

STATES OF JERSEY



DRAFT FAMILY ALLOWANCES (JERSEY) REGULATIONS 200-

Lodged au Greffe on 5th October 2006
by the Minister for Social Security

STATES GREFFE



Jersey

DRAFT FAMILY ALLOWANCES (JERSEY) REGULATIONS 200-

REPORT

Family Allowance is an extremely important benefit being the allowance specifically targeted to low-income families as a contribution to the general cost of bringing up dependant children. It is aimed at those families below the tax threshold and is assessed on the returns made to the Income Tax Department. The benefit is not, therefore, designed or structured to meet immediate need as it is based on this “historic” income. However, Family Allowance is a vital component in the current series of means-tested benefits available to low income families in Jersey.

Under Article 12 of the Family Allowances (Jersey) Law 1972, the rates of the allowance are required to be reviewed in relation to the cost of living and general standard of living of the community. The Minister is proposing an increase of 2.9% on existing maximum rates reflecting the increase in the cost of living at June this year.

The table below gives examples of current weekly rates and proposed weekly rates for a two-child family –

| Annual Income | Current Rate | Proposed Rates |
|----------------------|---------------------|-----------------------|
| 6,600 | 112.88 | 116.15 |
| 8,600 | 93.07 | 95.78 |
| 10,600 | 69.05 | 71.06 |
| 12,600 | 45.03 | 46.35 |
| 14,600 | 21.02 | 21.63 |

Family Allowance is one of the benefits that will be incorporated into the Income Support system in June 2007. It will continue to be paid until Income Support is implemented and careful planning will need to be undertaken to ensure that there are no gaps in benefit payments between the two systems even though the income assessment will be different; historic versus current.

Financial and manpower statement

The Minister estimates that the cost of the Family Allowance System, including these proposals, will be within the cash limit set for the year 2007 and there are no manpower implications.

Explanatory Note

These Regulations specify the amount of the allowances payable in relation to families with children. The allowances have increased from £3,166 to £3,258 for the first child, from £2,704 to £2,782 for the second child and from £2,557 to £2,631 for any subsequent child. The decline point (the maximum income level a family may reach without causing a decline in the amount of the allowance), the maximum level of family income, and the minimum annual rate of the allowance, remain unaltered.

The Regulations shall come into force on 2nd January 2007.



Jersey

DRAFT FAMILY ALLOWANCES (JERSEY) REGULATIONS 200-

Made [date to be inserted]

Coming into force [date to be inserted]

THE STATES, in pursuance of Article 6 of the Family Allowances (Jersey) Law 1972¹, have made the following Regulations –

1 Amount of allowances and rates

For the purposes of Article 6 of the Family Allowances (Jersey) Law 1972, the following amounts are specified in respect of the family allowance year consisting of the period of 12 months beginning on 2nd January 2007 –

- (a) £3,258 shall be the maximum annual rate of the allowance in respect of the first child of a family;
- (b) £2,782 shall be the maximum annual rate of the allowance in respect of the second child of a family;
- (c) £2,631 shall be the maximum annual rate of the allowance in respect of each additional child of a family;
- (d) £6,950 shall be the decline point;
- (e) the amount found by adding to £11,950 the sum of £2,200 in respect of each child of the family shall be the maximum level of family income; and
- (f) £52 shall be the minimum annual rate of the allowance in respect of any number of the children of a family.

2 Repeal

The Family Allowances (Jersey) Regulations 2005² shall be repealed.

3 Citation

These Regulations may be cited as the Family Allowances (Jersey) Regulations 200- and shall come into force on 2nd January 2007.

¹ *chapter 26.400*
² *R&O.159/2005*