

**WRITTEN QUESTION TO THE MINISTER FOR SOCIAL SECURITY
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 22nd MARCH 2016**

Question

Given that up to 50 cleaning and gardening posts could be made redundant from the Department for Infrastructure, what estimates does the Minister have for any additional Income Support costs, based on a normal distribution by marital status among the workforce and an average claim of £450 per week?

Furthermore, what estimates does the Minister have for any impact on Social Security contributory funding? Can the Minister outline how much less each employee would provide in Social Security contributions if paid at the minimum wage of £7 per hour in alternative employment, and state what additional supplementation would be required and whether this would have a negative annual impact on Social Security contributory funding?

Answer

It is premature to seek to establish an estimate for Income Support costs arising from any potential compulsory redundancies from the Department For Infrastructure (DFI). The Income Support system is designed to support any worker who is made redundant and a significant number of claims are opened and closed each year as employers across the island contract and expand their workforces. Staff at DFI have already received guidance from Social Security advisers. This is standard practice and this type of support is also provided to private sector employees. In addition, the Department will be offering an outplacement service to any States employees made compulsorily redundant, to assist them in finding new employment.

In the event of a compulsory redundancy, staff will be eligible to apply for income support but the value of any award will depend on a range of household circumstances, including the salary of any partner. It should be noted that the average income support award in 2015 was approximately £215 per week. Any individual who is made compulsorily redundant and satisfies job seeking requirements will receive contribution credits to protect their pension entitlement.

In the same way that there is a significant churn in Income Support claims, there is also a constant movement in terms of individual contributors moving in and out of employment and contributing to the Social Security Fund. To identify the impact of potential future job losses, it would be necessary to have information regarding the change in each individual's earnings. However if, for example, an employee were to currently earn £27,000 per year, and then move to a lower paid job of £15,000 per year, the contributions received for that employee would reduce from £3,305 per annum down to £1,875 per annum, a reduction of £1,500 pa.

The value of the States Grant has been fixed at £65.3 million per annum during this MTFP. This is not affected by changes in contribution numbers or value and will next be set in 2020. A major review of the Social Security Fund is being undertaken as the current level of contributions will not sustain the current level of pensions and benefits in the medium to long term.