# STATES OF JERSEY

Jersey

# DRAFT SOCIAL SECURITY LAW (JERSEY) AMENDMENT REGULATIONS 202-

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**Lodged au Greffe on 27th October 2025**
**by the Minister for Social Security**
**Earliest date for debate: 8th December 2025**

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**STATES GREFFE**

# REPORT

## Summary

This proposition is directly linked to the Proposed Budget 2026-2029 (P.70/2025) (in particular, pages 48, 49, 90 and 91).

Subject to approval of the Budget, the Minister for Social Security is proposing to reduce the States grant from the Consolidated Fund to the Social Security Fund from 2025 to 2029, in line with the proposals in the Proposed Budget 2026-2029.

**Table 1: Proposed States grant amounts (rounded to nearest £m)**

| | 2025 | 2026 | 2027 | 2028 | 2029 |
|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m |
| States grant - Proposed and forecast | 30 | 23 | 52 | 54 | 55 |

A temporary reduction in the value of the States grant will not compromise the ability of the Social Security Fund to meet its commitments in the future.

The States grant will return to its full value in the legislation in 2030.

These Regulations will implement this proposal.

## Background

The Social Security Fund supports the wellbeing of Islanders by providing old age pensions and a range of working age benefits. The 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.

With a Social Security (Reserve) Fund of £2.5 billion, the investment income from the reserve provides a significant additional source of income into the Fund (2024: £273 million).

While investment returns will fluctuate from year to year, the average annual return over the last 5 years has been 9.3% with a 7.3% average annual return over the last ten years. These investment returns, combined with the existing contribution rate and States grant, suggest that the Reserve Fund will continue to expand while also meeting the increasing cost of pensions.

## Proposal

| Year | Proposed States grant value |
|---|---|
| 2025 | £30,368,000 |
| 2026 | £22,768,000 |
| 2027 | The 2026 rebased grant (£50,368,000) plus the average earnings growth for 2025 |
| 2028 | The 2027 grant plus the average earnings growth for 2026 |
| 2029 | The 2028 grant plus the average earnings growth for 2027 |

The calculation of the States grant for 2027 to 2029 will be based on the latest average earnings figure that is published during the process of creating the Budget in the year.

The underlying funding structure of the scheme is not affected by these draft Regulations. Assembly decisions would be needed to make any further changes to the underlying formula of the States grant or the contribution rates.

If no other action is agreed before then, the States grant will revert to its formula value from 2030 onwards. No further regulations will be needed in 2030 because the formula for calculating the value of the States grant will be re-activated automatically.

**Social Security Fund sustainability**

The Social Security (Reserve) Fund holds the balances built up in the Social Security Fund and is critical in supporting intergenerational fairness and managing the impact of an ageing population on future pension costs.

The Social Security Fund will be able to pay out benefits for the foreseeable future with a reduced States grant up to 2029.

Advice from the actuary of the Social Security Fund has been published on the Government of Jersey's website.

The fund balance in 2029 is forecast to be £2.96 billion, equivalent to 7.5 times benefit expenditure, compared to £2.6 billion, equivalent to 7.4 times benefit expenditure in 2026.

Alongside the regular actuarial review of the Social Security (Reserve) Fund as at 31st December 2025, the Minister for Social Security will instruct the independent actuary to undertake a full review of the current funding policy of the scheme as established in the late 1990s. The review will include the outcome of the decisions taken at that time and an assessment of the current position.

**Proposed Budget tables**

**Table 2: Original and proposed values for the States grant (including planning assumptions in the Proposed Budget)**

| | Adjustments to the grant to the Social Security Fund | | | | |
|---|---|---|---|---|---|
| 2025 Amended | £'000 | 2026 Estimate | 2027 Estimate | 2028 Estimate | 2029 Estimate |
| **90,368** | **States grant formula value** | **97,027** | **94,272** | **99,727** | **100,876** |
| - | Rebase grant at £50m and index with AEI | (46,659) | (42,073) | (45,877) | (45,377) |
| **90,368** | **Rebased States Grant** | **50,368** | **52,199** | **53,850** | **55,499** |
| | **One-off grant adjustments;** | | | | |
| (10,000) | Better business support – Budget 2025 | (10,000) | - | - | - |
| (50,000) | Amendment to Budget 25 | - | - | - | - |
| - | Capital funding | (17,600) | - | - | - |
| **30,368** | **Rebased States grant (after one-off)** | **22,768** | **52,199** | **53,850** | **55,499** |

