2025.12.08

2.7 Deputy J. Renouf of St. Brelade of the Minister for Social Security regarding the impact of cuts to the States Grant in relation to the Social Security Fund (OQ.267/2025):

In relation to her correspondence with the actuary regarding the impact of cuts to the States grant in relation to the Social Security Fund, will the Minister explain why she did not take up the actuary's offer to update the best estimate assumptions from 2021, so as to properly inform the debate on the proposed Budget?

Deputy L.V. Feltham (The Minister for Social Security):

Just to clarify that the Deputy is referring to the actuary's offer to provide best estimate assumptions for investment returns; can I just clarify that from the Deputy? It is not clear from the question.

Deputy J. Renouf:

Yes, it was the assumptions around investment returns to the fund.

Deputy L.V. Feltham:

I am, of course, interested in the actuary's view on their best estimate assumptions for the investment returns for the fund into the future, and I have asked officers to ensure that that is in the scope for the additional piece of work that they will be doing at the beginning of next year.

2.7.1 Deputy J. Renouf:

I am not sure that has answered the question. I asked why she has not done it.

Deputy L.V. Feltham:

I have made the request to go back to the initial question in order to inform the debate on the proposed change. It is important that we do not change too many assumptions. That is why we looked at previous assumptions, so that we could see the impact of the change that we are intending to make. It will be important for future decisions to have a look, and I agree that it will be useful to get the actuary's advice on best estimate assumptions for investment returns. But for this Budget, what is important is we see the difference that the action that we are taking will make.

2.7.2 Deputy Sir P.M. Bailhache of St. Clement:

May I put the question in a slightly different way? Does the Minister not accept that it would have been helpful to Members of the Assembly to know the actuary's views on the investment income assumption before the debate on the Budget?

Deputy L.V. Feltham:

The States Members have forecasts against 3 possible investment returns. Those are sensible forecasts and I do not think requesting additional work from the actuaries at this point in time would have been good value for money.

2.7.3 Deputy Sir P.M. Bailhache:

Well, I am not sure the Minister has answered my question. Would it not be helpful to Members of the Assembly to have that information before the debate?

Deputy L.V. Feltham:

We are dealing with forecasts here. We have a range of possible investment forecasts that have been given to States Members so that they can see possible outcomes for the fund. The fund has performed well in recent years and over the longer term, and those forecasts are based on previous forecasts as well. It was important that we keep those things constant.

2.7.4 Deputy A.F. Curtis:

The Minister has said this is information she will seek in future, but will she explain why she did not immediately take up an offer? So when an expert offers you the opportunity for advice, often a good thing to do is to take their hand and shake it and take the advice as soon as you can. Why did she not respond quickly to the actuaries and say: "We would like this further information you are offering to perform"?

Deputy L.V. Feltham:

I have confidence in the advice that we have received from our investment advisers and from Treasury. The information that the Deputies are referring to is useful information for longer-term decisions, when we are seeking to make longer-term changes, less useful for this short-term measure that we are proposing in this Budget.

2.7.5 Deputy A.F. Curtis:

Will the Minister confirm that her assessment of changing the grant to the tune of tens of millions of pounds every year for 4 years is a minor short-term adjustment, notwithstanding the scale of the fund?

Deputy L.V. Feltham:

It is not a minor adjustment. It is an adjustment that is very important to this Island to ensure that we can put money into healthcare and into the things that we need to now. When we look at the longer-term changes that may or may not be made into the Social Security Fund I will ensure, as I have promised this Assembly, that we have all of the information from the actuaries and I will ensure that this information is included in that scope. I have already being requested that that be done.

2.7.6 Deputy J. Renouf:

Yes, these are some very unsatisfactory answers. The Minister says she will seek this advice in the future. She says that it will be useful for longer-term decisions. But the context for this is this letter was produced as a rabbit from the hat in a Scrutiny hearing when the Minister was under pressure to explain how she could justify taking money from the Social Security grant. Here was a letter that said that the money could be afforded. When that letter was examined it showed that the actuaries had said: "Well, you have given us some assumptions, we will offer to judge whether those assumptions are good enough." The Minister has been under pressure now for 2 months to take the actuaries up on that advice and has declined to do so. Why is the Minister not relentless in her determination to find out whether the Social Security Fund could do without the grant, rather than ducking and weaving to avoid getting advice that might clarify the matter?

Deputy L.V. Feltham:

I have sought advice from our investment advisers and our advisers in Treasury. I have requested that the information that is included within the question is within the scope of the work that will be undertaken early next year.