Government of Jersey
Union Street | St Helier | Jersey | JE2 3DN

Deputy Louise Doublet
Chair – Health and Social Security Scrutiny Panel
By email

20th October 2025

Dear Chair

Re: Health and Social Security Scrutiny Panel – Proposed Budget 2026-2029 Review (Actuary Advice)

Thank you for your letter dated the 13th October, regarding the Panel's review of the Proposed Budget 2026-2029 and the Actuary's advice that had been shared with the Panel.

The Panel believes it is in the public's best interest for this advice to be made publicly available. Transparency is essential to ensure that the Panel can properly scrutinise the proposals and that the public can engage with the process in an informed manner. We note that previous Actuary Reviews have been published and presented to the States Assembly as formal Reports, and we would expect the same standard to apply in this instance.

I have published the actuary's letter in the draft Budget section on the Government of Jersey's webpage:
https://www.gov.je/Government/PlanningPerformance/GovernmentProgramme/GovernmentPlan/Pages/Budget2026To2029.aspx#anchor-4

The proposal in the draft Budget is to temporarily reduce the States grant until 2029, and in 2030 it will return to its full value as required in the Social Security (Jersey) Law 1974.

I asked my officers to seek advice from the actuaries during August. This was an iterative process and led to a final letter of analysis and advice being provided at the beginning of September.

Officers asked the actuary to provide updated projections in respect of a permanent reduction to the States Grant.

The actuaries specialise in providing analysis over very long time periods covering generations of workers and pensioners. As such we tend to ask them to model permanent changes in policy which can provide helpful context for any temporary changes of policy Ministers are interested in.

I also thought it would be useful to inform future discussions as there may be a need for ongoing funding from 2030 onwards.

The actuary updated their 2021 actuarial review projections (net-nil, net +325 and net +700 migration) with:

- Reserves balances since 2021
- Higher investment return assumption (an extra 1% per year in line with investment targets and previous investment returns to the Fund)
- Proposed Budget 2026-2029 States grant values
- Lower States grant values 2030 onwards (£45m a year reduction in real terms)

We would also like to ask whether the Minister sought any further actuarial or financial advice regarding the proposed reduction in the States grant. If not, the Panel would urge the Minister to do so to ensure that the proposals are sufficiently informed and that the assumptions underpinning them can be robustly assessed for reasonableness. If this action is not taken, the panel would welcome an explanation of the reasons why.

Ministers regard the Treasury's forecasts and assumptions in the draft Budget as robust and reliable. I am also mindful that States Members and members of the public are raising concerns about what the long-term impacts of the proposal to temporarily reduce the States grant could be.

I want to ensure States Members and the public are fully informed ahead of the debate on the draft Budget, so I have requested further advice from the actuaries on the draft Budget proposal.

This will build on their advice so far and include more information on the assumptions they have made in their analysis, including on earnings and investment returns. I will publish this when the actuaries have completed their work, which I expect will be early in November.

Furthermore, we would welcome clarification on whether the policy priorities guiding these proposals are based on long-term strategic planning rather than a focus limited to the next ten years. Understanding the long-term implications of the proposed changes is essential for the Panel to assess their sustainability and impact on future generations.

In this context, we also seek clarity on what consideration has been given to adjacent policies and legislation—such as those addressing the declining birth rate and migrant worker policies that restrict settlement and family formation on the island—as these factors may significantly influence future contributions and demographic sustainability.

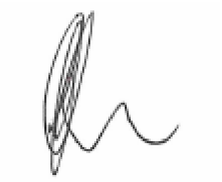
The temporary reduction in the States grant is to help pay for critical priorities over the next four years, without compromising the future of the Social Security scheme.

I'm also supporting planning for the long-term, and am asking the actuaries to review the current funding of the Social Security scheme which was established in the 1990s. This will include looking at the reasons for the decisions taken at the time, developments since then and long-term options for contributions, States grant, reserves balances, recognising the demographic outlook and other relevant trends. This will be ready for the new government in June next year.

There will also be the 4 yearly actuarial review, which is legally required, and this will be ready early in 2027. This will provide updated financial projections for the Social Security scheme over the next 60 years under different scenarios, using the latest information and population projections.

I hope that the above information is helpful to the Panel’s review of the Proposed Budget. Please do let me know if the Panel have any further questions on this area.

Kind regards,



Deputy Lyndsay Feltham
Minister for Social Security