EXPLANATORY MEMORANDUM TO

THE CHILD BENEFIT UP-RATING ORDER 2008

2008 No. 797

1. This explanatory memorandum has been prepared by Her Majesty's Revenue and Customs and is laid before Parliament by Command of Her Majesty.

2. Description

This order increases, from 7 April 2008, the amounts of child benefit, as set out in the Pre-Budget Report on 9th October 2007.

3. Matters of special interest to the Joint Committee on Statutory Instruments

None

4. Legislative Background

Section 145 of the Social Security Contributions and Benefits Act, and s.141 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992, provide for the rate of child benefit to be prescribed and for HM Treasury to alter the rate of benefit payable by an Order. No rate prescribed in place of a rate previously in force shall be lower than the rate it replaces.

Section 150 (1) of the Social Security Administration Act 1992 states that the Secretary of State ("Treasury") shall in each tax year review the rate of Child Benefit prescribed in s.145(1) of the Social Security Contributions and Benefits Act 1992 in order to determine whether they have retained their value in relation to the general level of prices obtaining in Great Britain estimated in such manner as the Treasury think fit. Section 132(1) of the Social Security Administration (Northern Ireland) Act 1992 provides the equivalent power for Northern Ireland.

The Child Benefit (Rates) Regulations 2006 set out the rates of Child Benefit payable in Great Britain and Northern Ireland.

In accordance with s150(2) and 190(1)(a) of the Social Security Administration Act 1992, and s.166(10A) of the corresponding Northern Ireland Act, a draft of this order will be laid before and approved by resolution of each House of Parliament .

5. Territorial Extent and Application

This instrument applies to the whole of the United Kingdom.

6. European Convention on Human Rights

The Financial Secretary to the Treasury, Jane Kennedy, has made the following statement regarding Human Rights:

In my view the provisions of the Child Benefit Up-rating Order 2008 are compatible with the Convention rights.

7. Policy background

As a result of the Treasury review pursuant to section 150(1)(i) of the Social Security Administration Act 1992, the Treasury in consequence of sections 150(9) and 189(4) of the Social Security Administration Act 1992 and sections 132(1) and 165(4) of the Social Security Administration (Northern Ireland) Act 1992, have made this Order, which amends the Child Benefit (Rates) Regulations 2006. These Regulations set out the rates of Child Benefit payable for the only/eldest child and for subsequent children in Great Britain and Northern Ireland.

The changes being introduced from 7 April 2008 increase the rate of Child Benefit for the eldest child from £18.10 a week to £18.80, and for each subsequent child from £12.10 to £12.55 a week. These increases are in line with the general level of prices and are calculated by reference to the Retail Price Index.

8. Impact

8.1 A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies.

8.2 The estimated cost of the increase to child benefit, which was included in the Budget 2007 forecast, is £400m.

9. Contact

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