
STATUTORY INSTRUMENTS

1998 No. 1174

SOCIAL SECURITY

**The Social Security (Miscellaneous
Amendments) (No. 4) Regulations 1998**

<i>Made</i>	- - - -	<i>7th May 1998</i>
<i>Laid before Parliament</i>		<i>11th May 1998</i>
<i>Coming into force</i>	- -	<i>1st June 1998</i>

The Secretary of State for Education and Employment, in relation to regulation 3(2) of these Regulations and the Secretary of State for Social Security, in relation to the remainder of these Regulations, in exercise of the powers conferred by sections 12(1), (2) and (4)(b) and (d), 19(10)(c), 21, 35(1) and 36(1), (2) and (4) of, and paragraphs 4 and 10(1) of Schedule 1 to, the Jobseekers Act 1995⁽¹⁾, sections 123(1), 136(3), (4) and (5)(b), 137(1) and 175(1), (3) and (4) of the Social Security Contributions and Benefits Act⁽²⁾ and sections 5(1)(i) and 189(1) and (4) of the Social Security Administration Act 1992⁽³⁾, and of all other powers enabling each of them in that behalf, after consultation in respect of provisions in these Regulations relating to housing benefit and council tax benefit, with organisations appearing to the Secretary of State for Social Security to be representative of the authorities concerned⁽⁴⁾ and after agreement by the Social Security Advisory Committee that proposals in respect of these Regulations should not be referred to it⁽⁵⁾, hereby make the following Regulations:

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Social Security (Miscellaneous Amendments) (No. 4) Regulations 1998 and shall come into force on 1st June 1998.

(2) In these Regulations—

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- (1) 1995 c. 18; section 35(1) is an interpretation provision and is cited because of the meaning ascribed to the words “prescribed” and “regulations”.
- (2) 1992 c. 4; sections 123(1)(e) and 137 were amended to have effect with respect to council tax benefit by Schedule 9 to the Local Government Finance Act 1992 (c. 14), paragraphs 1 and 9; section 137(1) is an interpretation provision and is cited because of the meaning ascribed to the word “prescribed”.
- (3) 1992 c. 5; section 5 was amended to have effect in relation to jobseeker’s allowance by the Jobseekers Act 1995 (c. 18), Schedule 2, paragraph 39.
- (4) See section 176(1) of the Social Security Administration Act 1992 (c. 5).
- (5) See sections 170 and 173(1)(b) of the Social Security Administration Act 1992, (c. 5); paragraph 67 of Schedule 2 to the Jobseekers Act 1995 added that Act to the list of “relevant enactments” in respect of which regulations must normally be referred to the Committee.

“the Council Tax Benefit Regulations” means the Council Tax Benefit (General) Regulations 1992(6);

“the Disability Working Allowance Regulations” means the Disability Working Allowance (General) Regulations 1991(7);

“the Family Credit Regulations” means the Family Credit (General) Regulations 1987(8);

“the Housing Benefit Regulations” means the Housing Benefit (General) Regulations 1987(9);

“the Income Support Regulations” means the Income Support (General) Regulations 1987(10);

“the Jobseeker’s Allowance Regulations” means the Jobseeker’s Allowance Regulations 1996(11).

Revocation

2. The Jobseeker’s Allowance (Amendment) Regulations 1998(12) (which increase the number of waiting days for a jobseeker’s allowance from 3 to 7) are hereby revoked.

Amendment of the Jobseeker’s Allowance Regulations

3.—(1) The Jobseeker’s Allowance Regulations shall be amended in accordance with the following paragraphs of this regulation.

(2) For paragraph (1)(a)(ii)(aa) of regulation 75(13) there shall be substituted the following sub-head—

- “(aa) the Employment Option of the New Deal, being a programme which lasts for any individual for up to 26 weeks and which includes for that individual—
- (i) employed earner’s employment, training and support; or
 - (ii) assistance in pursuing self-employed earner’s employment;”.

(3) After regulation 88 there shall be inserted the following regulation—

“Income of participants in the self-employment route of the Employment Option of the New Deal

88A. Chapters II, III, IV, V, VII and VIII of this Part and regulations 131 to 136, 138 and 139 shall not apply to any income which is to be calculated in accordance with Chapter IVA of this Part (participants in the self-employment route of the Employment Option of the New Deal).”.

(4) After regulation 102 there shall be inserted the following Chapter—

(6) S.I.1992/1814.

