Submission to the Corporate Services Scrutiny Panel

Budget 2027–2030: Transparency, informed decision-making and the long-term funding of the Social Security Funds

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Position: Members of the public

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Budget under consideration: Proposed Budget 2027–2030, P.73/2026

Budget debate: 8 December 2026

Summary: what we are asking the Panel to do

Our main request is time-critical. We ask the Panel to seek, as an early priority, a supplementary and publicly available Budget paper from the Council of Ministers, published in time for Members and the public to read it before the Budget debate on 8 December 2026 (Recommendation A).

Why it matters now. The Budget asks the Assembly to approve a transfer of £42.073 million from the Social Security (Reserve) Fund in 2027 to offset the reduced States Grant [2, proposition paragraph (e), p.100; Summary Table 6, p.105; p.88]. The Budget does not give Members the information they need to judge that decision:

- It does not show the Grant that would have been paid under the formula, or what the operating balance would be without the reduction. Last year the Fiscal Policy Panel (FPP) found that the forecast return to an operating surplus in 2027 was "only achieved because of the reduction in the States Grant" [5, p.17].
- It does not discuss the Government Actuary's finding that, under the Grant arrangements modelled, the projected exhaustion date of the Fund moved from 2082 to 2072 [6, para 16].
- It does not respond to the FPP's advice that drawdowns "should only be made on the basis of a comprehensive actuarial assessment of future pension liabilities", or its description of last year's decision as "not prudent" [5, p.6].
- There does not appear to be any formal, documented measure, reviewed by the FPP and approved by the Assembly, that shows when the Fund is in surplus, or any similar funding measure. Without one, it is hard to see how reducing the money paid into the Fund, and drawing down the Reserve Fund, can be judged prudent (Recommendation C).
- In January 2026 the Chief Minister said the independent actuary's "full review of the current funding policy of the scheme" would "report in June 2026" [12]. The Budget now says the reviews of the Social Security Funds will be published in spring 2027 [2, p.89], after the vote.

The supplementary paper should provide, as a minimum:

1. the Grant payable under the pre-rebasing formula, the amount budgeted, and the difference, for each year;
2. the operating balance with and without the reduction;
3. the existing actuarial evidence, and whether it has been updated;
4. an explicit response to the FPP's advice;
5. how the 2030 restoration of the full Grant will be funded;

6. how the decision has been assessed against the long-term sustainability of the States' finances and the sustainable well-being of Islanders "over successive generations", as the Public Finances Law requires, including fairness between generations, which the Budget says the Reserve Fund is "critical in supporting" [2, p.88].

The full list is in Recommendation A. Section 7 sets out written questions, seven of them priorities before the Panel's hearing on 9 November. We also ask the Panel to recommend standing principles for future Budgets (Recommendation B) and a clear funding policy for the Social Security Funds (Recommendation C).

1. Introduction

Our primary concern is that the Budget does not provide a sufficiently transparent, balanced, reasoned and evidence-based explanation of the decisions it asks States Members to make, or of their implications, either for the public finances in the short term or for the longer-term position of the funds affected.

This matters most where decisions involve the Social Security Fund and the Social Security (Reserve) Fund. Islanders contribute to Social Security throughout their working lives, and decisions about the funding of pensions have implications across generations. Members and the public should be able to understand what the Government proposes, why it considers the proposals justified, what evidence supports them, and what the consequences are likely to be.

The question is therefore not simply whether the Government's approach is right or wrong. It is whether the Budget presents the information needed to assess it, without Members and Islanders having to reconstruct the rationale from separate documents, reports and debates. This submission uses the States Grant and the Social Security (Reserve) Fund as a case study.

Our separate submission to the Health and Social Security Panel, whose remit covers the Social Security Funds, deals with safeguards for the Social Security (Reserve) Fund: a written funding policy, the actuarial review, and the legal rules on what the Fund can be used for. This submission concentrates on what the Budget tells the Assembly.

2. The statutory requirements for long-term financial thinking

The Public Finances (Jersey) Law 2019 requires the Council of Ministers, in preparing the Budget, to take into account "the medium-term and long-term sustainability of the States' finances" and to set out in the Budget how its proposals take that into account (Article 9(6)). It must likewise take into account "the sustainable well-being … of the inhabitants of Jersey over successive generations" and set out how its proposals do so (Article 9(9)). The Budget must also include "any other information that the Council of Ministers reasonably believes may be needed for the States to be able to consider" the matters it covers (Article 9(4)(b)) [1].

These requirements are directly relevant to the Social Security Funds. The immediate effect of reducing the States Grant is visible in the current Budget; the consequences for pension funding emerge over decades. The issue for Scrutiny is whether the Budget explains how the proposals take account of long-term sustainability and the well-being of successive generations.

