

Social Security News

Issue 161 February 2018

This News Bulletin is intended to brief those with a special interest in social security matters of the changes in the law following each sitting of Tynwald at which the changes are approved.

Copies of the Orders or Regulations referred to in this bulletin may be obtained from:

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In this issue:

S.D. 2018/0027 relates to the annual uprating of certain social security benefits, allowances and state pensions and certain earnings limits applying in the IOM which come into effect (in most cases) from the week commencing 9th April 2018.

S.D. 2018/0028 provides that where a question has arisen about the effect of the Social Security Benefits Uprating Order 2018 (S.D. 2018/0027) on a benefit already in payment, the altered rates will not apply until that question is determined by an adjudication officer, the social security appeal tribunal or the Social Security Commissioner. It also restricts the application of the increases specified in the 2018 Uprating Order in cases where the beneficiary is not ordinarily resident in the IOM.

S.D. 2018/0029 amends the Pension Supplement Scheme to provide that the rates of pension supplement payable in 2018/19 are the same as in 2017/18.

S.D. 2018/0030 ensures that the rates of "pension top-up" continue to keep pace with increases in the rate of the basic state pension.

S.D. 2018/0031 amends the maximum amounts allowable towards child care charges for lone parents and qualifying couples claiming employed person's allowance.



Isle of Man
Government
Reiljys Eilan Vannin

The Treasury
Yn Tashtey

S.D. 2018/0032 amends the maximum amounts allowable towards child care charges for lone parents claiming income support who are in education or training.

S.D. 2018/0033 amends the maximum amounts allowable towards child care charges for lone parents claiming an income-based jobseeker's allowance who are in education or training.

S.D. 2017/0358 abolishes the higher rate of short-term incapacity benefit and the age addition for persons entitled to long-term incapacity benefit from 1 April 2018, as well as the over 80's age addition to state pensions etc. from 6 April 2019, subject to protection for existing recipients.

S.D. 2017/0359 amends 3 sets of social security regulations having effect in the Island consequentially on the provisions of S.D. 2017/0358.

S.D. 2017/0360 effectively provides that no-one will be able to newly qualify for a pension supplement paid with long-term incapacity benefit from 1st April 2018.

S.D. 2017/0361 amends certain provisions of the Employed Person's Allowance (General) Regulations 2011 consequentially on the abolition of the higher rate of short-term incapacity benefit.

S.D. 2018/0026 abolishes the universal "funeral payment" and renames the "additional funeral payment" as the "funeral payment" accordingly. It also requires the responsible person (or their partner) to be entitled to an income-related benefit at the time the deceased died as well as when they claim a funeral payment.

S.D. 2018/0034 directs that the low earnings threshold for the purposes of the state second pension for the tax years following 2017–18 shall be £16,500.

S.D. 2018/0035 directs that the flat rate accrual amount for the purposes of the state second pension for the tax year beginning 6th April 2018 shall be £101.40.

S.D. 2018/0036 extends the circumstances in which a person's benefit may be paid to someone other than that person to include paying benefit to a Government Department to meet the costs of that Department exercising a statutory function in respect of that person.

Social Security Benefits Up-rating Order 2018

S.D. 2018/0027

This Order relates to the annual uprating of certain social security benefits, allowances and state pensions and certain earnings limits applying in the IOM which come into effect (in most cases) from the week commencing 9th April 2018.

The most significant effects of the 2018 Up-rating Order are –

- Basic state pension and additional state pension to increase by 3.0%;
- Other National Insurance-funded benefits to increase generally by 3.0%;
- The Nursing Care Contribution to increase by 10.0%;
- Child Benefit, Attendance Allowance and Disability Living Allowance to increase by 3.3%; and
- The prescribed amounts for income support, employed person's allowance and income-based jobseeker's allowance to increase generally by 3.3%.

Social Security Benefits Up-rating Regulations 2018

S.D. 2018/0028

These Regulations provide that where a question has arisen about the effect of the Social Security Benefits Up-rating Order 2018 on a benefit already in payment, the altered rates will not apply until that question is determined by an adjudication officer, the social security appeal tribunal or the Social Security Commissioner.

The Regulations also apply the provisions of regulation 5 of the Social Security Benefit (Persons Abroad) Regulations 1975 (as they have effect in the Island) so as to restrict the application of the increases specified in the 2018 Up-rating Order in cases where the beneficiary is not ordinarily resident in the IOM. Beneficiaries living in certain countries do not receive annual increases in their state pensions.

