dependent children:-

In the consultation we proposed that whereas currently the minimum work requirement is 30 hours a week (to be worked by either or both partners - they cannot share the hours between them) irrespective of the age(s) of the couple's child(ren), the minimum work requirement should increase as children get older and settle into school.

The current and proposed minimum work requirements are summarised in the table below.

Age of youngest/only child	Current minimum work requirement	Proposed minimum work requirement
Under 6	30 hours per week	35 hours per week
6 to 11	30 hours per week	48 hours per week
12 or over	30 hours per week	60 hours per week

We also proposed that the partners could make up the hours **between them**, in any combination they choose.

In the consultation (as question 3) we asked - "To what extent do you agree with the proposed new minimum work requirements for EPA for **couples**? (strongly agree, agree, neither agree nor disagree, disagree, strongly disagree).

Of the 205 consultees who responded to this question:-

- 64 (31.2%) strongly agreed
- 52 (25.4%) agreed
- 25 (12.2%) neither agreed nor disagreed
- 29 (14.1%) disagreed
- 35 (17.1%) strongly disagreed

As regards those respondents who disagreed or strongly disagreed, the most common reasons cited were:-

- issues with school holidays
- expensive childcare costs
- children should not be left [at home] unsupervised
- no jobs to fit around school holidays
- what if one of the partners or a child falls ill or is disabled?
- would cause families undue worry/stress
- additional transport costs

### **Treasury's response**

Treasury is concerned by the responses received.

In the light of these, we have decided that the second band (see table above) should be extended to age 12 and that the third band should begin at age 13.

So the minimum work requirements we now intend to progress are as follows –

Age of youngest/only child	Current minimum work requirement	Proposed minimum work requirement
Under 6	30 hours per week	35 hours per week
6 to 12	30 hours per week	48 hours per week
13 or over	30 hours per week	60 hours per week

We also intend to make exceptions for where –

- one partner of a couple and/or a child of theirs is -
  - severely disabled;
  - incapacitated and has been so for one month or more; or
  - at least 6 months pregnant
- one of the partners is engaged in education or vocational training of at least 16 hours a week.

Also –

- where either member of the couple qualifies as a “disabled worker” the minimum work requirement should continue to be 16 hours a week (irrespective of the age(s) of the child(ren); and
- where either member of the couple is a full-time carer for a severely disabled person the minimum work requirement should continue to be 16 hours a week (irrespective of the age(s) of the child(ren).

### **Capacity of the local labour market**

In the consultation (as question 4) we asked - “ To what extent do you agree that the current local labour market is capable of providing sufficient suitable jobs or additional working hours to enable claimants of EPA, and where appropriate their partners, to meet the proposed new minimum working requirements?” (strongly agree, agree, neither agree nor disagree, disagree, strongly disagree)

The responses to this question were as follows -

- 43 (21.1%) Strongly agree
- 27 (13.2%) Agree
- 25 (12.3%) Neither agree nor disagree
- 59 (28.9%) Disagree
- 50 (24.5%) Strongly disagree

### **Treasury’s response**

Notwithstanding the level of disagreement with this question, we are satisfied that there is sufficient capacity in the labour market.

The number of vacancies being registered with Jobcentre is clearly on an upward trend, whilst the number of people registering as unemployed is very much on a downward trend. Indeed, registered unemployment in the island has been at or below 1% for some 18 months.

Rather than continuing to rely on migrant workers to fill local job vacancies, we should be encouraging local people who have the capacity to work – or to work for more hours than they currently do - to take up the opportunities available.

We will ensure that those families affected by the proposed changes are provided with whatever help they need in order to get the extra work needed to meet the new minimum work requirements and therefore continue to qualify for EPA.

The Jobcentre’s employment advisors will proactively contact affected families.

## Child care

We specifically wanted to learn more about the availability and affordability of child care, to help us understand whether it would be reasonable to increase the minimum work requirement for EPA for lone parents with younger school-age children.

In the consultation (as question 5) we asked - "Do you foresee any problems with child care arising from the proposed new minimum working requirements for EPA? Remember that we are not proposing any changes to the minimum work requirement for lone parents whose youngest or only child is aged under 6." (yes, no, not sure)

The responses to this question were as follows –

- 146 (71.2%) Yes
- 30 (14.6%) No
- 29 (14.2%) Not sure

The most common concerns expressed by respondents in relation to child care were -

- Child care is expensive/unaffordable
- Lack of child care during school holidays
- Lack of child care after school
- Hard to find part-time child care
- No provision in local area
- Children being left [at home] alone

## Treasury's response

We have listened very carefully to these concerns and have decided that the minimum work requirement for lone parents should increase only when the youngest or only child in the family is aged 13.