(7) S.I.1991/2887.

(8) S.I.1987/1973.

(9) S.I.1987/1971.

(10) S.I.1987/1967.

(11) S.I.1996/207.

(12) S.I.1998/71.

(13) Regulation 75 was substituted by S.I.1997/2863.

**“CHAPTER IVA
PARTICIPANTS IN THE SELF-EMPLOYMENT ROUTE
OF THE EMPLOYMENT OPTION OF THE NEW DEAL**

Interpretation

102A. In this Chapter—

“self-employment route” means that part of the Employment Option of the New Deal which is specified in regulation 75(1)(a)(ii)(aa)(ii);

“special account” means, where a person was carrying on a commercial activity in respect of which assistance was received under the self-employment route, the account into which the gross receipts from that activity were payable during the period in respect of which such assistance was received.

Treatment of gross receipts of participants in the self-employment route of the Employment Option of the New Deal

102B. The gross receipts of a commercial activity carried on by a person in respect of which assistance is received under the self-employment route, shall be taken into account in accordance with the following provisions of this Chapter.

Calculation of income of participants in the self-employment route of the Employment Option of the New Deal

102C.—(1) The income of a person who has received assistance under the self-employment route shall be calculated by taking into account the whole of the monies in the special account at the end of the last day upon which such assistance was received and deducting from those monies—

- (a) an amount in respect of income tax calculated in accordance with regulation 102D (deduction in respect of tax for participants in the self-employment route of the Employment Option of the New Deal); and
- (b) any sum to which paragraph (4) refers.

(2) Income calculated pursuant to paragraph (1) shall be apportioned equally over a period which starts on the date the income is treated as paid under paragraph (3) and is equal in length to the period beginning with the day upon which assistance was first received under the self-employment route and ending on the last day upon which such assistance was received.

(3) Income calculated pursuant to paragraph (1) shall be treated as paid—

- (a) in the case where it is due to be paid before the first benefit week in respect of which the participant or his partner first claims a jobseeker’s allowance following the last day upon which assistance was received under the self-employment route, on the day in the week in which it is due to be paid which corresponds to the first day of the benefit week;
- (b) in any other case, on the first day of the benefit week in which it is due to be paid.

(4) This paragraph refers, where applicable in each benefit week in respect of which income calculated pursuant to paragraph (1) is taken into account pursuant to paragraphs (2) and (3), to the sums which would have been disregarded under paragraphs 5 to 8, 11 and 12 of Schedule 6 had the income been earnings.

Deduction in respect of tax for participants in the self-employment route of the Employment Option of the New Deal

102D.—(1) The amount to be deducted in respect of income tax under regulation 102C(1) (a) (calculation of income of participants in the self-employment route of the Employment Option of the New Deal) in respect of the period determined under regulation 102C(2) shall be calculated as if—

- (a) the chargeable income is the only income chargeable to tax;
- (b) the personal reliefs which are applicable to the person receiving assistance under the self-employment route by virtue of sections 257(1), 257A(1) and 259 of the Income and Corporation Taxes Act 1988(14) (personal reliefs) are allowable against that income; and
- (c) the rate at which the chargeable income less the personal relief is assessable to income tax is the lower rate of tax or, as the case may be, the lower rate and the basic rate of tax.

(2) For the purpose of paragraph (1), the lower rate of tax to be applied and the amount of the personal relief deductible shall, where the period determined under regulation 102C(2) is less than a year, be calculated on a pro rata basis.

(3) In this regulation, “chargeable income” means the monies in the special account at the end of the last day upon which assistance was received under the self-employment route.”

Income to be disregarded

4. In Schedule 7 to the Jobseeker’s Allowance Regulations(15) (income to be disregarded)—

(a) for paragraph 60, there shall be substituted the following paragraph—

“**60.** Any mandatory top-up payment made to a person pursuant to section 2 of the Employment and Training Act 1973 in respect of that person’s participation in an employment programme specified in—

- (a) regulation 75(1)(a)(ii)(aa)(ii) (self-employment route of the Employment Option of the New Deal);
- (b) regulation 75(1)(a)(ii)(bb) (Voluntary Sector Option of the New Deal); or
- (c) regulation 75(1)(a)(ii)(cc) (Environment Task Force Option of the New Deal).”;

(b) at the end there shall be added the following paragraph—

“**62.**—(1) Subject to sub-paragraph (2), in the case of a person who is receiving, or who has received, assistance under an employment programme specified in regulation 75(1) (a)(ii)(aa)(ii) (self-employment route of the Employment Option of the New Deal), any payment to that person—