3. The purpose of the States Grant and the basis for reducing it

The States Grant has a specific purpose. Where a person's earnings are above the Lower Earnings Limit but below the Standard Earnings Limit, the difference between contributions on actual earnings and contributions on the Standard Earnings Limit is made up through "supplementation". The Government Actuary's Department (GAD) explains that the cost of supplementation is met by a States Grant, together with an additional contribution of 2.5% on earnings between the Standard and Upper Earnings Limits paid by employers and Class 2 contributors [7, para C.29].

Before 2012, the Grant represented the exact cost of supplementation each year. From 2012 it was set by a formula: the cost of supplementation, net of part of the additional 2.5% contributions received two years earlier, increased by two years of earnings growth [7, para C.30]. The formula kept the link with the cost of supplementation. Part of the cost of supporting lower earners' contributions is therefore met from general taxation, rather than from contributions and the Reserve Fund alone.

The reduction does not end supplementation or change the supplementation lower earners receive. It changes how that ongoing cost is financed. Instead of the full amount being met through the States Grant from general revenues, the reduced Grant is offset by transfers from the Social Security (Reserve) Fund [2, p.88], which holds accumulated assets to help meet the longer-term cost of demographic change. The consequence is therefore not simply a saving to Government. It is a change in the source of funding for an ongoing commitment, from general taxation towards accumulated Social Security reserves. The Budget should make this change explicit and show its financial consequences.

In the debate on P.63/2026, Senator Alan Maclean said: "The original grant was established in very different circumstances. We should not simply assume that because it was considered appropriate then it remains the right formula for Jersey today and indeed for the decades ahead." He also described restoring the formula Grant as "a permanent recurring commitment against general revenues" [4, p.73].

It is reasonable to review whether a long-standing formula remains appropriate. But a change in circumstances does not by itself show that the formula is no longer appropriate, or that a temporary rebasing to £50 million is an evidence-based alternative. The questions are what has changed, what the formula now fails to achieve, and what evidence supports the replacement.

3.1 How was the £50 million reduction determined?

During scrutiny of Budget 2026–2029, the then Minister for Treasury and Resources was asked how the £50 million figure had been chosen, and replied: "Well, I think because that was the money we needed to balance the books." The Panel recorded that the amount was decided "due to that being the amount needed to 'balance the books' as opposed to being based on an assessment of how much the Social Security Fund could afford to lose" [9, pp.65–66].

The FPP reached a similar view: "The States grant to the Social Security Fund has been cut to fund day-to-day budget increases created by 2025 overspends" [5, p.10].

These statements suggest the amount was selected to meet General Revenue's needs. That is a different exercise from deciding how much Grant income the Social Security Fund could afford to forgo while meeting its present and future commitments.

GAD modelled the long-term consequences of the proposed Grant payments in letters published as R.165/2025. Its first letter, of 4 September 2025, used "an updated investment return assumption which you have specified", one percentage point above the assumption in its 2021 report [6, letter of 4 September 2025, para 1]. Quantifying the consequences of a reduction is not the same as establishing that the amount was appropriate for the Fund. The Budget should say what evidence was used to select the amount, and how the consequences were judged acceptable.

3.2 The legal amount and the meaningful comparison

The Social Security Law was amended to implement the temporary Grant arrangements [11], so the reduced amounts are the amounts legally payable. That does not by itself show that they were appropriate for the Fund, or that continuing the arrangement remains justified.

Throughout this submission, the comparison is with the Grant that would have been payable under the pre-rebasing formula. This is a financial comparison to show the effect of the policy decision, not a claim that the higher amount is still legally payable. The Budget itself describes the Grant as "temporarily rebased to £50 million for the period 2026 to 2029" and assumes it "will return to its full formula value from 2030", subject to review [2, pp.51–52]. The comparison therefore shows the effect of the policy choice against the baseline that would otherwise apply.

3.3 The Government's stated rationale and the independent assessment

The Government says the rebasing "was introduced to support investment in public services in 2026, avoiding the need for tax increases while maintaining a significant States contribution to the Fund" [2, p.51]. In its comments on P.63/2026, the Council of Ministers said that "the Social Security Fund is currently able to accommodate this temporary reduction in funding without immediate detriment" [3, p.4].

The Government's case should be presented fairly: pressures on public services and the public finances are real. But they do not remove the need to explain what the reduction means for the Fund and for future pensions, and what evidence shows the immediate benefit is justified.

