EXPLANATORY MEMORANDUM TO

THE EDUCATION (RESIDENTIAL TRIPS) (PRESCRIBED TAX CREDITS) (ENGLAND) (AMENDMENT) REGULATIONS 2011

2011 NO. 730

1. This explanatory memorandum has been prepared by the Department for Education and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

2.1 This instrument amends the Education (Residential Trips) (Prescribed Tax Credits) (England) Regulations 2003 to ensure that the changes made to Child Tax Credit (CTC) with effect from 6th April 2011 will not deprive pupils who would otherwise be entitled to free board and lodging on a school residential trip of that entitlement. This instrument does this by replacing the CTC income threshold determined by HMRC (which will be reduced from £16,190 to £15,860) with an income threshold specified in the Regulations themselves of £16,190.

3. Matters of special interest to the [Joint Committee on Statutory Instruments *or* the Select Committee on Statutory Instruments]

3.1 None

4. Legislative Context

4.1 As a result of changes to tax credits that were announced in the June 2010 Budget HMRC has determined that the annual income threshold (above which the amount of Child Tax Credit paid to recipients starts to be reduced) will be reduced with effect from 6th April 2011. If the 2003 Regulations were not amended, the effect of this change would be to deprive pupils who would otherwise be entitled to free board and lodging on residential trips of that entitlement. This amendment is in line with the amendment made by the Education (Free School Lunches) (Prescribed Tax Credits) (England) (Amendment) Order 2011.

5. Territorial Extent and Application

5.1 This instrument applies to England.

6. European Convention on Human Rights

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

- What is being done and why

7.1 A child is eligible for free board and lodging on a school residential trip if their parent(s) is in receipt of Child Tax Credit but not Working Tax Credit, and has an annual income which does not exceed the Child Tax Credit income threshold determined by HMRC. In the June 2010 Budget, the Chancellor of the Exchequer announced a package of measures which - taken together –aim to make tax credits fairer. As part of these changes, the Child Tax Credit income threshold will be reduced with effect from 6th April .

7.2 If no amendment was made to the free board and lodging eligibility criteria in the 2003 Regulations, some pupils would have lost their entitlement to this. We are therefore breaking the link with HMRC's threshold, and replacing it with an annual income threshold of £16,190, in order to ensure that those who would otherwise be eligible for free board and lodging remain eligible.

- Consolidation

7.2 None

8. Consultation outcome

8.1 No formal consultation was carried out because this change is consequential on maintaining free school meal entitlement at current levels, which fulfils a Ministerial commitment made in summer 2010.

9. Guidance

9.1 This change will be included in the Department for Education's guidance to schools on charging for activities.

10. Impact

10.1 There is no impact on business, charities or voluntary bodies.

10.2 There is no impact on the public sector. Schools will continue to use eligibility for free school meals to decide whether to charge for trips or not – this instrument keeps the current income threshold unchanged.

10.3 An Impact Assessment has not been prepared for this instrument because no impact on the private or voluntary sector is foreseen.

11. Regulating small business

11.1 The legislation does not apply to small business.

12. Monitoring & review

12.1 The Department for Education does not need to collect data on eligibility for free board and lodging on residential trips aside from that collected on eligibility for free school meals through the Schools Census.

13. Contact

Jacqueline McLean at the Department for Education Tel: 01325735608 or email: jacqueline.mclean@education.gsi.gov.uk can answer any queries regarding the instrument.