- (a) to meet expenses wholly and necessarily incurred whilst carrying on the commercial activity;
- (b) which is used or intended to be used to maintain repayments on a loan taken out by that person for the purpose of establishing or carrying on the commercial activity,

(14) 1988 c. 1; sections 257 to 257F were substituted for section 257 by section 33 of the Finance Act 1988 (c. 39); section 257 was amended by section 74(2) of, and Schedule 20 and Part V of Schedule 41 to, the Finance Act 1996 (c. 8) and by section 55(2) of the Finance Act 1997 (c. 16); section 259 was amended by sections 30 and 35 of the Finance Act 1988 and section 20 of the Finance (No. 2) Act 1992 (c. 48), section 77 of, and paragraph 6 of Schedule 8 to, the Finance Act 1994 (c. 9) and Schedule 20 and Part V of Schedule 41 to the Finance Act 1996 (c. 8).

(15) Paragraphs 60 and 61 were inserted by S.I.1997/2863.

in respect of which such assistance is or was received.

(2) Sub-paragraph (1) shall apply only in respect of payments which are paid to that person from the special account as defined for the purposes of Chapter IVA of Part VIII.”.

Capital to be disregarded

5. In Schedule 8 to the Jobseeker’s Allowance Regulations (capital to be disregarded)—

(a) in paragraph 11, at the end, there shall be added the following sub-paragraphs—

“(3) In the case of a person who is receiving assistance under an employment programme specified in regulation 75(1)(a)(ii)(aa)(ii) (self-employment route of the Employment Option of the New Deal), the assets acquired by that person for the purpose of establishing or carrying on the commercial activity in respect of which such assistance is being received.

(4) In the case of a person who has ceased carrying on the commercial activity in respect of which assistance was received as specified in sub-paragraph (3), the assets relating to that activity for such period as may be reasonable in the circumstances to allow for disposal of any such asset.”;

(b) for paragraph 45(16) there shall be substituted the following paragraph—

“45. Any mandatory top-up payment made to a person pursuant to section 2 of the Employment and Training Act 1973 in respect of that person’s participation in an employment programme specified in—

- (a) regulation 75(1)(a)(ii)(aa)(ii) (self-employment route of the Employment Option of the New Deal);
- (b) regulation 75(1)(a)(ii)(bb) (Voluntary Sector Option of the New Deal); or
- (c) regulation 75(1)(a)(ii)(cc) (Environment Task Force Option of the New Deal),

but only for a period of 52 weeks from the date of receipt of the payment.”;

(c) at the end there shall be added the following paragraph—

“47. In the case of a person who is receiving, or who has received, assistance under an employment programme specified in regulation 75(1)(a)(ii)(aa)(ii) (self-employment route of the Employment Option of the New Deal), any sum of capital which is acquired by that person for the purpose of establishing or carrying on the commercial activity in respect of which such assistance is or was received but only for a period of 52 weeks from the date on which that sum was acquired.”.

Amendment of the Income Support Regulations

6.—(1) The Income Support Regulations shall be amended in accordance with the following paragraphs of this regulation.

(2) After regulation 23 there shall be inserted the following regulation—

“Income of participants in the self-employment route of the Employment Option of the New Deal

23A. Chapters II, III, IV, V, VII and VIIA of this Part and regulations 62 to 66A, 68 and 69 shall not apply to any income which is to be calculated in accordance with Chapter IVA of this Part (participants in the self-employment route of the Employment Option of the New Deal).”.

(16) Paragraph 45 was inserted by [S.I.1997/2863](#).

(3) After regulation 39 there shall be inserted the following Chapter—

**“CHAPTER IVA
PARTICIPANTS IN THE SELF-EMPLOYMENT ROUTE
OF THE EMPLOYMENT OPTION OF THE NEW DEAL**

Interpretation

39A. In this Chapter—

“self-employment route” means that part of the Employment Option of the New Deal which is specified in regulation 75(1)(a)(ii)(aa)(ii) of the Jobseeker’s Allowance Regulations 1996;

“special account” means, where a person was carrying on a commercial activity in respect of which assistance is received under the self-employment route, the account into which the gross receipts from that activity were payable during the period in respect of which such assistance was received.

