

STATES OF JERSEY



Jersey

DRAFT SOCIAL SECURITY (AMENDMENT OF LAW – PAYMENTS INTO SOCIAL SECURITY FUND) (JERSEY) REGULATIONS 202-

**Lodged au Greffe on 31st October 2023
by the Minister for Social Security
Earliest date for debate: 12th December 2023**

STATES GREFFE

REPORT

Background

The [Government Plan 2024-2027](#) provides proposals for the reinstatement of the States Grant into the Social Security Fund.

This is explained on pages 89 and 90 of the Government Plan as follows:

The Social Security Fund receives allocations from Social Security contributions from employers and working-age adults and an annual States Grant. The Fund supports the wellbeing of Islanders by providing old age pensions and a range of working age benefits.

The previous States Assembly agreed that no States grant would be paid into the Social Security Fund for 2020 to 2023 to offset the impact of Covid-19 on the public finances. Funds have been drawn from the Social Security Reserve Fund in these years to support the payment of pensions and contributory benefits.

The States grant to the Social Security Fund will be reinstated in full during the plan, but the reintroduction has been phased to allow for the additional pressures on public finances in the early years of the plan. For 2024 and 2025, the value of the States Grant will be reduced by £20 million each year from the formula value. This will allow vital public services to be funded over these two years at a time when overall government finances remain constrained. The value of the Grant in 2027 would be increased by £40 million when Government finances are forecast to be in a stronger position. The Grant would then return to formula in future years. In 2024 and 2025 additional transfers from the Reserve Fund may be needed to support ongoing benefit and pension costs. Legislation to adjust the value of the States Grant will be lodged for debate immediately after the Government Plan debate.

These Regulations make these adjustments.

Regulations

Article 9A of the [Social Security \(Jersey\) Law 1974](#) provides a calculation for the value of the States Grant to be paid into the Social Security Fund each year.

The Regulations adjust that calculation to reduce the value by £20 million in each of 2024 and 2025 and to increase it by £40 million in 2027. In 2026 the formula will be unadjusted.

If approved, the Regulations will come into force a week after approval.

Financial and staff implications

There are no staffing implications. The financial implications are as set out in the Government Plan 2024-2027. The Consolidated Fund will make payments into the Social Security Fund in 2024 and 2025 which are each £20 million lower than the formula value and in 2027 the payment made will be £40 million above the formula value.

EXPLANATORY NOTE

These Regulations, if passed, will amend the Social Security (Jersey) Law 1974 (“the Law”) to change the calculation of the amounts to be paid into the Social Security Fund in 2024, 2025 and 2027. The amendments do not affect the way that the amount for 2026 is calculated.

The amount to be paid into the Fund in 2024 and 2025 is calculated for the year by using the formula in Article 9A(2) of the Law and deducting £20,000,000. If the result of the calculation is less than zero, the amount to be paid is zero.

The amount to be paid into the Fund in 2027 is calculated by using the formula in Article 9A(2) of the Law and adding £40,000,000. If the result of the formula in Article 9A(2) is less than zero, the amount to be paid is £40,000,000.

The Regulations come into force 7 days after they are made.



Jersey

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Made [date to be inserted]
Coming into force [date to be inserted]

THE STATES make these Regulations under Articles 50 and 51 of the [Social Security \(Jersey\) Law 1974](#) –

1 Amendment of the [Social Security \(Jersey\) Law 1974](#)

In Article 9A of the [Social Security \(Jersey\) Law 1974](#) for paragraph (4) there is substituted –

- “(4) Despite paragraphs (2) and (3) –
- (a) subject to paragraph (4A), the amount to be paid for 2024 is the product of the formula in paragraph (2), less £20,000,000;
 - (b) subject to paragraph (4A), the amount to be paid for 2025 is the product of the formula in paragraph (2), less £20,000,000; and
 - (c) subject to paragraph (4B), the amount to be paid for 2027 is the product of the formula in paragraph (2), plus £40,000,000.
- (4AA) If the amount calculated under paragraph (4)(a) or (b) is less than zero, no amount is to be paid for the year.
- (4AB) When calculating the amount under paragraph (4)(c), if the product of the formula in paragraph (2) is less than zero, the amount to be paid is £40,000,000.”.

2 Citation and commencement

These Regulations may be cited as the Social Security (Amendment of Law – Payments into Social Security Fund) (Jersey) Regulations 202- and come into force 7 days after they are made.