2025.09.30

4.12 Deputy J. Renouf of St. Brelade of the Minister for Social Security regarding the Government grant to the Social Security Fund (OQ.210/2025):

Will the Minister advise what work was undertaken prior to the publication of the Proposed Budget (Government Plan) 2026-2029 to ensure that the Government grant to the Social Security Fund could be reduced without damaging the ability of the fund to meet its future commitments and explain why, given the scale of the reduction, the next actuarial review was not brought forward to inform the budget decision?

Deputy L.V. Feltham of St. Helier Central (The Minister for Social Security):

The Proposed Budget includes a temporary reduction in the States grant to the Social Security Fund until 2029. Detailed estimates were prepared by Treasury and considered at length by the Council of Ministers prior to the publication of the Budget. The estimates that appear on page 91 of the Budget document show that the temporary reduction will not damage the ability of the fund to meet its future commitments. The Social Security Reserve Fund balance is expected to increase to £2.5 billion at the end of 2025 and to £3 billion at the end of 2029. The periodic actuarial review of the fund is a detailed and time-consuming piece of work designed to support longer-term policy decisions. The reviews are scheduled to give each Government the most up-to-date information possible on long-term trends and it would not be appropriate to move this timetable due to a proposal for a temporary reduction, which does not have a long-term impact on the fund.

4.12.1 Deputy J. Renouf:

The Budget proposes temporarily reducing contributions by a quarter of a billion pounds over 4 years after which Government contributions will revert. However, the spending, which the withheld contributions are funding, is ongoing expenditure in health, education and childcare. How can the future viability of the fund survive when exactly the same pressures as are present now will be present in 4 years' time?

Deputy L.V. Feltham:

The pressures may be similar or the same but the solution may well be different. As discussed in my quarterly Scrutiny hearing last week, officers and the actuaries are going to review options for the Social Security Fund to help the next Government develop a long-term strategy for it, given the demographic changes taking place and wider pressures on Government finances. This will be ready by July 2026 so that it is available for future consideration for future Budgets.

4.12.2 Deputy I. Gardiner of St. Helier North:

I thank the Minister about temporary measures but why was the one-off £50 million, another temporary measure reduction to the States grant to the Social Security Fund for 2025, requested in this Budget retrospectively and what assessment has been made?

Deputy L.V. Feltham:

Again, this is a one-off reduction and is not considered to damage the ability of the fund to meet its future requirements. In considering matters to do with the Budget, there was robust discussion around the table of the Council of Ministers. I am not a quiet member of that Council, so I did give good challenge, I believe, to the Treasury to give myself assurance that the temporary change being made would not affect the future long-term ability of the fund to meet its requirements. We have to remember that the grant going into the fund is taxpayers' money and it was more appropriate, in my view, that taxpayers' money was used to fund the things that we have chosen to fund rather than it go into an overperforming fund.

4.12.3 Deputy I. Gardiner:

We have another one-off and now we are having 5 years reduction of the grant. Would the Minister consider that this major policy decision on reducing the States grant for 5 years would benefit from conducting the actuarial review, that is scheduled for 2026, now and to present to the Members of the Assembly the health of the fund before making a major decision on the reduction of 5 years going forward?

Deputy L.V. Feltham:

The health of the fund and the estimates for the next 4 years are indeed in the Government Plan document and available for all Members to see. I must remind Members that changing the amount of money going into the grant is subject to a proposition that I will bring to this Assembly and that is for a one-off change and not an ongoing change beyond the time of this particular Government Plan.

4.12.4 Deputy J. Renouf:

The spending in the Budget is long term but the funding mechanism is time limited. What does it say about Jersey's reputation for fiscal prudence that we are committing to long-term expenditure without any idea of how we will meet that commitment and simply dumping the problem into the next Government's lap?

[11:00]

Deputy L.V. Feltham:

We have very immediate needs in areas such as residential childcare that need funding. In my view, I think taxpayers want us to meet the needs of our community and when looking at where to meet those needs in the short term, reducing the grant to the Social Security Fund appeared to meet the needs of our community in a much better way than not reducing it. As I have said in my previous answers, we have requested additional advice from the actuaries, which will be available to inform the future Government and long-term decision making.

Deputy J. Renouf:

Point of order, Sir. The question was: what does it say about Jersey's reputation for fiscal prudence that we are committing to long-term expenditure without any idea of how we will meet that? The Minister answered the question why it is a jolly good idea to divert the funds, not the question of what it does to our fiscal reputation.

The Bailiff:

I think that is probably a fair point, Minister, so if you would like to answer that particular question, do so.

Deputy L.V. Feltham:

I think using taxpayers' money in the way that we have proposed is the most fiscally prudent thing to do at this point in time.