Treatment of gross receipts of participants in the self-employment route of the Employment Option of the New Deal

39B. The gross receipts of a commercial activity carried on by a person in respect of which assistance is received under the self-employment route, shall be taken into account in accordance with the following provisions of this Chapter.

Calculation of income of participants in the self-employment route of the Employment Option of the New Deal

39C.—(1) The income of a person who has received assistance under the self-employment route shall be calculated by taking into account the whole of the monies in the special account at the end of the last day upon which such assistance was received and deducting from those monies—

- (a) an amount in respect of income tax calculated in accordance with regulation 39D (deduction in respect of tax for participants in the self-employment route of the Employment Option of the New Deal); and
- (b) any sum to which paragraph (4) refers.

(2) Income calculated pursuant to paragraph (1) shall be apportioned equally over a period which starts on the date the income is treated as paid under paragraph (3) and is equal in length to the period beginning with the day upon which assistance was first received under the self-employment route and ending on the last day upon which such assistance was received.

(3) Income calculated pursuant to paragraph (1) shall be treated as paid—

- (a) in the case where it is due to be paid before the first benefit week in respect of which the participant or his partner first claims income support following the last day upon which assistance was received under the self-employment route, on the day in the week in which it is due to be paid which corresponds to the first day of the benefit week;
- (b) in any other case, on the first day of the benefit week in which it is due to be paid.

(4) This paragraph refers, where applicable in each benefit week in respect of which income calculated pursuant to paragraph (1) is taken into account pursuant to paragraphs (2) and (3), to the sums which would have been disregarded under paragraphs 4 to 6B and 9 of Schedule 8 had the income been earnings.

Deduction in respect of tax for participants in the self-employment route of the Employment Option of the New Deal

39D.—(1) The amount to be deducted in respect of income tax under regulation 39C(1) (a) (calculation of income of participants in the self-employment route of the Employment Option of the New Deal) in respect of the period determined under regulation 39C(2) shall be calculated as if—

- (a) the chargeable income is the only income chargeable to tax;
- (b) the personal reliefs which are applicable to the person receiving assistance under the self-employment route by virtue of sections 257(1), 257A(1) and 259 of the Income and Corporation Taxes Act 1988(17)(personal reliefs) are allowable against that income; and
- (c) the rate at which the chargeable income less the personal relief is assessable to income tax is the lower rate of tax or, as the case may be, the lower rate and the basic rate of tax.

(2) For the purpose of paragraph (1), the lower rate of tax to be applied and the amount of the personal relief deductible shall, where the period determined under regulation 39C(2) is less than a year, be calculated on a pro rata basis.

(3) In this regulation, “chargeable income” means the monies in the special account at the end of the last day upon which assistance was received under the self-employment route.”.

(4) At the end of Schedule 9(18) (sums to be disregarded in the calculation of income other than earnings) there shall be added the following paragraph—

“**64.**—(1) Subject to sub-paragraph (2), in the case of a person who is receiving, or who has received, assistance under an employment programme specified in regulation 75(1)(a)(ii)(aa)(ii) of the Jobseeker’s Allowance Regulations 1996 (self-employment route of the Employment Option of the New Deal), any payment to the person—

- (a) to meet expenses wholly and necessarily incurred whilst carrying on the commercial activity;
- (b) which is used or intended to be used to maintain repayments on a loan taken out by that person for the purpose of establishing or carrying on the commercial activity, in respect of which such assistance is or was received.

(2) Sub-paragraph (1) shall apply only in respect of payments which are paid to that person from the special account as defined for the purposes of Chapter IVA of Part V.”.

Common amendments

7.—(1) At the end of each of the regulations specified in paragraph (2) of this regulation (which relate to income to be treated as capital) there shall be added the following paragraph—

“(7) There shall be treated as capital the gross receipts of any commercial activity carried on by a person in respect of which assistance is received under an employment programme specified in regulation 75(1)(a)(ii)(aa)(ii) of the Jobseeker’s Allowance Regulations 1996 (self-employment route of the Employment Option of the New Deal), but only in so far as those receipts were payable into a special account (as defined for the purposes of Chapter

(17) 1988 c. 1; sections 257 to 257F were substituted for section 257 by section 33 of the Finance Act 1988 (c. 39); section 257 was amended by section 74(2) of, and Schedule 20 and Part V of Schedule 41 to, the Finance Act 1996 (c. 8) and by section 55(2) of the Finance Act 1997 (c. 16); section 259 was amended by sections 30 and 35 of the Finance Act 1988 and section 20 of the Finance (No. 2) Act 1992 (c. 48), section 77 of, and paragraph 6 of Schedule 8 to, the Finance Act 1994 (c. 9) and Schedule 20 and Part V of Schedule 41 to the Finance Act 1996 (c. 8).