The FPP is the independent body whose annual report must comment on the medium- and long-term sustainability of the States' finances, in light of the lodged Budget and "the States' financial assets and liabilities" [1, Article 45(2)(e)]. In its November 2025 report on Budget 2026–2029 it said:

- "Budget 2026 forecasts a return to an operating surplus in 2027. However, this is only achieved because of the reduction in the States Grant to the Social Security Fund. Without this … there would be sizeable operating deficits for all 4-years of the Budget" [5, p.17].
- The "overall balance", total income less day-to-day and capital spending, "remains negative each year as capital spending and borrowing costs rise" [5, p.4].
- "Drawdowns from the Social Security Reserve Fund should only be made on the basis of a comprehensive actuarial assessment of future pension liabilities. The decision in Budget 2026 to withdraw funds and cut the contribution to the Fund before the results of the 2025 actuarial review are published is not prudent" [5, p.6].
- "Higher than expected returns on investments may have led to a surplus in the SSRF but a comprehensive actuarial assessment is required to determine this. It would be prudent to wait for such an assessment before drawing down on the SSRF" [5, p.23].
- "financing expenditure in the budget with unidentified savings should be avoided as this risks creating a funding gap if the necessary savings cannot be identified and implemented" [5, p.13].

These observations related to Budget 2026–2029. They show why the effect of the Grant reduction should be made explicit, and why the current Budget, which continues the reduced Grant for 2027–2029 while the comprehensive reviews remain outstanding, should address them.

4. Why the comparison with the full-formula Grant matters

The purpose of comparing the full-formula Grant with the amount budgeted is not to argue that the existing formula must remain the long-term arrangement; the forthcoming reviews should inform that. It is to make the financial effect of the current decision transparent.

Where the stated rationale is that the reduction funds public services and avoids tax increases, the Budget should show that benefit alongside the corresponding loss of income to the Social Security Fund. Readers should not see the improvement to General Revenue while having to reconstruct the cost to the Fund from separate documents.

For the current Budget, we ask Scrutiny to seek a supplementary paper that makes the following comparisons explicit. The same presentation should apply to future Budgets (Recommendation B).

General Revenue

Item	Required presentation
Operating balance with the full-formula Grant	The operating surplus or deficit that would result if the Grant that would have been payable under the pre-rebasing formula were paid, calculated on a basis consistent with the Budget.
Adjustment for the Grant reduction	The amount by which the reduction improves the General Revenue operating balance.
Revised operating balance	The operating balance reported in the Budget after the effect of the Grant reduction.

Social Security Fund

Item	Required presentation
Grant under the pre-rebasing formula	The amount that would have been payable under the pre-rebasing formula for each relevant year.

Item	Required presentation
Other income and expenditure	Contributions, benefit payments, other income and expenditure, and relevant transfers, with assumptions identified and applied consistently.
Fund balance before the effect of the reduction	The projected Fund balance on the basis that the Grant that would have been payable under the pre-rebasing formula is paid.
Adjustment for the Grant reduction	The direct reduction in funding received and any consequential effects included in the projection.
Revised Fund balance	The Fund balance reported in the Budget after the effect of the Grant reduction.

The figures should be provided for each relevant year and the calculations explained. The comparison should use the operating-balance measure in the current Budget, which from 2027 is measured after core funding transfers rather than after depreciation [2], and explain any difference in basis. The long-term effects on Reserve Fund balances and exhaustion dates should be explained separately, with the actuarial assumptions and limitations that apply.

5. The Fund's current position: reserves, expenditure and income

The Budget says the Social Security (Reserve) Fund "holds assets of £2.7 billion", reports strong investment returns, and says "This level of return cannot be guaranteed into the future" [2, p.88]. It forecasts the balance to be "equivalent to 7 times benefit expenditure" in 2030, "compared to 7.5 times in 2027" [2, p.90]. It does not explain that fall.

The multiple measures something specific. GAD describes it as an indication of "how long (in years) the Fund could continue to operate if contributions ceased" [7, para 2.20]. It does not show whether the Fund can meet the pensions it is expected to pay, which is why the FPP asks for a comprehensive actuarial assessment of future pension liabilities [5, p.6].

The Budget's forecasts show contributions rising from £300 million in 2027 to £333 million in 2030, about 11%, while social benefit payments rise from £390.6 million to £468.8 million, about 20%, nearly twice as fast [2, Table 41, p.90]. These are nominal forecasts, but they are important context. The Budget itself says that "expenditure paid by the Fund" is expected to exceed "the total value of contributions and the States Grant at its full level" during this Budget period [2, p.88].

The Budget says that transfers in 2027–2029 will "offset the reduction in the States Grant". It also says the Reserve Fund "was established to smooth this demographic impact", and that "from 2029 we will begin to draw-down on that Fund to meet the costs of pensions" [2, p.88]. These purposes are not necessarily inconsistent, but the Budget does not distinguish their financial effects. It shows a single transfer for each year: £42.073 million in 2027, £45.877 million in 2028, £65.377 million in 2029 and £50.000 million in 2030 [2, Table 41, p.90]. Members cannot see how much of each transfer reflects the Grant reduction and how much reflects the underlying shortfall between income and benefit expenditure.