Pension Supplement (Amendment) Order 2018

S.D. 2018/0029

This Order amends the Pension Supplement Scheme 2001.

The changes made reduce the percentages by which the rate of basic pension and other qualifying benefits are multiplied in calculating the rate of pension supplement payable from 9th April 2018.

For people who get a Category A or Category B retirement pension, the percentage is reduced from 43.949% to 42.675%. For people who get widowed mother's allowance, widow's pension and widowed parent's allowance, the percentage is reduced from 46.482% to 45.132%.

As a result of the reductions, the rates of pension supplement payable in 2018/19 will be the same as in 2017/18 (for example, £53.75 per week with a 100% category A retirement pension).

Pensions (Top-up) (Amendment) Order 2018

S.D. 2018/0030

This Order amends the Pension (Top-up) Order 2016.

The changes made mean that persons entitled to a pension top-up immediately before 9th April 2018 will benefit from a 3.0% increase in the rate of their top-up (the same rate of increase as for basic state pension) from 9th April 2018.

Employed Person's Allowance (General) (Amendment) Regulations 2018

S.D. 2018/0031

These regulations amend the maximum amounts allowable towards child care charges for lone parents and qualifying couples claiming employed person's allowance.

Currently those maxima are as follows –

- Where a lone parent or a member of a couple works for less than 24 hours a week and have:-
 - 1 child being cared for - £113.00 per week, or
 - more than 1 child being cared for - £183.00 per week.
- Where a lone parent or a member of a couple works for 24 or more hours a week and have:-
 - 1 child being cared for - £163.00 per week, or

- more than 1 child being cared for - £240.00 per week.

The amounts shown above are the same for children of all ages.

The new maxima which will apply from 9th April 2018 are as follows -

- Where a lone parent or a member of a couple works for less than 24 hours a week:-
 - for each child being cared for who is aged under 2- £140.00 per week;
 - for each child being cared for who is aged 2 or over- £119.00 per week.
- Where a lone parent or a member of a couple works for 24 or more hours a week:-
 - for each child being cared for who is aged under 2- £200.00 per week;
 - for each child being cared for who is aged 2 or over- £170.00 per week.

Income Support (General) (Isle of Man) (Amendment) Regulations 2018

S.D. 2018/0032

These regulations amend the maximum amounts allowable towards child care charges for lone parents claiming income support who are in education or training.

Currently lone parents can qualify for an allowance of up to £163 per week if only one of their children is being cared for, or an allowance of up to £235 per week if more than one of their children is being cared for.

From 9th April 2018 those maxima will no longer apply and instead a maximum amount will apply for each child in the claimant's family being cared for. The maximum amount allowable will depend on the child's age.

For each child aged 2 or over a maximum of £170 a week will apply, whilst for each child under 2 a maximum of £200 a week will apply.

Social Security Legislation (Benefits) (Application) (Amendment) Order 2018

S.D. 2018/0033

This Order amends the maximum amounts allowable towards child care charges for lone parents claiming an income-based jobseeker's allowance who are in education or training are amended.

Currently lone parents can qualify for an allowance of up to £160 per week if only one of their children is being cared for, or an allowance of up to £235 per week if more than one of their children is being cared for.

From 9th April 2018 those maxima will no longer apply and instead a maximum amount will apply for each child in the claimant's family being cared for. The maximum amount allowable will depend on the child's age.

For each child aged 2 or over a maximum of £170 a week will apply, whilst for each child under 2 a maximum of £200 a week will apply.

The Order also updates cross-references appearing in the Social Security Benefit (Persons Abroad) Regulations 1975 and the Social Security (Incapacity Benefit) (Transitional) Regulations 1995 (as they have each effect in the Island) consequent on new provision in the Social Security Administration Act 1992 (as it has effect in the Island) relating to the uprating of social security benefits, etc.

This Order amends the Social Security Contributions and Benefits Act 1992, as it has effect in the Island.

As a result, the following are abolished –

- the higher rate of short-term incapacity benefit;
- the age addition to long-term incapacity benefit; and
- the age addition to state pensions and certain other benefits for persons aged 80 or over.

The higher rate of short-term incapacity benefit and the age addition for persons entitled to long-term incapacity benefit are abolished from 1 April 2018. The over 80's age addition to state pensions etc. is abolished from 6 April 2019.