(18) Paragraph 63 was added by S.I.1997/2863.

IVA of Part VIII of those Regulations) during the period in which that person was receiving such assistance.”.

(2) The regulations for the purposes of paragraph (1) of this regulation are—

- (a) regulation 31 of the Council Tax Benefit Regulations;
- (b) regulation 34 of the Disability Working Allowance Regulations;
- (c) regulation 31 of the Family Credit Regulations;
- (d) regulation 40 of the Housing Benefit Regulations.

(3) For each of the numbered paragraphs of the Schedules specified in paragraph (4) of this regulation (which relate to sums to be disregarded in the calculation of income other than earnings), there shall be substituted the following paragraph—

“Any mandatory top-up payment made to a person pursuant to section 2 of the Employment and Training Act 1973 in respect of that person’s participation in an employment programme specified in—

- (a) regulation 75(1)(a)(ii)(aa)(ii) of the Jobseeker’s Allowance Regulations 1996 (self-employment route of the Employment Option of the New Deal);
- (b) regulation 75(1)(a)(ii)(bb) of those Regulations (Voluntary Sector Option of the New Deal); or
- (c) regulation 75(1)(a)(ii)(cc) of those Regulations (Environment Task Force Option of the New Deal).”.

(4) The respective paragraph numbers and Schedules for the purposes of paragraph (3) of this regulation⁽¹⁹⁾ are—

- (a) paragraph 64 of Schedule 4 to the Council Tax Benefit Regulations;
- (b) paragraph 57 of Schedule 3 to the Disability Working Allowance Regulations;
- (c) paragraph 59 of Schedule 2 to the Family Credit Regulations;
- (d) paragraph 64 of Schedule 4 to the Housing Benefit Regulations;
- (e) paragraph 62 of Schedule 9 to the Income Support Regulations.

(5) At the end of each of the Schedules specified in paragraph (6) of this regulation (which relate to income other than earnings to be disregarded) there shall be added the following paragraph bearing the specified respective paragraph number—

“__

(1) Subject to sub-paragraph (2), in respect of a person who is receiving, or who has received, assistance under an employment programme specified in regulation 75(1)(a)(ii)(aa)(ii) of the Jobseeker’s Allowance Regulations 1996⁽²⁰⁾ (self-employment route of the Employment Option of the New Deal), any payment to that person—

- (a) to meet expenses wholly and necessarily incurred whilst carrying on the commercial activity;
- (b) which is used or intended to be used to maintain repayments on a loan taken out by that person for the purpose of establishing or carrying on the commercial activity,

in respect of which such assistance is or was received.

(2) Sub-paragraph (1) shall apply only in respect of payments which are paid to that person from the special account as defined for the purposes of Chapter IVA of Part VIII of the Jobseeker’s Allowance Regulations 1996.”.

⁽¹⁹⁾ The paragraphs referred to in paragraph (4) were inserted by [S.I.1997/2863](#).

⁽²⁰⁾ [S.I.1996/207](#); the relevant amending instrument was [S.I.1998/1174](#).

(6) The respective paragraph numbers and Schedules for the purposes of paragraph (5) of this regulation(21) are—

- (a) paragraph 66 of Schedule 4 to the Council Tax Benefit Regulations;
- (b) paragraph 59 of Schedule 3 to the Disability Working Allowance Regulations;
- (c) paragraph 61 of Schedule 2 to the Family Credit Regulations;
- (d) paragraph 66 of Schedule 4 to the Housing Benefit Regulations.

(7) At the end of each of the numbered paragraphs of the Schedules specified in paragraph (8) (which relate to sums to be disregarded in the calculation of capital), there shall be added the following sub-paragraphs—

“(3) In the case of a person who is receiving assistance under an employment programme specified in regulation 75(1)(a)(ii)(aa)(ii) of the Jobseeker’s Allowance Regulations 1996 (self-employment route of the Employment Option of the New Deal), the assets acquired by that person for the purpose of establishing or carrying on the commercial activity in respect of which such assistance is being received.

(4) In the case of a person who has ceased carrying on the commercial activity in respect of which assistance was received as specified in sub-paragraph (3), the assets relating to that activity for such period as may be reasonable in the circumstances to allow for disposal of any such asset.”.

