

STATES OF JERSEY



Jersey

DRAFT SOCIAL SECURITY (AMENDMENT OF LAW No. 17) (JERSEY) REGULATIONS 202-

**Lodged au Greffe on 18th November 2022
by the Minister for Social Security
Earliest date for debate: 17th January 2023**

STATES GREFFE

REPORT

Summary

This proposition is directly linked to the Government Plan 2023-2026 ([P.97/2022](#)).

Subject to approval of the Government Plan, the Minister for Social Security is proposing to stop the States grant from the Consolidated Fund to the Social Security Fund for 2023, in line with the proposals in the Government Plan 2023-2026.

These Regulations will implement this proposal.

The Minister for Social Security lodged these Regulations after the 6-week deadline for the States sitting of 13th December 2022. The Minister for Social Security apologises for missing the deadline and will ask States members if they would consider these Regulations after the Government Plan debate as they have done in previous years.

Background

The Social Security Fund receives contributions from employers and employees, and a contribution from the Consolidated Fund via a States Grant.

The States grant is a contribution from general taxpayer funds towards the cost of old age pensions for lower earners. It makes the funding of the scheme more progressive, and it also helps to create a regular level of total income into the Fund each year.

At the end of 2019, as part of the Government Plan 2020-23 ([P.71/2019](#)), States Members agreed to restrict the value of the States Grant to £65.3 million in 2020 and 2021, £76.14 million in 2022 and the value returning to its underlying formula-led value in 2023.

However, since April 2020, the States agreed to stop the States grant in 2020 ([P.31/2020](#)), 2021 ([P.130/2020](#)) and 2022 ([P.90/2021](#)) to help with the exceptional circumstances and costs of Covid-19.

The proposed Government Plan 2023-26 proposes to stop the States grant in 2023 as indicated in the previous Government Plans, before being reinstated in full in 2024.

Proposal

The proposed Government Plan 2023-2026 ([P.97/2022](#)) proposes to stop the States grant for 2023, before returning the grant to its full underlying formula-led value, currently estimated at £82.11 million, in 2024¹.

This is the final stage in enabling the Government to cope with the lost income and additional costs associated with Covid-19 and fund its capital and revenue expenditure programmes.

These Regulations deal with the grant for 2023.

No further Regulations will be needed in 2024 because the formula for calculating the value of the States grant will take over automatically.

¹ Table 11, on Page 38 of the proposed Government Plan 2023-26.

Social Security Fund sustainability

The Social Security Fund will be able to pay out benefits for the foreseeable future.

In 2021, the Fund paid out £261 million in contributory benefits (mostly the old age pension)². The forecast for the Social Security Fund and Social Security Reserve Fund shows that there is expected to be a combined balance of over £2,400 million by 2026. This is the equivalent to 9 years of Social Security pension and contributory benefits spend.

The Social Security Fund is currently undergoing an actuarial review which will provide projections of income and expenditure over the next 60 years under different net migration and investment assumptions. This will be published in the second quarter of 2023 and will support the Government's long term planning for the Social Security Fund.

Table 2: Estimate of Social Security Fund balances (including planning assumptions in Government Plan)

Social Security Fund				
	2023	2024	2025	2026
£'000	Estimate	Estimate	Estimate	Estimate
Opening Balance	72,664	75,971	66,046	64,713
Social Security Contributions	228,037	236,703	243,567	250,387
Other income	32	32	32	32
Transfer from Social Security Reserve	89,000	-	-	-
Grant to Social Security Fund	-	82,110	88,640	91,090
Social Benefit Payments and other expenditure	(301,262)	(320,520)	(333,572)	(345,730)
Capital investment in New Benefits System	(12,500)	(8,250)	-	-
Closing Balance	75,971	66,046	64,713	60,492

Table 45: Social Security Fund

Table 3: Estimate of Social Security (Reserve) Fund balances (including planning assumptions in Government Plan)

Social Security (Reserve) Fund				
	2023	2024	2025	2026
£'000	Estimate	Estimate	Estimate	Estimate
Opening Balance	2,071,531	1,982,531	2,119,326	2,240,128
Return on investments	-	136,795	120,802	120,967
Transfers	(89,000)	-	-	-
Closing Balance	1,982,531	2,119,326	2,240,128	2,361,095

Table 46: Social Security (Reserve) Fund

Explanation of the Regulations

Regulation 1 – No States grant will be paid for 2023.

Regulation 2 – Changes come into force on 1 January 2023.

² [States of Jersey 2021 annual report and accounts](#), page 402

Financial and manpower implications

£72 million will not be transferred from the Consolidated Fund to the Social Security Fund in 2023.

The Social Security Fund will use reserves from the Social Security Reserve Fund to help pay for the scheme's working age contributory benefits and the old age pension during 2023.

There are no manpower implications.

EXPLANATORY NOTE

These Regulations, if made, would amend the Social Security (Jersey) Law 1974 (the “Law”) to remove the requirement for the States to contribute to the Social Security Fund in 2023.

Regulation 1 amends Article 9A of the Law. The effect of the amendment is that the States are not required to contribute an annual amount to the Social Security Fund in 2023.

Regulation 2 gives the title of these Regulations and provides that they come into force on 1st January 2023.



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Made [date to be inserted]

Coming into force [date to be inserted]

THE STATES make these Regulations under Article 50 of the [Social Security \(Jersey\) Law 1974](#) –

1 Article 9A (contributions by States to supplementation) of the [Social Security \(Jersey\) Law 1974](#) amended

In Article 9A(4) of the [Social Security \(Jersey\) Law 1974](#) for “2022” there is substituted “2023”.

2 Citation and commencement

These Regulations may be cited as the Social Security (Amendment of Law No. 17) (Jersey) Regulations 202- and come into force on 1st January 2023.