

# STATES OF JERSEY



## **SOCIAL SECURITY FUND: REPAYMENT OF STATES CONTRIBUTION FOR 2020**

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**Lodged au Greffe on 14th April 2020  
by Deputy K.F. Morel of St. Lawrence**

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**STATES GREFFE**

## **PROPOSITION**

**THE STATES are asked to decide whether they are of opinion –**

- (a) to agree that the sum of £65.3 million should be paid to the Social Security Fund to compensate for the lack of any contribution by the States to the Fund in 2020; and
- (b) to request the Council of Ministers to include a structured proposal within the 2021 Government Plan for such funding to be made within the next 15 years.

DEPUTY K.F. MOREL OF ST. LAWRENCE

## REPORT

[P.31/2020](#) (the Draft Social Security (Amendment of Law No. 12) (Jersey) Regulations 202-) was adopted by the States in amended form on 2nd April 2020.

The amended Regulations (*see* [R&O.35/2020](#)) removed the obligation for the States to pay a grant of £65.3 million from the Consolidated Fund into the Social Security Fund (“SSF”) during 2020. The purpose of the Regulations was to assist the Minister for Treasury and Resources in addressing the financial implications of the Covid-19 crisis.

As noted by the Health and Social Security Scrutiny Panel, although the obligation to pay the grant to the SSF has been removed, P.31/2020 did not include any suggestion as to how the Minister for Treasury and Resources intended to pay the sum into the SSF in the future. In [the Panel’s report to the Assembly for its amendment](#) to P.31/2020, it states –

“It was advised that, once the disruption had passed, the Ministers for Treasury and Resources and Social Security would consider how and when the money would be returned, but that this was likely to take a number of years and [be] balanced with the Government’s other priorities.”.

There is no doubt that the SSF is not in any immediate danger of being unable to pay pensions and other benefits, but it is equally true that the lack of 2020 funding means that the Fund is missing out on the investment gains that would have occurred should the funds have been paid in during this year. Meaning that even with the payment of these funds, the SSF will still be reduced in value compared to its potential size had the funds been paid in 2020, as planned.

Given the important role that a healthy and sustainable Social Security Fund plays in Islanders’ lives, and given the uncertainty that pervades at the moment, it is crucial that Island residents are provided with the reassurance that they will see the ‘missing’ funds being paid into the Fund in the coming years. This proposition is designed to give Islanders precisely that reassurance.

Whilst the proposition requires the Minister for Treasury and Resources to bring forward a plan for the payment of funds within the next Government Plan, it is important to note that the Minister is also given a large amount of flexibility in how the plan is structured. Indeed, should the Minister require the full 15 years in which to pay that money into the SSF, this would mean an average payment of £4.35 million per year; which is a manageable amount, even during such challenging times.

It is important to note that this proposition does not require any commitment from the Minister for Treasury and Resources as to the future of the supplementation programme, all it requires of the Minister is a commitment to pay those funds which had originally been agreed by the Assembly to be paid through the original Government Plan 2020.

I hope that States Members will support this proposition, which is aimed at giving reassurance to Islanders that their futures are being considered and looked after by the Assembly, even at a time when present-day stresses have come to dominate the work of Government and its allocation of funding.

### **Financial and manpower implications**

If this proposition were adopted, funding of £65.3 million would need to be identified, potentially over a 15-year period.