Specifically, the Order –

- a) omits provision specifying that a higher rate of short-term incapacity benefit is payable after 196 days of incapacity for work;
- b) specifies what the rate of short-term incapacity benefit payable is to be for the first 365 days of incapacity (i.e., equal to the lower rate of short-term incapacity benefit currently payable);
- c) omits the power to make regulations which increase the rate of long-term incapacity benefit payable to persons under the age specified in those regulations;
- d) omits reference to the lower and higher rates of short-term incapacity benefit being payable (as there will be only one rate of short-term incapacity benefit payable from 1 April 2018); and
- e) omits provision giving people aged 80 or over who are getting a state pension or certain other pensions or allowances entitlement to an increase in that pension or allowance (by way of an "age addition").

The Order makes savings allowing –

- a) people entitled to the higher rate of short-term incapacity benefit on 31st March 2018 to continue to qualify for the higher rate of that benefit until they qualify for long-term incapacity benefit or when that period of incapacity for work ends (whichever is the sooner);
- b) people who qualify for an increase in the rate of their long-term incapacity benefit on account of their age when they became incapacitated (an "age addition") on 31st March 2018 to continue to qualify for that increase until that period of incapacity for work ends; and
- c) people who have reached age 80 before 6th April 2019 to continue to receive the over 80s addition (for the rest of their lives).

This Order amends 3 sets of social security regulations having effect in the Island, *viz*:

- the Social Security (Widow's Benefit and Retirement Pensions) Regulations 1979;
- the Social Security (Incapacity Benefit) Regulations 1994; and
- the Social Security (Claims and Payments) Regulations 1987.

The amendments are made consequentially on –

- the abolition of the higher rate of short-term incapacity benefit from 1 April 2018;
- the abolition of age additions in the rate of long-term incapacity benefit from 1 April 2018; and
- the abolition of the over 80's age addition with state pensions etc. from 6 April 2019.

Specifically, the Order –

- a) omits reference in the Social Security (Incapacity Benefit) Regulations 1994 to lower and higher rates of short-term incapacity benefit being payable (as there will only be one rate of short-term incapacity benefit payable in the future);
- b) omits Part III of those Regulations, which specifies the increases in long-term incapacity benefit payable to persons under age 35 and between ages 35 and 45 on the “qualifying date” (normally the first day of incapacity for work) and what the “qualifying date” is in special cases;
- c) omits provision in the Social Security (Widow's Benefit and Retirement Pensions) Regulations 1979 specifying the enactments and instruments under which a person must be in receipt of a pension or other allowance, and the other conditions they must satisfy, to qualify for an over 80's age addition if they are don't get a state pension; and
- d) omits provision in the Social Security (Claims and Payments) Regulations 1987 providing that a person does not need to make a separate claim for an age addition for it to be payable, which will become redundant from 6th April 2019.

The Order also makes savings in relation to the abolition of those benefits, etc.

Pension Supplement (Amendment) (No. 2) Order 2017

S.D. 2017/0360

This Order further amends the Pension Supplement Scheme 2001 by omitting qualifying benefit condition B and qualifying contribution condition B, with savings. The Order also makes consequential amendments to the Scheme.

As a result, no-one will be able to newly qualify for a pension supplement whilst receiving long-term incapacity benefit from 1st April 2018.

Conditions of entitlement for pension supplement

To qualify for a pension supplement a person must be ordinarily resident in the IOM and be aged 45 or over. They must also satisfy qualifying benefit condition A or B and qualifying contribution condition A or B.

Qualifying benefit conditions A and B

To satisfy qualifying benefit condition A, a person must be getting the basic pension in –

- Category A or B retirement pension;
- widowed mother's allowance;
- widow's pension; or
- widowed parent's allowance.

To satisfy qualifying benefit condition B, a person must be getting–

- long-term incapacity benefit, or short-term incapacity benefit payable at the long-term rate; and
- the highest rate of the care component of disability living allowance.

Qualifying contribution conditions A and B

To satisfy qualifying contribution condition A, a person (or another person in relation to them) must have relevant National Insurance (NI) contributions for at least 10 tax years.

To satisfy qualifying contribution condition B –

- a person must be getting incapacity benefit and qualify for NI credits because they are incapable of work;
- a person (or another person in relation to them) must have relevant contributions (but not Class 3 contributions) for the 5 tax years before they were awarded incapacity benefit;
- the number of tax years for which a person has those relevant contributions and NI credits must add up to at least 10.