Transfers can also be made outside the Budget. Budget 2026–2029 asked the States to approve transfers from the Reserve Fund for 2026–2029 only, £64.259 million for 2026 [16, proposition paragraph (iv), p.105; Summary Table 3, p.112]. It proposed the £50 million reduction in the 2025 Grant without mentioning a transfer to cover it [16, p.92]. The transfer for 2025 "was included in the estimates provided of opening balances for 2026", and was made in 2026 by Ministerial Decision as a transfer of "income", together with the 2026 transfer: £114.259 million in all [17]. Article 31(3) of the Social Security Law provides that "Any sums determined by the Minister to be income" of the Reserve Fund "shall be paid into the Social Security Fund" [10]. In 2023 the report behind a Ministerial Decision counted all investment returns since 2005, "c£1.3 billion of the £2.0 billion balance", as income [18, p.2]. The Budget does not explain this route, or whether it could be used if the States did not approve the 2027 transfer.

The Budget also says "current projections indicate that the Fund remains well positioned to meet its long-term purpose" [2, p.78], but does not say which projections. It presents Fund balances over the Budget period, but

does not publish a corresponding long-term cash-flow projection or exhaustion date. The latest published long-term projections we have identified are GAD's November 2025 analysis (section 6).

5.1 Experience since the last full actuarial valuation

The last full valuation was as at 31 December 2021 and was published in 2023 [7]. GAD's November 2025 update used known Fund balances to 31 December 2024 and revised Grant assumptions, but states: "there have been no updates to reflect experience since 2021 except where stated otherwise" [6, letter of 12 November 2025, para 20].

The Budget highlights income, investment returns and the nominal value of the Reserve. A balanced account would also say how benefit expenditure has developed against the assumptions in the last valuation. This does not require the Budget to carry out a new valuation; it should explain the evidence available when it was prepared.

6. Existing actuarial evidence and the long-term consequences

The 2021 valuation found the combined balance of the Social Security Fund and the Reserve Fund at 31 December 2021 to be about £2.33 billion. Under +325 net inward migration a year, the balance was projected to decline to about £0.2 billion by 2081, in 2021 earnings terms; with nil migration, the Fund was projected to be exhausted around 2066. GAD said that "In-migration of close to 700 individuals a year would be required to maintain the fund at its current level (all else being equal)" [7, para 2.21].

GAD's November 2025 update examined the Grant payments proposed for Budget 2026–2029. Allowing for those payments, it found that "The cumulative effect of this over time is that: In the +325 net inward migration scenario the projected fund exhaustion point comes forward from 2082 to 2072", and with nil migration "from 2066 to 2061". With +700 a year, "the fund is projected to decline albeit the fund exhaustion point remains beyond the 60 year projection period" [6, para 16].

GAD's own word is "cumulative": the result includes the lower Fund balance, lower investment returns that follow from it, and a slightly lower formula Grant from 2030. It is not a claim that the Grant reduction alone explains every difference. These are projections, not certainties, and GAD identified their sensitivity to migration and investment returns [6, paras 17–19]. But they are the latest published long-term projections we have identified of the effect of the Grant reduction, and Members should have them in front of them when deciding whether to continue it.

The Budget does not mention them. It should explain whether GAD was asked to update the analysis for Budget 2027–2030; if not, why the existing findings are not discussed; and if Government considers them no longer applicable, what evidence it relies on instead and whether that will be published.

6.1 Newer demographic information

The 2021 valuation identified the number of pensioners relative to people of working age as a major driver of the Fund's finances [7, para 2.8]. Statistics Jersey's projections published in February 2026 provide newer information. Under their central scenario of +400 net migration a year, the old-age dependency ratio rises from 30.1 people aged 65 and over per 100 aged 16–64 in 2024 to 59.8 by 2080 [8, Table 32, p.31]. Its previous projections, published in December 2023, put the ratio at 40.8 by 2080 under +325 a year [14, Table 8, p.8]. On the same +325 assumption, Statistics Jersey's 2026 supplementary tables give a ratio of 62.0 by 2080, against 40.8 in the 2023 projections [15]. On the same migration assumption, Statistics Jersey has therefore revised its projected ratio for 2080 upwards by about 50% in less than three years: roughly 1.6 people of working age for every person aged 65 and over, instead of about 2.5. The projected figure for 2050 has also been revised upwards, from 40.6 to 49.8 [14, 15]. These are revisions to projections, not changes in the current ratio, which was 30.1 in 2024 [8]. The 2026 report attributes the change to a new methodology and a lower fertility assumption [8, pp.4–5].

