EXPLANATORY MEMORANDUM TO

THE CHILD BENEFIT (RATES) (AMENDMENT) REGULATIONS 2008

2008 No.

1. This explanatory memorandum has been prepared by the Treasury and the Commissioners for Her Majesty's Revenue and Customs (HMRC) and is laid before Parliament by Command of Her Majesty.

This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Purpose of the instrument

This instrument increases the amounts of child benefit, as set out in the Pre-Budget Report on 24th November 2008.

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

HM Treasury will be laying a separate order providing for the new rates to come into force on 5th January 2008

4. Legislative Context

4.1 Section 145 of the Social Security Contributions and Benefits Act, and section 141 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992, provide for the rate of child benefit to be prescribed by regulations, and for the date on which any new rates should come into force to be specified by an order made by HM Treasury. No rate prescribed in place of a rate previously in force shall be lower than the rate it replaces.

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

4.3 In accordance with section176(1) of the Social Security Contributions and Benefits Act 1992, and section 172(10) (Queen's Printers version) of the corresponding Northern Ireland Act, a draft of this instrument will be laid before and approved by resolution of each House of Parliament .

5. Territorial Extent and Application

This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

The Financial Secretary to the Treasury, Stephen Timms, has made the following statement regarding Human Rights:

In my view the provisions of the Child Benefit (Rates) (Amendment) Regulations 2008 are compatible with the Convention rights.

7. Policy background

7.1 To reinforce the Government's commitment to Child Benefit as the foundation of financial support for all families the Chancellor announced in Budget 2008 that from April 2009 the enhanced rate payable in respect of the first, only or eldest child in a family would be increased to £20 a week from April 2009.

7.2 In his Pre Budget Report today the Chancellor announced that the Government has decided to bring forward the annual uprating of Child Benefit from April to January 2009. This is part of the Government's ongoing efforts to combat child poverty and also as a contribution to the fiscal stimulus that we believe is necessary for the economy.

- ***Consolidation***

7.3 None

8. Consultation outcome

No formal consultation has taken place.

9. Guidance

HM Treasury has today issued a press release setting out the higher rates of Child Benefit payable from 5th January. HM Revenue and Customs will also be writing to individual customers to advise them of how much they will receive as a result of the increased rates.

10. Impact

10.1 This instrument has no impact on business, charities or voluntary bodies.

10.2 The estimated cost of increasing the child benefit is £170m in 2008-09 and £660m in 2009-10. This is included in the updated public finance projections given in the Pre Budget Report of 2008.

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10.3 An Impact Assessment has not been prepared for this instrument.

11. Regulating small business

The instrument does not apply to small business.

12. Monitoring & review

The rates of Child Benefit will be reviewed in 2009. This is in accordance with section 150 (1) of the Social Security Administration Act 1992, which requires that in each tax year the Secretary of State ("Treasury") shall 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.

13. Contact

Jenny Fox at Her Majesty's Revenue and Customs Tel: 020 7147 2503 or email: jenny.fox@hmrc.gsi.gov.uk can answer any queries regarding the instrument.