(8) The respective paragraph numbers and Schedules for the purposes of paragraph (7) of this regulation are—

- (a) paragraph 7 of Schedule 5 to the Council Tax Benefit Regulations;
- (b) paragraph 6 of Schedule 4 to the Disability Working Allowance Regulations;
- (c) paragraph 6 of Schedule 3 to the Family Credit Regulations(22);
- (d) paragraph 7 of Schedule 5 to the Housing Benefit Regulations(23);
- (e) paragraph 6 of Schedule 10 to the Income Support Regulations(24).

(9) For the numbered paragraph of each of the Schedules specified in paragraph (10) of this regulation (which relate to sums to be disregarded in the calculation of capital), there shall be substituted the following paragraph—

“Any mandatory top-up payment made to a person pursuant to section 2 of the Employment and Training Act 1973 in respect of that person’s participation in an employment programme specified in—

- (a) regulation 75(1)(a)(ii)(aa)(ii) of the Jobseeker’s Allowance Regulations 1996 (self-employment route of the Employment Option of the New Deal);
- (b) regulation 75(1)(a)(ii)(bb) of those Regulations (Voluntary Sector Option of the New Deal); or
- (c) regulation 75(1)(a)(ii)(cc) of those Regulations (Environment Task Force Option of the New Deal),

but only for a period of 52 weeks from the date of receipt of the payment.”.

(10) The respective paragraph numbers and Schedules for the purposes of paragraph (9) of this regulation(25) are—

- (a) paragraph 53 of Schedule 5 to the Council Tax Benefit Regulations;

(21) The preceding paragraphs to those referred to in paragraph (6) were inserted by [S.I.1997/2863](#).

(22) Paragraph 6 was amended by [S.I.1990/1774](#).

(23) Paragraph 7 was amended by [S.I.1990/1775](#).

(24) Paragraph 6 was amended by [S.I.1990/1776](#).

(25) The paragraphs referred to in paragraph (10) were inserted by [S.I.1997/2863](#).

- (b) paragraph 51 of Schedule 4 to the Disability Working Allowance Regulations;
- (c) paragraph 52 of Schedule 3 to the Family Credit Regulations;
- (d) paragraph 53 of Schedule 5 to the Housing Benefit Regulations;
- (e) paragraph 50 of Schedule 10 to the Income Support Regulations.

(11) At the end of each of the Schedules specified in paragraph (12) of this regulation (which relate to sums to be disregarded in the calculation of capital) there shall be added the following paragraph bearing the specified respective paragraph number—

“In the case of a person who is receiving, or who has received, assistance under an employment programme specified in regulation 75(1)(a)(ii)(aa)(ii) of the Jobseeker’s Allowance Regulations 1996 (self-employment route of the Employment Option of the New Deal), any sum of capital which is acquired by that person for the purpose of establishing or carrying on the commercial activity in respect of which such assistance is or was received but only for a period of 52 weeks from the date on which that sum was acquired.”.

(12) The respective paragraph numbers and Schedules for the purposes of paragraph (11) of this regulation(26) are—

- (a) paragraph 55 of Schedule 5 to the Council Tax Benefit Regulations;
- (b) paragraph 53 of Schedule 4 to the Disability Working Allowance Regulations;
- (c) paragraph 54 of Schedule 3 to the Family Credit Regulations;
- (d) paragraph 55 of Schedule 5 to the Housing Benefit Regulations;
- (e) paragraph 52 of Schedule 10 to the Income Support Regulations.

Consequential amendments

8.—(1) Regulation 18 of the Social Security Amendment (New Deal) Regulations 1997(27) (consequential amendments) shall be revoked.

(2) In Schedule 4 to the Housing Benefit Regulations—

- (a) the second paragraph designated “62”(28) shall be omitted;
- (b) after paragraph 66 there shall be added the following paragraph—

“67. Any payment made under the Community Care (Direct Payments) Act 1996(29) or under section 12B of the Social Work (Scotland) Act 1968(30).”.

(3) In the Social Security (Claims and Payments) Regulations 1987(31)—

- (a) in paragraph (7) of regulation 26A(32) (effect of changes of circumstances in jobseeker’s allowance cases), after the words “regulation 96” there shall be inserted the words “or 102C(3)”;;
- (b) in sub-paragraph (4) of paragraph 7 of Schedule 7(33) (effect of changes of circumstances in income support cases), after the words “or (2)” there shall be inserted the words “or 39C(3)”.

