Senator Lyndon Farnham
Chief Minister of Jersey

Deputy Lyndsay Feltham
Chair, Corporate Services Scrutiny Panel
By email

29th October 2026

Dear Chair,

Proposed Budget 2027-2030 Review – Impact of Proposed Cost of Living Measures on Households

Thank you for your letter dated 21st October 2026.

The answers to your questions are provided below, which we trust will assist the Panel with its review of the proposed Budget 2027-2030.

1. **An estimate of the annual financial impact of the Proposed Budget 2027–2030 measures for each of the household groups listed [in the letter], taking account of both the proposed increases in tax thresholds, allowances and reliefs, and the impact of increases in duties, charges or other costs arising from the Budget.**

The Council of Ministers recognises the pressures Islanders are facing from ongoing cost of living pressures and has sought, through Budget 2027, to provide targeted support while maintaining the sustainable public finances needed to fund essential public services.

The Budget 2027 includes a package of measures to help Islanders with cost-of-living pressures. This package builds upon support provided in previous budgets and, taken together, mean that since 2022 the personal tax threshold has been increased by more than inflation. Tax allowances and benefits have increased in line with, or above, inflation and average earnings have increased by more than inflation. This means that most household incomes after tax (and including benefits) have kept pace with inflation. This is very different from the experience in other countries.

The table below sets out the effect of Budget 2027 measures on the household groups listed. Whilst Government does not model impacts using exactly the same categories as reported in the Jersey Opinion and Lifestyle Survey, these particular scenarios have been chosen to reflect circumstances for a range of typical compositions and incomes. Whilst the effects of the Budget 2027 tax and cost of living measures were considered against the full range of incomes, these examples were chosen to illustrate the specific financial benefits available.

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	Working age , living alone (low-income)	Couple, 2 children (ave income)	Couple, 2 children (low income)	Couple 2 children	Couple without children	Single parent, 1 child (ave income)	Pensioner (earnings up to £30k)
		2-year-old and newborn	2 secondary school students	2-year-old and newborn	2 earners	Secondary school student	
Gross income	*£25,000*	*£92,000*	*£50,000*	*£80,000*	*£80,000*	*£46,000*	*£30,000*
Personal allowance	£156	£312	£312	£312	£312	£156	£156
Child allowance		£52	£52	£52		£65	
Community Cost Bonus	£200		£200				£200
Nursery hours		£2,148		£2,148			
Parental grant		£900		£900			
Family support payment			£250			£250	
Free school meals			£1,710			£855	
Pension increase							£799
Total extra support from Budget 2027	**£316**	**£3,412**	**£2,524**	**£3,412**	**£312**	**£1,326**	**£1,155**

Raising tax allowances from 2026 levels directly increases net household incomes by as much as £156 per earner and £26 per child.

Additionally, the proposed Budget includes a freeze in fuel duty in 2027. Compared to increasing duty by June RPI as normal, the freeze in fuel duty will save the average household £15-£20 a year.

The Budget 2027 also proposes an increase in alcohol duties by 2.8% in line with June RPI. This will increase a pint of draught beer by 1p and a 75cl bottle of wine by 5p. Tobacco duties are proposed to increase by RPI of 2.8%, plus the 5% escalator, to reflect the Government's commitment to public health objectives. This will increase the price of a packet of cigarettes by 88p.

2. An assessment of whether the proposed measures are expected to increase or reduce financial pressures on households that have been identified as being at greater risk of financial hardship.

Budget 2027, as proposed, will reduce financial pressures on households identified as being at greater risk of financial hardship.

On top of increases in their personal and child allowances, Budget 2027 targets additional support on low- and middle-income households. The Jersey Opinions and Lifestyle Survey 2025 shows that single parent households were most likely to find it difficult to cope financially.

Budget 2027 provides these households with targeted support in the form of family support payments, free school meals and subsidised nursery hours.

3. Where possible, an indication of which measures are expected to have the greatest positive or negative effect on each household group.

The effect of individual measures will vary according to the circumstances of each family. Budget 2027 especially proposes a collection of measures targeted at supporting households with children. Additional subsidised nursery hours and free school meals provide financial benefits to households containing either pre-school or school aged children.

4. A plain-English summary of the Proposed Budget 2027–2030, setting out the anticipated impact of the proposals on typical Jersey households.

The proposed Common Strategic Policy set out the Council of Ministers' priorities to take targeted action to improve Islanders' quality of life, strengthen the economy and invest in Jersey's future. The Budget 2027 delivers on this. It assists all Islanders with cost of living pressures by providing increases to tax allowances and benefits, and an additional package of targeted measures. Budget 2027 demonstrates the Council of Ministers' commitment to deliver its proposed Common Strategic Policy.

Jersey's tax and benefit framework ensures that Islanders' after-tax incomes (including benefits) keep pace with inflation and do not deteriorate in real terms, which means living standards can be maintained. This compares favourably with other jurisdictions, where tax thresholds have been frozen.

Jersey's proposed Budget 2027-2030 includes increases that would enable Islanders to retain up to £156 more of their income and earnings; those with children will benefit from higher child allowances and family support payments; households with newborns or young children will benefit from higher parental grant payments and additional hours of free childcare for 2 to 3-year-olds. Free school meals will be extended to secondary school children, and the Community Cost Bonus will be increased which can be claimed by a range of households, including pensioners.

Yours sincerely,

Senator Lyndon Farnham
Chief Minister

Senator Alan Maclean
Minister for Treasury and Resources