## Income Support for lone parents

Income support claimants are not required to undertake any work-related activities to be entitled to benefit.

We believe it is reasonable that a lone parent whose youngest or only child is aged 6 or over – and should therefore be settled in school - should be taking steps to either prepare themselves for work or to look for work. Therefore, they should not be eligible to claim income support; they should claim jobseeker's allowance instead.

We proposed that lone parents should no longer be able to qualify for income support **solely on the basis that they are a lone parent** once their youngest or only child reaches age 6.



However, if a lone parent is disabled, incapacitated for work or provides care for a severely disabled person (which may, for example, be to a parent or child of theirs) they could continue to claim income support beyond their youngest or only child's 6<sup>th</sup> birthday.

In the consultation (as Question 6) we asked – "To what extent do you agree that lone parents claiming income support whose youngest or only child is aged between 6 and 11 should have to prepare for work, or look for work, to qualify for benefit? (Strongly agree, agree, neither agree nor disagree, disagree, strongly disagree)

The responses we received to this question were –

- 82 (40.2%) strongly agreed
- 45 (22.1%) agreed
- 29 (14.2%) neither agreed nor disagreed
- 22 (10.8%) disagreed
- 26 (12.7%) strongly disagreed

So, approaching two-thirds (62.3%) of respondents agreed or strongly disagreed that (as a general rule) lone parents whose youngest or only child is aged between 6 and 11 should have to prepare for work, or look for work, to qualify for benefit.

As regards those respondents who agreed or strongly agreed, the reasons cited included -

- Benefits should not be a lifestyle choice
- Lone parents need to take greater responsibility
- Allowing lone parents up to 6 years to stay at home makes them virtually unemployable
- Parents going out to work sets a good example to their kids.

As regards those respondents who disagreed or strongly disagreed, the reasons cited included -

- Additional pressures for parents with multiple children
- Lone parents should be allowed to bring up their children [without conditionality]
- What if their child is ill?
- Lone parents need more support [from Government]
- Child care during school holidays

### **Treasury's response**

We intend to progress the change proposed.

We are satisfied that there are good reasons to help parents onto a pathway to work once their youngest or only child is settled into school, and the best way to achieve this is for them to move on to jobseeker's allowance and to fully engage with the services offered by the Jobcentre and in particular its employment advisors.

## Summary

As part of this Administration's strategic objective to be an "Inclusive and Caring Island" Treasury believes that everyone of working age should be encouraged to fully engage with the workplace, **if they are able to**.

Treasury's view is that the current benefits system does not help individuals to realise their full potential. Indeed, in some respects the current welfare provisions actually stifle progress in this respect. Therefore, Treasury believes that by requiring individuals to take more responsibility for the hours they work and the earnings they receive they will consider themselves to have positively contributed in the economic growth of the Island and that they will achieve better outcomes for themselves, their families and our society generally.

The proposals that Treasury intends to bring to Tynwald differ from the proposals which have consulted on. We have listened very carefully to the concerns expressed by respondents, especially around the issue of childcare. We believe that it is reasonable to expect children aged 13 and over to be able to get themselves to and from school, thus enabling parents to take on additional hours of work.

In relation to **EPA**, the changes which Treasury now intends to progress are :-

- In respect of lone parents – to increase the number of hours that must be worked to qualify for EPA 16 to 30 per week where the youngest or only child in the family is aged 13 or over.
  
- In respect of couples with dependent children -
  - to increase the minimum number of hours that must be worked each week where the youngest or only child in the family is under 6 to 35 hours;
  - to increase the minimum number of hours that must be worked each week where the youngest or only child in the family is between the ages of 6 and 12 to 48 hours;
  - to increase the number of hours that must be worked each week where the youngest or only child in the family is 13 or older to 60 hours;
  - and
  - to allow the members of the couple to share the required work hours between them in whatever combination they choose.

Exceptions will be made (as detailed above) where an adult or child in the family is severely disabled, is incapacitated for work or is at least 6 months pregnant.

In relation to **Income Support**, we intend to progress the change as consulted on, that is where the youngest child is 6 or over ordinarily the individual will be required to actively look for work or to take steps to prepare themselves for work (unless, for example, they are incapacitated for work or are providing a substantial amount of care to a severely disabled person).

In summary these proposed changes will continue the work that Treasury's Social Security Division has embarked upon to ensure our welfare system is providing better defined and more appropriate support or people, in line with the Programme for Government.



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