(26) The preceding paragraphs to those referred to in paragraph (12) were inserted by [S.I.1997/2863](#).

(27) [S.I.1997/2863](#).

(28) The second paragraph designated “62” was inserted by [S.I.1997/65](#).

(29) [1996 c. 30](#).

(30) [1968 c. 48](#); section 12B was inserted by the Community Care (Direct Payments) Act [1996 \(c. 30\)](#), section 4.

(31) [S.I.1987/1968](#).

(32) Regulation 26A was inserted by [S.I.1996/1460](#).

(33) Paragraph 7 of Schedule 7 was substituted by [S.I.1990/2208](#) and amended by [S.I.1991/387](#) and [1992/247](#).

Signed by authority of the Secretary of State for Education and Employment.

7th May 1998

Alan Howarth
Parliamentary Under-Secretary of State,
Department for Education and Employment

Signed by authority of the Secretary of State for Social Security.

7th May 1998

Frank Field
Minister of State,
Department of Social Security

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Jobseeker's Allowance Regulations 1996 (S.I.1996/207), the Income Support (General) Regulations 1987 (S.I.1987/1967), the Housing Benefit (General) Regulations 1987 (S.I.1987/1971), the Council Tax Benefit (General) Regulations 1992 (S.I.1992/1814), the Family Credit (General) Regulations 1987 (S.I.1987/1973), the Disability Working Allowance (General) Regulations 1991 (S.I.1991/2887), the Social Security Amendment (New Deal) Regulations 1997 (S.I.1997/2863) and the Social Security (Claims and Payments) Regulations 1987 (S.I.1987/1968).

They also revoke the Jobseeker's Allowance (Amendment) Regulations 1998 (S.I.1998/71) which increased the number of waiting days before which a person may be entitled to a jobseeker's allowance from 3 to 7 (regulation 2).

In particular, these Regulations prescribe that part of the Employment Option of the New Deal (as prescribed in regulation 8 of the Social Security Amendment (New Deal) Regulations 1997 (S.I.1997/2863)) shall consist of assistance in pursuing self-employed earner's employment ("the self-employment route") (regulation 3(2)). By so doing, the regulations provide that the self-employment route is an employment programme for the purposes of section 19 of the Jobseekers Act 1995 (c. 18) and that if a person, without good cause, refuses or fails to participate in the self-employment route, or loses his place on the self-employment route due to misconduct, he will receive a sanction under section 19 of that Act.

The Regulations also make various amendments to the rules on the treatment of income and capital in the benefits referred to above which are consequential on the introduction of the self-employment route—

- they provide that income paid to a participant in respect of the period when he is receiving assistance under the self-employment route and which derives directly from the receipt of such assistance shall, for the purposes of jobseeker's allowance and income support, be subject to special rules as to its calculation and the date it is taken into account and treated as paid (regulations 3(3) and (4) and 6(2) and (3)) and that such income, for the purposes of council tax benefit, disability working allowance, family credit and housing benefit, shall be treated as capital (regulation 7(1) and (2));
- they provide that mandatory payments made to participants in the self-employment route shall be disregarded both as income (regulations 4(a) and 7(3) and (4)) and as capital (regulations 5(b) and 7(9) and (10));
- they provide that payments in respect of expenses incurred in receiving assistance under the self-employment route and amounts used or intended to be used to maintain repayments on loans taken out to help establish or carry on the activity to be assisted under the self-employment route shall be disregarded as income (regulations 4(b), 6(4) and 7(5) and (6));
- they provide that business assets of persons receiving assistance under the self-employment route shall, in certain circumstances, be disregarded as capital (regulations 5(a) and 7(7) and (8));
- they provide that capital intended for purchasing business assets for use whilst receiving assistance under the self-employment route shall be disregarded (regulations 5(c) and 7(11) and (12)).

Regulation 8(1) and (2) both revoke a consequential amendment in the Social Security Amendment (New Deal) Regulations 1997 and make a technical amendment relating to the numbering of paragraphs in Schedule 4 to the Housing Benefit (General) Regulations 1987. Regulation 8(3) makes a consequential amendment to the Social Security (Claims and Payments) Regulations 1987 relating to the date on which relevant changes of circumstances are to have effect for the purposes of persons entitled to a jobseeker's allowance or to income support.

These Regulations do not impose any charge on business.