

**DRAFT ACT TO ESTABLISH A SCHEME TO MAKE CHILD
CARE MORE AVAILABLE FOR
LOW INCOME FAMILIES**

**Lodged au Greffe on 13th April 1999
by the Employment and Social Security Committee**



STATES OF JERSEY

STATES GREFFE

Report

On 20th October 1998, the States adopted a report and proposition of the Finance and Economics Committee and approved proposals with regard to child care tax relief and child care allowance. The States charged the Employment and Social Security Committee to prepare an Act of the States to introduce child care allowance according to the principles described in the Finance and Economics Committee's report.

This Act of the States establishes a scheme to make child care more available for low income families, by helping these families with child care costs where they cannot benefit from income tax relief. In this way, the Scheme assists in tackling the two key strategic issues agreed by the States: firstly by encouraging the existing population back into, or to remain, in employment to ease the population problem; and secondly through targeting to low income families financial assistance to make work pay to help eradicate social and material deprivation.

The Scheme follows the proposals agreed by the States in October 1998, upon which the administration to deliver the allowance has been built. Substantial effort has been re-allocated from other important areas to ensure that a viable system would be in place by the agreed implementation date of 1st May 1999. Child care tax relief will be granted against income from employment in 1998 (collectable in 1999), whereas child care allowance will be payable on current incomes from 1st May 1999, but may be backdated to 1st January 1999.

As described in the report and proposition debated on 20th October 1998, this child care allowance system is an interim scheme made in advance of a current means-tested, low income support benefit, which is being developed. A child care component has been specifically identified as a key component in any new benefit system because of the disincentive effects that child care costs produce, and so this interim allowance will be subsumed into any new low income support benefit system.

Explanatory Note

The purpose of this Act is to establish a scheme to benefit families on low incomes by helping them with child care costs where they cannot benefit from an income tax child allowance.

The scheme is to be taken to have commenced on 1st January 1999, and payment of benefits under it are to be made accordingly.

Act to establish a Scheme to make child care more available for low income families

STATES OF JERSEY

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THE STATES, adopting a proposition of the Employment and Social Security Committee, have made the following Scheme -

THE SCHEME

Purpose of this Scheme

1. The purpose of this Scheme is to benefit families on low incomes by helping them with child care costs where they cannot benefit from an income tax child care allowance.

Meaning of terms used in this Scheme

2. In this Scheme -

“child care” means child care provided to a child of an eligible family where the child is under the age of 5 years and the care is provided by a nursery or child-minder registered under Article 68 of the Children (Jersey) Law 1969;¹

“Department” means the Employment and Social Security Department;

“eligible family” means a family which is eligible to receive benefits under this Scheme by virtue of clause 4;

¹ Recueil des Lois, Volume 1968-1969, page 307, and Volume 1970-1972, page 513.

“family”, in respect of a claimant, includes the claimant, the child or children receiving child care and any person the claimant is living with in a family arrangement whether or not the spouse of the claimant and whether or not of a different sex from the claimant;

“income of the family from all sources”, in respect of an eligible family, does not include a benefit paid to any member of the family by the States which is not compensation for a loss of income.

Administration of this Scheme

3.-(1) This Scheme shall be administered by the Department.

(2) The Department shall appoint one of its officers to be a “determining officer”, to determine eligibility to benefits under this Scheme, and a more senior officer to be a “reassessment officer”, to reassess any decision made by the determining officer where a person believes the decision to be wrong.

(3) The determining officer and the reassessment officer may be assisted in carrying out their duties under this Scheme by other officers of the Department made available for the purpose.

Eligibility for benefits under this Scheme

4.-(1) A family shall be eligible to receive benefits under this Scheme if -

- (a) at the time the application for the benefits is made the claimant has the lawful custody of the child or children receiving the child care;
- (b) the claimant and the child or children receiving the child care (if more than 6 months old) have all been ordinarily resident on the Island for a continuous period of at least 6 months when the application is made (although absences during that period totalling 28 days or less are

not to be taken as breaking the continuity of the period of ordinary residence);

- (c) the income of the claimant from employment or self employment during the calendar year in which the application for the benefit is made is likely to be £3,027 or more;
- (d) the income of the family of the claimant from all sources during the calendar year in which the application for the benefit is made is likely to be less than the minimum amount which would require any member of the family to pay income tax in respect of that income.

(2) Despite a family complying with the requirements of paragraph (1), it ceases to be an eligible family if the claimant is absent from the Island for more than 28 days during any period of 6 months.

Amount of benefit

5.-(1) The maximum amount that may be provided each week under this Scheme in respect of a child of an eligible family shall depend upon the likely total income of the family from all sources during the calendar year in which the benefit is to be provided but in no case shall more than £200 a week be provided under this Scheme in respect of the cost of child care incurred by an eligible family.

(2) The maximum amount that may be provided each week in respect of a child of an eligible family shall be calculated on a sliding scale between a maximum amount of £100 if the income of the family from all sources is likely to be £3,027 down to a minimum amount of £30 if that income is likely to be £23,150 or more (but still less than the amount upon which any member of the family would be required to pay income tax) and is the amount which bears the same relationship to those maximum and minimum amounts as the likely total income of the family from all sources bears between £3,027 and £23,150 (except that if the income of the family is likely to be more than £23,150 it is to be taken to be £23,150).

(3) Subject to paragraph (1), the amount to be provided in any week under this Scheme in respect of a child of an eligible family shall be -

- (a) the actual cost incurred during that week by the family for child care for that child; or
- (b) the amount calculated in accordance with paragraph (2),

being whichever amount is the less.

(4) The determining officer must keep the amount calculated in accordance with paragraph (2) under review (and in any event must review that amount at least once in any period of 6 months) and on each review must make such adjustments to the amount as he considers appropriate having regard to any changed circumstances of the eligible family.

Duties of determining officer

6.-(1) Before authorizing benefits under this Scheme in respect of an eligible family the determining officer must satisfy himself -

- (a) that during the calendar year in which the benefits are to be provided the income of the claimant from employment or self employment is likely to be £3,027 or more;
- (b) that during the calendar year in which the benefits are to be provided the income of the family from all sources is likely to be less than the minimum amount which would require any member of the family to pay income tax;
- (c) that the child care to be provided in respect of a child or children of the family is adequate and necessary and is to be provided at a reasonable cost having regard to the cost of child care in general.

(2) The determining officer may delay authorizing the provision of child care benefits to a family until he has received

sufficient evidence to satisfy him that the benefits may be properly provided to the family in accordance with this Scheme.

Duties of reassessment officer

7.-(1) The reassessment officer shall reassess a decision of the determining officer under this Scheme on the application of any person with an interest in the decision.

(2) The decision of the reassessment officer on a reassessment carried out in accordance with paragraph (1) is final.

Provision of benefits

8.-(1) The Department shall ensure that benefits under this Scheme are provided in accordance with the decisions of the determining officer or, on reassessment, the reassessment officer.

(2) In so far as possible the benefits in respect of an eligible family shall be provided by way of payments to the person who provided the child care to the family and shall be paid upon presentation by that person to the Department of appropriate accounts containing details of the child care provided.

(3) Benefits under this Scheme shall be paid monthly by electronic transfer or, where this is not possible, by cheque.

Cost of Scheme to come from General Revenue of the States

9.-(1) Benefits under this Scheme shall be provided from the General Revenue of the States.

(2) The cost to the Department of administering this Scheme shall be borne by the General Revenue of the States.

Commencement of this Scheme

10. This Scheme is to be taken to have commenced on 1st January 1999 and the payment of benefits under it are to be made accordingly.