

STATES OF JERSEY



Jersey

DRAFT SOCIAL SECURITY (AMENDMENT OF LAW No. 12) (JERSEY) REGULATIONS 202-

**Lodged au Greffe on 25th March 2020
by the Minister for Social Security**

STATES GREFFE

REPORT

Background

The Coronavirus pandemic is having, and will continue to have, a large social and financial impact on the lives of all Islanders. It presents a significant level of challenge for Jersey's economy.

The States Assembly has already agreed a package of measures (see [P.28/2020](#) and [R&O.30/2020](#)) to enable the Minister for Treasury and Resources to make funds under her control available to support Islanders and businesses on a timely basis.

States Grant and the Social Security Fund

The Social Security Fund ("SSF") receives contributions from employers and employees, and a contribution from the Consolidated Fund via a States Grant. The value of the States Grant helps to create a regular level of total income into the Fund each year.

As part of the Government Plan debate last year, States Members agreed to restrict the value of the States Grant to £65.3 million in 2020 and 2021, with an increased figure in 2022 and the value returning to its underlying formula-led value in 2023.

Summary

The changes proposed in these Regulations remove the obligation to pay any States Grant into the SSF during 2020 and 2021. This is a further way of assisting the Minister for Treasury and Resources in addressing the financial implications of the Covid-19 pandemic.

The value of the States Grant will remain available in the Consolidated Fund to provide the Minister for Treasury and Resources with greater flexibility to allocate funding to priority areas.

The non-payment of the States Grant to the SSF has financial implications to the Fund. Income into the Fund will reduce by £130.6 million over the next 2 years. This is in addition to the recent decision to defer the collection of contribution payments into the Fund for the first 6 months of 2020.

The Social Security (Reserve) Fund remains healthy. At the end of 2019, the Reserve Fund held just under £2 billion. This provides a significant reserve to support the future cost of pensions and benefits. It may be necessary to draw down on some of these reserves in the coming year.

Financial and manpower implications

Under this proposal, the Grant to the SSF will be set to zero for 2020 and 2021. This will increase the funds available in the Consolidated Fund by £65.3 million for this year and next. This will reduce the income into the SSF by the same value.

There are no manpower implications arising from the adoption of these draft Regulations.

EXPLANATORY NOTE

These Regulations, if passed, will remove the obligation on the States to pay into the Social Security Fund for the years 2020 and 2021.



Jersey

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Made [date to be inserted]

Coming into force [date to be inserted]

THE STATES make these Regulations under Article 50 of the Social Security (Jersey) Law 1974¹ –

1 Amendment of the Social Security (Jersey) Law 1974

- (1) The Social Security (Jersey) Law 1974² is amended in accordance with the following provisions of these Regulations.
- (2) In these Regulations, a reference to an Article by number only is a reference to the Article of the same number in the Social Security (Jersey) Law 1974.

2 Article 4 (source of funds) amended

In Article 4 after paragraph (3) there is inserted –

“(4) There is no obligation under paragraph (3) to pay into the Social Security Fund an amount for the year 2020 or 2021.”.

3 Article 9A (contributions by States to supplementation) amended

In Article 9A –

- (a) in paragraph (1) for “shall be determined annually, for 2019 and ensuing years,” there is substituted “must be determined”;
- (b) in paragraph (4)(a) for “each of the years 2019, 2020 and 2021” there is substituted “the year 2019”.

4 Citation and commencement

These Regulations may be cited as the Social Security (Amendment of Law No. 12) (Jersey) Regulations 202- and come into force on the day after they are made.

ENDNOTES

Table of Endnote References

<i>1</i>	<i>chapter 26.900</i>
<i>2</i>	<i>chapter 26.900</i>