These figures are not directly comparable with the 2021 valuation, which used its own population projections. But they represent a substantial upward revision in the official demographic projections since that valuation, and raise a direct question: has the demographic picture changed materially since the last assessment? The

Budget need not replace the actuary's work, but it should identify significant new evidence, explain why it matters, and say whether Government considers it could affect the earlier assessment.

7. Written questions for the Panel to send to Government

These are factual requests that Government can answer from its own records. We suggest the Panel sends them as written questions as soon as possible. Questions 1 to 7 are the priority, so that the answers are available before the Panel's public hearing with the Minister for Treasury and Resources on 9 November; the rest are needed before the debate on 8 December. The evidence for each is set out in the section shown.

Before the hearing on 9 November

1. **How the £50 million was set (section 3.1).** Was any assessment made of how much Grant income the Fund could afford to forgo before the £50 million was chosen? If so, please provide it. If not, please say so.
2. **The full-formula Grant and the amount budgeted (section 4).** For each year of Budget 2027–2030, please give the Grant that would have been payable under the pre-rebasing formula, the amount budgeted, and the difference.
3. **What the transfers are for (section 5).** For each year, please say how much of the projected transfer from the Reserve Fund is attributable to the reduction in the States Grant, and how much reflects the underlying shortfall between contributions, the Grant that would have been payable under the pre-rebasing formula, and benefit expenditure.
4. **A comprehensive actuarial assessment (section 3.3).** Was a comprehensive actuarial assessment of future pension liabilities available when Government prepared Budget 2027–2030 and decided to continue the reduced Grant for 2027–2029? If so, please provide it, with its conclusions and assumptions. If not, please say when it will be available.
5. **The Government Actuary's analysis (section 6).** Was GAD asked to update its November 2025 analysis for Budget 2027–2030? If so, please provide the results. If not, please say what more recent evidence Government used in its place, and whether it will be published.
6. **The investment return assumption (section 6).** GAD's September 2025 letter modelled an investment return assumption one percentage point above that used in the 2021 valuation, an assumption the Government specified ("which you have specified" [6, letter of 4 September 2025, para 1]), and offered further advice on "the reasonableness of an assumption of 1% p.a. higher investment returns" [6, letter of 4 September 2025, para 15]. Please provide the instructions given to GAD for its September and November 2025 letters; say who specified the assumption, and on what evidence; and say whether GAD was asked to advise on its reasonableness, providing any advice it gave. Please also say whether the GAD analysis was used to choose the amount of the reduction, or to quantify the consequences of an amount already chosen.
7. **A measure of surplus (Recommendation C).** Is there a formal, documented measure, reviewed by the FPP and approved by the States Assembly, that identifies when the Social Security Funds are in surplus, or a similar funding measure such as a prudent minimum level? If so, please provide it and say when it was approved. If not, please explain on what basis Government judged it prudent to reduce the Grant and draw down the Reserve Fund. Please also provide the funding policy "as established in the late 1990s" to which Budget 2026–2029 refers [16, p.49].

Before the debate on 8 December

8. **The effect on supplementation (section 3).** Please provide any assessment Government made of the effect of reducing the Grant on the funding of supplementation and on the Fund's ability to meet its commitments, and say where it is set out in Budget 2027–2030. If none was made, please say so.
9. **"Very different circumstances" (section 3).** Please set out the specific changes that mean the statutory formula is no longer appropriate [4, p.73], and provide the analysis that supports that conclusion.

