

2016.03.22

3.16 Deputy G.P. Southern of the Minister for Social Security regarding the potential impact of the redundancies of employees in the cleaning and Parks and Gardens services on the budget for Income Support and on Social Security contributions:

What discussions has the Minister had with the Minister for Infrastructure concerning the potential impact of the redundancies of employees in the cleaning and parks and gardens services on the budget for income support and on social security contributions and supplementation costs and, if none, why?

Deputy S.J. Pinel of St. Clement (The Minister for Social Security):

The Minister for Infrastructure and his officers are currently exploring options to reduce the overall cost of the services they provide as part of the wider programme of public sector reform. So far, progress has been made through voluntary redundancy measures and there has been no significant impact on income support or contributions. Comparing 2015 with 2014, preliminary figures show a decrease in the number of households needing income support and an increase in the number of workers contributing to the fund. We are, however, planning for the possibility that compulsory redundancies may be needed in some areas and the Social Security Department advisers have already provided support to the Department for Infrastructure staff. Our Back to Work teams are also ready to offer an outplacement service to any public sector employee subject to compulsory redundancy in the future. The value of the States grant into the Social Security Fund has already been fixed for this medium-term financial period at £65 million per year. The income support system and the Social Security Fund are both designed to deal with short-term fluctuations in demand. If compulsory redundancies do become necessary in the future we are well prepared to identify the overall financial impact on public funds at that time.

3.16.1 Deputy G.P. Southern:

Has the Minister seen the figures produced in response to question 22 which show that well over half of the workforce are over 50? Over 50s, largely unskilled or with very limited skills, are the hardest people to place in new employment, I believe, does she not agree? Even if all of the 50 redundancies were to find low-paid unskilled work, these family households will be some £7,000 a year worse off than they currently are. This is likely to lead to tremendous demand on income support, of the order of at least £330,000 and maybe £500,000 per year. Does she accept that that sort of impact is likely?

Deputy S.J. Pinel:

As I said in my first answer, the outplacement service, which is under the auspices of Back to Work, has been set up as a dedicated resource to support States of Jersey staff made compulsorily redundant, and there is a significant difference between voluntary redundancy, which is very much encouraged not to pursue on the basis that there may be a reliance on income support, and compulsory redundancy.

3.16.2 Deputy M. Tadier:

The Minister talks about there may be a need for compulsory redundancy, but can she confirm that in her department the advice is for staff not to take voluntary redundancy because, if they do so, they will be making themselves redundant and therefore they will be sanctioned if they try and claim? Is there not a tension here between the advice that the Minister is giving out for her department and the overall desire of her government to encourage people to take voluntary redundancy?

Deputy S.J. Pinel:

No, that is not quite what I said. There have been 5 sessions to date with the Back to Work teams and the outplacement service with the Department of Infrastructure, and the advice is not to take voluntary redundancy, but not to take it if one is going to then assume a reliance on income support.

3.16.3 Deputy M. Tadier:

Is it not the case that, at the point of taking voluntary redundancy, one does not know whether in the future one will end up on income support because one cannot know about the mortgage situation, the housing situation and the likely future employability, especially in the absence of disability and age discrimination legislation? So can the Minister perhaps comment on that and what advice is given by her department in that regard?

Deputy S.J. Pinel:

Yes. Of course, the whole essence of the Back to Work and outplacement services and Advance to Work services are to get people back into work, and of course there is no surety of future for people who have taken voluntary redundancy; all the department advises on is that they should not do this and expect income support automatically, because it works very differently with voluntary redundancy and compulsory redundancy, which is a different issue altogether and in which case income support does step in.

3.16.4 Deputy J.A. Martin:

Yes, just a clarification, really: can the Minister say whether this happens in all departments? I thought the decision to accept voluntary redundancy was to accept whether the job the person was doing was still needed. The Minister I think has just said: "Is still needed and will not end up on income support." Is this across all departments or just issued in her department?

Deputy S.J. Pinel:

No, it is across all departments: it is the difference between voluntary severance and voluntary redundancy as to whether the job is maintained or the job then no longer exists.

3.16.5 Deputy G.P. Southern:

When the Minister says that her department has contingency plans for what might happen in the future is she including in that the fact that these 50 redundancies are to save £2 million, and that the overall aim of this Council of Ministers is to save between £60 million and £70 million? Does she have that in her contingency budget if it should come to pass in the next 3 years as the Council of Ministers seeks to achieve their targets?

Deputy S.J. Pinel:

What we have in the budget is the flexibility to deal with the rise and fall of the demands on income support, which can happen from a day-to-day, week-to-week basis depending on the current situation. We had anticipated at Social Security a big demand on income support when the packing system was in operation that we had over here - I cannot remember the name of it now ... L.V.C.R. (Low Value Consignment Relief); that is the one, thank you - was in operation and, in fact, there was not the demand that we had anticipated. So you can put in contingencies for things that are not required in the end.