

**WRITTEN QUESTION TO THE MINISTER FOR SOCIAL SECURITY
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 2nd FEBRUARY 2010**

Question

Will the Minister detail for members the extent that the Social Security Department has been involved in discussions over the impact that the restructuring plan recently announced by Jersey Post will have on redundancies and reduced wages and consequently on the Department's expenditure on Income Support and supplementation? Will he give members an estimate of these projected costs?

Answer

A representative of the Social Security Department has met with the management of Jersey Post and members of the Communications Workers Union (CWU) following announced redundancies within the organisation. As members will be aware, Jersey Post is working with its employees to identify those who may wish to take voluntary redundancy. Departmental officers are presenting talks to the staff of Jersey Post to provide information on pensions, contributions and benefits in order that staff can make informed decision about their futures. Staff from Jersey Enterprise and Careers Jersey are also providing assistance to Jersey Post employees. The Jersey Advisory and Conciliation Service is also involved.

The information currently available suggests that 80 staff will be made redundant over a four year period, with opportunities for re-employment under a new organisational structure.

It is impossible, at this early stage, to quantify the possible additional Income Support expenditure, if any. Income Support is a household benefit and will vary according to, amongst other factors, the number of children in a household, the household tenure, and the income of a spouse or partner.

Supplementation acts as a benefit paid to lower paid workers. If an individual is receiving supplementation and then loses their job, the cost of supplementation will be reduced. If an individual is working and being paid above the earnings ceiling (£43,752 p.a. for 2010) and then loses their job, there is no impact on supplementation. It would also be possible for supplementation to increase if a worker agreed to a redundancy package from their current job, and was then re-employed at a lower wage, which was below the earnings ceiling.

There is a further possible financial implication in Social Security terms. Workers who are made compulsorily redundant may be entitled to claim contribution credits until they find alternative employment. Contribution credits create future benefit liability, the cost of which is borne by the Social Security Fund and, ultimately, contributors to the Fund.

Until such time as redundancy terms are finalised with individual workers, it is impossible to estimate any net increase or decrease in the departmental budget.