

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

3rd November, 2026

Proposition No. P. 2026/83

Committee for Employment & Social Security

Non-contributory Benefit Rates for 2027

AMENDMENT

Proposed by: Deputy A Sloan
Seconded by: Deputy M Malik

To insert an additional Proposition immediately after Proposition 6, as follows:

“6A. To agree that the gross annual household income limit for entitlement to family allowance shall be £136,800 with effect from 4th January 2027, and to direct that the draft Family Allowances Ordinance, 2026 (P.2026/74) be amended accordingly before its approval by the States, together with the preparation of such further legislation as may be necessary to give effect to this decision. “

Rule 4(1) Information

- a) The proposition contributes to the States’ objectives and policy plans by seeking to support children, young people and families by ensuring that eligibility for family allowance is determined on the basis of considered policy and appropriate evidence. It also seeks greater consistency in how income limits apply to non-contributory benefits and supports the wider objective of maintaining a coherent, sustainable system of social protection.
- b) In preparing this proposition a copy of this amendment was sent to the Committee for Employment and Social Services before lodging.

- c) The proposition has been submitted to His Majesty's Procureur for advice on any legal or constitutional implications.
- d) The financial implication of carrying out this amendment would be to increase the expenditure on family allowance by extending eligibility to households with gross annual incomes between £125,000 and £136,800. The Committee for Employment & Social Security estimates that raising the existing income limit from £125,000 to about £130,000 would add about £200,000 in annual expenditure. A simple proportional extrapolation to the proposed £136,800 income limit suggests additional annual expenditure of approximately £472,000. For the purposes of this amendment, the proposers estimate the additional expenditure at approximately £500,000 per annum.

This is an indicative estimate only. The actual expenditure would depend upon the distribution of household incomes, the number of eligible children and benefit take-up. A more precise estimate would require information held by the Committee. For context, the Committee's own projections indicate that income support expenditure will increase from £61.0 million in 2026 to £66.3 million in 2027, an increase of £5.3 million. The estimated additional expenditure arising from this amendment would therefore represent approximately 9% of the projected annual increase in income support expenditure and approximately 0.6% of the £89.7 million projected expenditure on General Revenue-funded social security benefits and services in 2027.
- a) Drafting advice has been sought from the States' Greffier.

Explanatory Note

The purpose of this amendment is to increase the gross annual household income limit for family allowance from £125,000 to £136,800, aligning it with the limit proposed for severe disability benefit and carer's allowance in 2027.

The Committee for Employment & Social Security proposes increasing the weekly family allowance rate by 4.3%, in line with inflation, while freezing the household income limit at £125,000. By contrast, it proposes increasing both the rates and the income limit for severe disability benefit and carer's allowance by 4.3%, with the latter rising to £136,800. The consequence is that, while the real value of the family allowance payment is maintained, the real value of its eligibility threshold is reduced. The Committee estimates that approximately

3% of currently eligible households would lose entitlement if the threshold were not uprated in line with inflation.

The rationale for this different treatment appears to stem from the Reducing the Cost of Public Services Sub-Committee's 2024 identification of family allowance as a potential savings initiative. That exercise included a public consultation seeking suggestions for expenditure reductions, followed by an assessment and prioritisation of potential savings initiatives. Family allowance was identified as an area for further review.

However, identifying a potential saving through such an exercise is not the same as establishing a sound policy case for restricting eligibility. Indeed, the Committee acknowledges in paragraph 3.3 of its Policy Letter that the proposed review has not yet been undertaken. The proposers consider that the appropriate course is to undertake that review before making decisions that progressively restrict eligibility. Family allowance recognises the additional financial responsibilities of raising dependent children. Supporting children and young people is an important policy objective, particularly given Guernsey's longer-term demographic challenges and the need to sustain its future working-age population. The amendment also reflects a wider concern that the additional costs of raising children have not received sufficient recognition in Guernsey's tax and benefit arrangements.

The Committee estimates that raising the income limit from £125,000 to approximately £130,000, rather than freezing it, would entail additional annual expenditure of £200,000. A simple proportional extrapolation suggests that raising the limit to £136,800 would entail additional expenditure of approximately £470,000, rounded to £500,000 annually. This is an indicative estimate, subject to confirmation by the Committee. For context, the Committee projects that income support expenditure will increase by £5.3 million in 2027, from £61.0 million to £66.3 million. The estimated cost of this amendment would represent approximately 9% of that increase, or around 0.6% of projected General Revenue-funded social security expenditure.

The proposers recognise the importance of controlling public expenditure. However, they consider that decisions to restrict family support should be based on a properly evidenced policy rationale rather than on the pursuit of a savings initiative identified through an earlier consultation exercise. The amendment would establish a consistent income ceiling for 2027 while leaving open the possibility of a substantive review of family allowance policy and its eligibility criteria.