

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

3rd November 2026

Proposition No. P.2026/82

Policy & Resources Committee

The States of Guernsey Annual Budget for 2027

AMENDMENT

Proposed by: Deputy J Ozanne OBE

Seconded by: Deputy A Matthews

To insert the following Proposition immediately after Proposition 24:

“24A To direct the Committee for Employment & Social Security to introduce at the earliest opportunity, and no later than September 2027, an Essential Cost Relief Payment targeted at low-income households which are not in receipt of income support.

(a) That initial rates should be set at £210 for a single adult and £353 for a couple.

(b) That the rates applied to the Essential Cost Relief Payment should be reviewed prior to the implementation of GST to ensure that it represents in full the estimated annual GST incurred by a household on Income Support.”

Rule 4(1) information

- a) The proposition contributes to the States’ objectives and policy plans as it is already an agreed part of the first States Super Priority: ‘decide and deliver tax reform.’
- b) In preparing the proposition, discussions have been had with members of the Policy & Resources Committee and the Committee for Employment and Social Security as well as with officers from Treasury.
- c) The proposition has been submitted to His Majesty’s Procureur for advice on any legal or constitutional implications.
- d) It is estimated that this would cost no more than £1m per year and includes £140k for additional resource to help facilitate and administer the manual implementation.

- e) This is based on the following modelling data approved as part of the Tax Reform 2026 proposals in Billet d'État No XIII:
 - (i) Households are identified as potentially eligible using the income and benefits data in the data set.
 - (ii) There is an assumption that households will not claim where we have good evidence that they have other means of support other than income (usually indicated by the TRP of their residence).
 - (iii) 2,500-3,000 households are thought to be eligible and costed as claiming - they are predominantly single person pensioner households (55%).
- f) Given it is highly unlikely that everyone who is eligible will claim, these figures are likely to be far fewer in practice meaning that the total cost is likely to be much lower.

Explanatory Note

1. A key part of the agreed Tax Reform 2026 package involves the introduction of an Essential Costs Relief Payment to cover the increased cost of essential goods and services arising from the introduction of GST for those on lower incomes who are not in receipt of income support.
2. The rationale given during the GST debate was that it is these lower income households, which sit just above the income support line, who are most likely to struggle with the increase in the cost of essential goods and services given that these form a larger proportion of their monthly budget.
3. The current cost of living crisis, involving above inflation increases in the cost of core services and food, has already created a major challenge for lower income households. Applying the same rationale as argued in the Tax Reform package, they require targeted support now so as to help mitigate the above RPIX inflation rises in essential cost and services.
4. This proposal therefore looks to bring forward the introduction of an Essential Cost Relief Payment programme for households that require and are eligible for it. As detailed in Section 4 of the "Tax Reform Workstream 1" Policy Letter the scheme is:
 - i) available to households who have a gross household income of less than £32,400 but who are not on Income Support;
 - ii) a simple fixed payment scheme which can be claimed once a year;
 - iii) set up as a light touch scheme with a small number of qualification criteria:
 - a) a household income threshold (validated against existing tax records);
 - b) the household is not in receipt of Income Support;
 - c) a limit of one claim per household; and

- d) at least one adult in the household has been resident for no less than two years.
- 5. In the context of a GST the Essential Cost Relief Payment is calculated as the estimated annual GST incurred by a household on Income Support. If this is implemented ahead of and separately to the GST an alternative approach is needed, as otherwise the rate applied would be zero given that GST is currently zero.
- 6. It is therefore proposed that the rate is set at an additional £5 per week, or £210 a year, for a single household and similarly £353 a year for a couple.
- 7. Initially, the Essential Cost Relief Payment would be manually administered by two contracted officers within the Customer Hub. It will then move to the systems that are being developed for the agreed Tax Reform scheme once they have been created.
- 8. Levels of Essential Cost Relief Payments should be reassessed ahead of the introduction of GST in order to ensure that they remain a viable way of supporting lower income households.
- 9. Ultimately, this proposal will look to help people during a significant increase in essential costs and services over the past year.