10. **The underlying operating balance (section 4).** The FPP stated that without the Grant reduction there would have been "sizeable operating deficits for all 4-years" of Budget 2026–2029 [5, p.17]. Please provide the equivalent analysis for Budget 2027–2030: the operating balance if the Grant payable under the pre-rebasing formula were paid, the effect of the reduction, and the operating balance reported in the Budget.
11. **The effect on the Social Security Fund (section 4).** Please provide a reconciliation showing the Fund's projected balance with the full-formula Grant, the effect of the reduction, and the balance reported in the Budget, using consistent assumptions, with other income, expenditure and transfers separately identified.
12. **"Current projections" (section 5).** Please identify the "current projections" that the Budget says show the Fund "well positioned" [2, p.78], and say whether they will be published.
13. **Expenditure experience (section 5.1).** Please show how benefit expenditure has developed against the assumptions in the 2021 valuation and the November 2025 update.
14. **Investment returns (section 5).** In the debate on P.63/2026, the Minister for Treasury and Resources said the Fund's growth "is based on the conservative assumption of around 4 per cent per annum, whereas the fund has been achieving almost double that over the last few years" [4, p.73]. GAD's central assumption is not a fixed rate: it assumes investment returns of earnings growth plus 2% a year [7, para A.97]. Please say what the 4 per cent assumption is and where it is published; how the Fund's actual returns since the 2021 valuation compare with GAD's assumption; and how much of any outperformance was already reflected in GAD's November 2025 update [6, letter of 12 November 2025, para 15].
15. **The delayed funding review (section 3.3).** In January 2026 the Chief Minister said the independent actuary's "full review of the current funding policy of the scheme" would "report in June 2026" [12]. The Budget now says the reviews of the Social Security Funds will be published in spring 2027 [2, p.89]. Please give the date the review was commissioned, and the reasons it did not report in June 2026.
16. **The current Council's assessment (section 3.3).** Budget 2027–2030 is a new Budget prepared by the current Council of Ministers, and its approval covers only 2027 [1, Article 15(4)]. Please provide the assessment the current Council made of the financial and actuarial evidence and the FPP's advice before continuing the reduction. If none was made, please say so.
17. **The 2030 restoration (sections 2 and 3.3).** The Budget restores the full Grant in 2030 at a cost of £44.059 million [2, Table 11, p.52] "through an offsetting savings requirement" [2, p.29], and includes £33.761 million of "Future Savings" in 2030 [2, Table 12, p.53]. At this Panel's hearing on 16 October 2026, the Treasurer of the States described that figure as "the balancing number of the savings needed in order to be able to refund the social security grant in full" [13]. Please say which of these savings have been identified so far.
18. **Decisions still open (sections 2 and 3.3).** Please set out the decisions about the Grant that remain open after the reviews, and the financial consequences if the formula is changed, restoration is phased, or restoration does not proceed.
19. **Transfers made by Ministerial Decision (section 5).** For each year from 2020 to 2026, please list each transfer from the Reserve Fund to the Social Security Fund, the amount the States approved for that year (if any), the authority used (a resolution of the States, or a Ministerial Decision under Article 31(3)), and the purpose of the transfer.
20. **What the vote on the 2027 transfer decides (section 5).** If the States do not approve, or reduce, the £42.073 million transfer for 2027 [2, proposition paragraph (e), p.100], will Government confirm that no transfer to offset the Grant reduction will be made under Article 31(3) instead? If it cannot, please explain what the vote on that paragraph decides.

8. Recommendations

Recommendation A: secure the information needed before the vote

We ask the Panel to seek a supplementary, publicly available Budget paper from the Council of Ministers, in time for Members and the public to scrutinise it before the debate on 8 December 2026. It should not simply refer to earlier Budgets or say that the reviews are pending. It should provide:

1. the Grant payable under the pre-rebasing formula, the amount budgeted, and the difference, for each year (section 4);
2. a bridge from the operating balance with the full-formula Grant, through the effect of the reduction, to the operating balance in the Budget (section 4, General Revenue);
3. the corresponding reconciliation for the Social Security Fund's balance, showing separately how much of each year's transfer from the Reserve Fund offsets the Grant reduction and how much meets the underlying shortfall (section 4, Social Security Fund);
4. the latest actuarial analysis commissioned, the relevant findings of the existing GAD analysis, and whether that analysis has been updated or is still considered applicable; and, if not, the evidence used instead;
5. how benefit expenditure has developed against the 2021 valuation and the November 2025 update;
6. an explanation of the fall from 7.5 to 7 times benefit expenditure, alongside the forecast growth in benefit payments and contributions;
7. a short, accessible account of demographic evidence published since the last valuation, including Statistics Jersey's 2026 projections, and what it may imply, pending the next valuation;
8. an explicit response to the FPP's advice, and the justification for continuing the reduction, and the 2027 transfer from the Reserve, before the comprehensive assessment is available;
9. how the £44.059 million cost of restoring the full Grant in 2030 will be funded, how it relates to the £33.761 million Future Savings line, and how this takes account of the FPP's warning about unidentified savings;
10. how the continued Grant reduction has been assessed against the medium- and long-term sustainability of the Social Security Funds and the sustainable well-being of the inhabitants of Jersey "over successive generations", as Articles 9(6) and 9(9) of the Public Finances Law require, including its effect on fairness between generations, which the Budget says the Reserve Fund is "critical in supporting" [2, p.88]; taking account of the FPP's advice, the existing actuarial evidence and the fact that the comprehensive assessment remains outstanding.

The paper should be published for all Members and the public, not provided only as a private response to the Panel.

This recommendation is time-critical. If the request is made only after a full review, Government may reasonably say there is insufficient time before the vote. We ask the Panel to make it an early priority, for example ahead of its hearing with the Minister for Treasury and Resources, so that the information is available for the current decision rather than deferred to a future Budget.