Table 12: Adjustments to the States Grant

**Table 3: Estimate of Social Security Fund balances (including planning assumptions in the Proposed Budget)**

| Social Security Fund | | | | |
|---|---|---|---|---|
| £'000 | 2026 Estimate | 2027 Estimate | 2028 Estimate | 2029 Estimate |
| **Opening Balance** | **107,733** | **108,670** | **111,185** | **120,145** |
| Social Security Contributions | 285,000 | 295,000 | 305,000 | 315,000 |
| Other income | 185 | 188 | 192 | 192 |
| Transfer from Social Security (Reserve) Fund | 64,259 | 42,073 | 45,877 | 45,377 |
| Grant to Social Security Fund | 22,768 | 52,199 | 53,850 | 55,499 |
| Social Benefit Payments | (352,789) | (366,598) | (379,684) | (392,721) |
| Other Expenditure | (17,368) | (16,854) | (11,549) | (9,915) |
| Revenue expenditure on New Benefits System | (1,118) | (3,493) | (4,726) | (5,197) |
| **Closing Balance** | **108,670** | **111,185** | **120,145** | **128,380** |

Table 43: Social Security Fund

**Table 4: Estimate of Social Security (Reserve) Fund balances (including planning assumptions the Proposed Budget)**

| Social Security (Reserve) Fund | | | | |
|---|---|---|---|---|
| £'000 | 2026 Estimate | 2027 Estimate | 2028 Estimate | 2029 Estimate |
| **Opening Balance** | **2,541,574** | **2,619,643** | **2,734,749** | **2,844,753** |
| Investment income | 142,328 | 157,179 | 155,881 | 162,151 |
| Transfer to Social Security Fund | (64,259) | (42,073) | (45,877) | (45,377) |
| **Closing Balance** | **2,619,643** | **2,734,749** | **2,844,753** | **2,961,527** |

Table 44: Social Security (Reserve) Fund

## Explanation of the Regulations

The Regulations set out the exact values of the States grant from 2025 to 2029.

Regulation 1 – states these Regulations amend the Social Security (Jersey) Law 1974.

Regulation 2 – sets the States grant values for 2025 to 2029. The States grant values for 2027 onwards is increased by average earnings from two years previous (the latest published figure available during the Budget development).

Regulation 3 – changes come into force 7 days after they are made.

## Financial and staffing implications

The States grant is a transfer of money from the Consolidated Fund to the Social Security Fund. These Regulations would reduce the States grant as follows.

| | 2025 | 2026 | 2027 | 2028 | 2029 |
|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m |
| **States grant - Proposed and forecast** | **30** | **23** | **52** | **54** | **55** |
| Proposed and forecast decreases | 50 | 64 | 42 | 46 | 46 |

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 Social Security pension from 2026 - 2029.

There are no staffing implications as a result of this proposition.

**Children's Rights Impact Assessment**

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

## EXPLANATORY NOTE

These Regulations will, if made, amend Article 9A of the Social Security (Jersey) Law 1974 to provide for the amounts to be paid by the States into the Social Security Fund for 2025 to 2029.

The amounts for 2025 and 2026 are set at £30,368,000 and £22,768,000, respectively.

The amount for 2027 is £50,368,000 adjusted by the percentage rise or fall in the Jersey Index of Earnings from 2025.

The amounts for 2028 and 2029 are calculated using the amount paid in by the States for the previous year adjusted by the percentage rise or fall in the Jersey Index of Earnings from 2 years earlier.

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

Jersey

# DRAFT SOCIAL SECURITY LAW (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 Social Security (Jersey) Law 1974 amended

These Regulations amend the Social Security (Jersey) Law 1974.

## 2 Article 9A (contributions by States to supplementation) amended

(1) This Regulation amends Article 9A.

(2) For paragraph (4) there is substituted –

(4) Despite paragraphs (2) and (3) –

(a) the amount to be paid for 2025 is £30,368,000; and

(b) the amount to be paid for 2026 is £22,768,000.

(3) Paragraph (4AA) is deleted.

(4) Before paragraph (5) there is inserted –

(4B) Despite paragraphs (2) and (3), the amount to be paid for 2027 is the product of the following formula –

£50,368,000 x (1 + C)

Where C is the percentage rise or fall in the Jersey Index of Earnings in the base year.

(4C) Despite paragraphs (2) and (3), the amount to be paid for 2028 or 2029 is the product of the following formula –

A x (1 + C)

Where –

(a) A is the amount paid into the Social Security Fund for the previous year, as determined under this Article; and

(b) C is the percentage rise or fall in the Jersey Index of Earnings in the base year.

## 3 Citation and commencement

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