Employed Person's Allowance (General) (Amendment) (No. 3) Regulations 2017 S.D. 2017/0361

These Regulations amend the Employed Person's Allowance (General) Regulations 2011 consequentially on the abolition of the higher rate of short-term incapacity benefit.

Specifically, the Regulations replace reference to "receipt of the higher rate short-term incapacity benefit" with reference to "receipt of short-term incapacity benefit for at least 196 days of entitlement in that period of incapacity for work" for the purposes of:

- (a) the additional qualifying conditions to be met by "disabled workers" to qualify for employed person's allowance (EPA); and
- (b) the circumstances in which one member of a couple claiming EPA must fall to be regarded as incapacitated, for the purpose of determining whether that couple may qualify for an allowance towards any child care charges they are incurring.

The Order also makes savings in relation to the abolition of the higher rate of short-term incapacity benefit.

Maternity and Funeral Expenses (General) (Isle of Man) (Amendment) Regulations 2018 S.D. 2018/0026

These Regulations make a number of amendments to the Maternity and Funeral Expenses (General) (Isle of Man) Regulations 2007 in respect of claims for funeral payments where the deceased in question died on or after 1 April 2018.

There are 2 types of payments made under those Regulations to persons to help meet funeral expenses –

- a non means-tested "funeral payment" paid to a person regardless of their means; and
- an "additional funeral payment" paid to people on low income benefits on top of the funeral payment.

Abolition of the non-means tested funeral payment

These Regulations abolish the non means-tested funeral payment.

Consequential renaming of the means tested "additional funeral payment"

The "additional funeral payment" is renamed the "funeral payment" following the abolition of the non-means tested funeral payment. References to the "funeral payment" below are to the means-tested funeral payment.

Responsible person (or their partner) must now be entitled to an income-related benefit when the deceased dies to qualify for a funeral payment

The funeral payment is paid to persons (or their partners) who have taken on responsibility for paying the funeral expenses of the deceased and who are getting an income-related benefit (or whose partner is doing so) when they claim a funeral payment. A person (or their partner) must now also be entitled to an income-related benefit when the deceased died – as well as when they claim an additional funeral payment – to qualify for a funeral payment.

Changes to the amount of funeral payment payable

The amount of funeral payment payable takes into account the funeral expenses the claimant has to meet.

The payment –

- covers certain costs in full (i.e., buying a burial plot, burial or cremation fees, a doctor's certificate for cremation and removal of any pace-maker and certain transport costs);
- includes allowances for a minister's and organist's fees, if any (up to certain maxima); and
- includes an allowance of up to £1,100 for any other funeral expenses costs (e.g., funeral director's fee, any religious costs, flowers, etc.).

These Regulations –

- a) increase the maximum amount for a minister's fee - from £90 to £140;
- b) introduce a new allowance for the cost of an obituary notice to be placed in a local paper or broadcast on a local radio station of up to £100;
- c) discontinue the (separate) allowance for the cost of transporting the deceased to their home or to the funeral director's premises or place of rest within the IOM; and
- d) increase the maximum allowance for any other funeral expenses from £1,100 to £1,350 (to include the cost of transporting the deceased to their home or to the funeral director's premises or place of rest within the IOM).

Social Security Pensions (Low Earnings Threshold Order 2017

S.D. 2018/0034

This Order directs that the low earnings threshold for the tax years following 2017–18 shall be £16,500. The threshold for the tax year 2017–2018 was directed to be £16,000.

The low earnings threshold is the amount by reference to which the surplus earnings bands are determined for the purpose of calculating the State Second Pension in a state retirement pension.

Social Security Pensions (Flat Rate Accrual Amount) Order 2018

S.D. 2018/0035

This Order directs that the flat rate accrual amount for the tax year beginning 6th April 2018 shall be £101.40. The flat rate accrual amount for the tax year beginning 6th April 2017 was £98.80.

The flat rate accrual amount is a flat rate cash amount of additional pension which applies to accruals in the first earnings band under Schedule 4B to the Social Security Contributions and Benefits Act 1992 (as that Act of the United Kingdom Parliament has effect in the Island). This method of calculation of additional pension applies from the flat rate introduction year, which is the tax year beginning 6th April 2012.

This Order inserts new provision into section 5 of the Social Security Administration Act 1992 (as it has effect in the Island).

That provision will enable regulations to be made providing for the circumstances and manner in which benefit may be paid to a Department other than the Treasury in respect of a person entitled to benefit for any purpose. Such a purpose includes meeting the costs arising from that Department exercising a statutory function in respect of that person.