Recommendation B: standing principles for future Budgets

We ask the Panel to work with Government to develop standing principles for Budget preparation, and to consider whether they belong in the Public Finances (Jersey) Law 2019 or in Treasury practice, Financial Directions or guidance. The Budget should:

1. explain the rationale and consequences of material funding decisions, not just the amounts;
2. show baseline comparisons, separating the effect of material decisions from the underlying position, including the presentation in section 4 wherever a statutory grant or transfer is reduced;
3. present long-term risks, liabilities and projections accessibly, including the date and principal conclusions of the latest actuarial valuation, the assumptions used, and the date of the next one;

4. identify material independent advice, the Government's response, and its reasoning where it departs from that advice;
5. explain material changes in evidence or assumptions since the last formal assessment;
6. identify temporary measures, the decisions still outstanding, their timetable and the consequences of different outcomes;
7. distinguish facts, projections, assumptions, policy judgements and open questions;
8. be understandable to Members and the public without specialist knowledge.
9. show every transfer into and out of the Social Security (Reserve) Fund, including those made by Ministerial Decision, with its purpose, and reconcile them to the amounts the States approved.

Recommendation C: a funding policy for the Social Security Funds

Article 31 of the Social Security (Jersey) Law 1974 provides that the Social Security (Reserve) Fund "shall be maintained as a reserve for the Social Security Fund", and that, subject to specified exceptions, payments out of it require a resolution of the States [10].

We can find no formal, documented measure, reviewed by the FPP and approved by the Assembly, that identifies when the Fund is in surplus, or any similar funding measure such as a prudent minimum level. Budget 2026–2029 refers to "the current funding policy of the scheme as established in the late 1990s", but we cannot find it published, and the same Budget asked the actuary for "an assessment of the level of assets considered to be prudent" [16, p.49]. The FPP has said that a comprehensive actuarial assessment is required to determine whether there is a surplus [5, p.23]. Without such a measure, it is difficult to see how reducing the money paid into the Fund, and drawing down the Reserve Fund to make up the difference, can be shown to be prudent.

We ask the Panel to recommend that Government, in consultation with the FPP and GAD, establish a clear and transparent funding policy for the Social Security Funds, supported by a comprehensive actuarial assessment of future pension liabilities. The policy should:

1. define an appropriate actuarial measure of surplus, by comparing the Fund's assets with the assessed value of its pension liabilities at a specified valuation date, as established by a comprehensive actuarial assessment of future pension liabilities. The methodology should be transparent and make clear which liabilities are included in the calculation;
2. establish how that measure will be used to determine whether the Fund has assets genuinely surplus to its assessed pension liabilities. Any cash-flow projections needed to assess future funding requirements and sustainability should be presented separately from the calculation of actuarial surplus;
3. set out the evidence required before Government proposes to reduce the States Grant or transfer money from the Reserve Fund, distinguishing planned withdrawals to meet the demographic pressures the Reserve was established for from transfers for any other purpose, such as offsetting a reduction in recurring Grant income or moving assets to other reserves such as the Strategic Reserve or the Stabilisation Fund, unless the transfer is consistent with the agreed funding policy and the FPP's advice, including the use of any surplus confirmed by a comprehensive actuarial assessment (item 6);
4. require Government to explain publicly how any proposed reduction or transfer complies with the policy, including its short- and long-term effects;
5. be reviewed as new actuarial evidence becomes available, with any departure justified to the Assembly;
6. take account of the FPP's recommendation that, if the actuarial review confirms a surplus, it should be used "to rebuild the Stabilisation Fund and begin the restoration of the island's financial resilience" [5, p.23].

How it could be agreed. The Council of Ministers or the Minister for Treasury and Resources may ask the FPP to report on "any matter related to the States' finances", and the FPP must then publish its report [1, Article 46]. The FPP has said that it is "not within the Panel's remit to assess the adequacy of the Social Security Fund", but that it "would be happy to consider taking this remit on if asked to do so" [19]. We ask the Panel to recommend that the Minister for Treasury and Resources makes that request, so that the policy can be agreed by the States before Budget 2028.

Decisions affecting future pensions should rest on an agreed assessment of the Fund's needs and liabilities, not on the immediate needs of General Revenue. We ask the Panel to consider whether these safeguards should be placed in legislation, in Treasury directions, or both.

9. Conclusion

The central issue is whether the Budget gives the Assembly and the public the information they need to make informed decisions together.

The States Grant decision is a clear case study. The Government has explained the immediate public-service and tax rationale. The FPP has identified the effect of the reduction on the operating balance, advised against drawing on the Reserve before a comprehensive actuarial assessment, and cautioned against unidentified savings. GAD has quantified a change in the Fund's projected exhaustion date. Statistics Jersey has published newer demographic evidence. The Budget does not bring this evidence together.

These findings do not determine what the future Grant formula should be. They show why Members need a clear explanation of the position, the effect of the current decision, the evidence relied on and the uncertainties that remain, before they vote on 8 December 2026.

