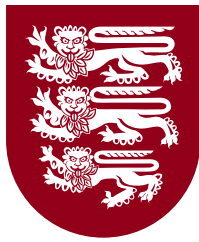


STATES OF JERSEY



Jersey

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

**Lodged au Greffe on 16th September 2024
by the Minister for Social Security
Earliest date for debate: 12th November 2024**

STATES GREFFE

REPORT

Background

The Council of Ministers has committed to make living in Jersey more affordable for Islanders by providing a transition towards a living wage through increases in the minimum wage.

This is explained in page 8 of the [Common Strategic Policy 2024-2026](#) as follows:

“We will commit to implementing the States Assembly decision to bring the minimum wage to two-thirds of the median wage by the end of this term of office. We will be providing a range of support to employers and employees, as needed, during this transition. Achieving this priority will support employees in critical industries like retail, hospitality and agriculture with higher wages. It will also help support a thriving and more productive local economy and help us to attract workers to alleviate labour shortages.”

To provide transitional support over the next two years, the Proposed Budget (Government Plan) 2025-2028 ([P.51/2024](#)) provides proposals for the reduction of the States Grant to the Social Security Fund by £10 million in 2025 and £10 million in 2026. The funding released will be ringfenced to help employees and employers adjust to the transition towards a living wage.

This is explained on page 84 of the Budget (Government Plan) as follows:

“In support of the 2024 Common Strategic Policy, Ministers propose making an adjustment to the increase in the States Grant payment in 2025 and 2026 in order to provide one off funding to support the transition to a living wage. For these two years, the value of the States Grant will be £10 million lower than the formula value, with the full formula value paid from 2027 onwards. The £20 million released will be wholly allocated to support packages to be provided to both employers and employees during the transition to a living wage. In the event that the full allocation is not required, the balance will be returned to the Social Security Fund. This temporary adjustment is not considered to have any long-term impact on the health of the Social Security fund.”

These Regulations make these adjustments.

Regulations

Article 9A of the [Social Security \(Jersey\) Law 1974](#) provides the formula used to calculate the value of the States Grant from the consolidated fund into the Social Security Fund each year.

The Regulations adjust the calculation to reduce the value by £10 million in 2025 and £10 million in 2026. In 2027 the formula will provide a payment according to the full formula.

Financial and staffing implications

There are no staffing implications. The financial implications are as set out in the Proposed Budget Plan 2025-2028. The Consolidated Fund will make payments into the Social Security Fund in 2025 and 2026 which are each £10 million lower than the formula value.

The £20 million released will be allocated only for the purpose of supporting employers and employees during the transition towards a living wage. In the event that the full allocation is not needed, the balance will be returned to the Social Security Fund. This adjustment is not expected to have any long-term impact on the health of the Social Security Fund.

Children's Rights Impact Assessment

A Children's Rights Impact Assessment (CRIA) has been prepared in relation to this proposition and is available to read on the States Assembly website.

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 2025 and 2026.

The amount to be paid into the Fund in 2025 and 2026 is calculated for each year by using the formula in Article 9A(2) of the Law and deducting £10,000,000. If the result of the calculation is zero or less, the amount to be paid is zero.

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



Jersey

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

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 (contributions by States to supplementation) of the [Social Security \(Jersey\) Law 1974](#) for paragraph (4) there is substituted –

- “(4) Despite paragraphs (2) and (3) –
- (a) subject to paragraph (4AA), the amount to be paid for 2025 is the product of the formula in paragraph (2), minus £10,000,000; and
 - (b) subject to paragraph (4AA), the amount to be paid for 2026 is the product of the formula in paragraph (2), minus £10,000,000.
- (4AA) If the amount calculated under paragraph (4)(a) or (b) is zero or less, no amount is to be paid for the year.”.

2 Citation and commencement

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