To make the best decisions as a collective, the Assembly needs the best possible information in the Budget. This is a fundamental requirement of informed democratic decision-making.

Principal sources

[1] Public Finances (Jersey) Law 2019, official consolidated version, Articles 9(4), 9(6), 9(9), 15(4), 45(2) and 46. https://www.jerseylaw.je/laws/current/l_10_2019

[2] Council of Ministers, Proposed Budget 2027–2030, P.73/2026, lodged 29 September 2026; in particular pp.29, 51–52, 78, 88–90 and 100, and Tables 11, 12 and 41. https://www.statesassembly.je/publications/propositions/2026/p-73-2026

[3] Council of Ministers, Reinstate the States Grant to the Social Security Fund (P.63/2026): Comments, presented 3 September 2026, p.4. https://www.statesassembly.je/getmedia/a1c5390d-6d25-4502-b306-c07a9de6f43c/P-63-2026-Com.pdf?ext=.pdf

[4] States Assembly, Official Report, 8 September 2026, debate on P.63/2026, p.73. https://www.statesassembly.je/publications/hansard/2026/official-report-8th-september-2026

[5] Fiscal Policy Panel, Annual Report 2025, November 2025: Section 2.2 (p.4), Section 3 (p.6), Sections 4.3 (p.10), 4.5 (p.13), 4.9 (p.17) and 4.12.3 (p.23). https://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/Fiscal%20Policy%20Panel%20Annual%20Report%202025.pdf

[6] Government Actuary's Department, letters on the Social Security Fund published as R.165/2025 (November 2025): letter of 4 September 2025, para 1; letter of 12 November 2025, paras 15–20. https://www.statesassembly.je/publications/assembly-reports/2025/r-165-2025

[7] Government Actuary's Department, Report by the Government Actuary on the Social Security Fund as at 31 December 2021, R.96/2023, paras 2.8, 2.20–2.21, A.97 and C.29–C.31, and Appendix F. https://www.statesassembly.je/publications/assembly-reports/2023/r-96-2023

[8] Statistics Jersey, Jersey population projections 2025 to 2080, published 25 February 2026, Table 32, p.31. https://stats.je/wp-content/uploads/2026/02/R-Population-Projections-2025-2080-20260225.pdf

[9] Corporate Services Scrutiny Panel, Proposed Budget 2026–2029 Review, S.R.6/2025, pp.65–66. https://www.statesassembly.je/getmedia/186de6aa-4638-40cb-9857-d22dd7a8f246/S-R-6-2025-CSSP-Scrutiny-Report-Proposed-Budget-2026-2029-Review-P-70-2025.pdf

[10] Social Security (Jersey) Law 1974, Article 31. https://www.jerseylaw.je/laws/current/l_22_1974

[11] Draft Social Security Law (Jersey) Amendment Regulations, P.92/2025, adopted December 2025. https://www.statesassembly.je/publications/propositions/2025/p-92-2025

[12] Chief Minister, Delivery of the Common Strategic Policy (S.R.5/2025): Response of the Chief Minister, presented 13 January 2026, PDF pp.7 and 12. https://statesassembly.je/getmedia/aad5149a-d98d-4962-9f86-1af99e6a4e51/S-R-5-2025-Res.pdf?ext=.pdf

[13] Corporate Services Scrutiny Panel, public hearing with the Chief Minister on Budget 2027–2030, 16 October 2026, draft transcript, pp.17–18.

[14] Statistics Jersey, Population Projections 2023–2080, published 20 December 2023, Table 8, p.8. https://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/Statistics%20Jersey%20Population%20Projections%202023%20to%202080.pdf

[15] Statistics Jersey, Population and Household Projections, Supplementary Tables 2025–2080, tab "Projections (legacy)", Table 6 (+325 migration). https://stats.je/wp-content/uploads/2026/02/D-Population-and-Household-Projections-Supplementary-Tables-2025-2080.xlsx. The 2080 ratio is calculated from the projected populations aged 65 and over (31,650) and aged 16–64 (51,020).

[16] Council of Ministers, Budget 2026–2029, P.70/2025: pp.49 and 92; proposition paragraph (iv), p.105; Summary Table 3, p.112.

[17] States Assembly, written question WQ.94/2026 from Deputy M.B. Andrews to the Minister for Social Security, answer tabled 14 April 2026 (quoting the report for MD-SOSEC-2026-309).

[18] Minister for Social Security, Ministerial Decision MD-SOSEC-2023-78, decided 15 February 2023, and its report, p.2. https://www.gov.je/Government/PlanningPerformance/Pages/MinisterialDecisions.aspx?docid=FBC53B2C-6318-4E98-BCE5-24B2E5779B2B

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