

SCHEDULE V

INCOME FROM CAPITAL

PART I

Capital disregarded for the purpose of calculating income

1. Any premises acquired for occupation by the claimant which he intends to occupy as his home within 26 weeks of the date of acquisition or such longer period as is reasonable in the circumstances to enable the claimant to obtain possession and commence occupation of the premises.

2. Any premises which the claimant intends to occupy as his home, and in respect of which he is taking steps to obtain possession and has sought legal advice, or has commenced legal proceedings, with a view to obtaining possession, for a period of 26 weeks from the date on which he first sought such advice or first commenced such proceedings whichever is the earlier, or such longer period as is reasonable in the circumstances to enable him to obtain possession and commence occupation of those premises.

3. Any premises which the claimant intends to occupy as his home to which essential repairs or alterations are required in order to render them fit for such occupation, for a period of 26 weeks from the date on which the claimant first takes steps to effect those repairs or alterations, or such longer period as is necessary to enable those repairs or alterations to be carried out.

4. Any premises occupied in whole or in part—

- (a) by a partner or close relative of a single claimant as his home where that person is either aged 60 or over or incapacitated;
- (b) by the former partner of the claimant as his home; but this provision shall not apply where the former partner is a person from whom the claimant is estranged or divorced.

5. Any future interest in property of any kind, other than land or premises in respect of which the claimant has granted a subsisting lease or tenancy, including sub-leases or sub-tenancies.

6.—(1) Where a claimant has ceased to occupy what was formerly the dwelling occupied as the home following his estrangement or divorce from his former partner, that dwelling for a period of 26 weeks from the date on which he ceased to occupy that dwelling or, where the dwelling is occupied as the home by the former partner who is a lone parent, for so long as it is so occupied.

(2) In this paragraph—

- (a) “dwelling” includes any garage, garden and outbuildings, which were formerly occupied by the claimant as his home and any premises not so occupied which it is impracticable or unreasonable to sell separately, in particular, in Scotland, any croft land on which the dwelling is situated;
- (b) “lone parent” means a person who has no partner and who is responsible for, and a member of the same household as, a child; and
- (c) “child” means a person treated as a child for the purposes of Part IX of the 1992 Act⁽¹⁾.

7. Any premises where the claimant is taking reasonable steps to dispose of the whole of his interest in those premises, for a period of 26 weeks from the date on which he first took such steps, or such longer period as is reasonable in the circumstances to enable him to dispose of those premises.

8. All personal possessions.

(1) See section 142(1) of the 1992 Act.

9. The assets of any business owned in whole or in part by the claimant and for the purposes of which he is engaged as a self-employed earner or, if he has ceased to be engaged, for such period as may be reasonable in the circumstances to allow for disposal of those assets.

10. The surrender value of any policy of life insurance.

11. The value of any funeral plan contract; and for this purpose, “funeral plan contract” means a contract under which—

- (a) the claimant makes one or more payments to another person (“the provider”);
- (b) the provider undertakes to provide, or secure the provision of, a funeral in the United Kingdom for the claimant on his death; and
- (c) the sole purpose of the plan is to provide or secure the provision of a funeral for the claimant on his death.

12. Where an ex-gratia payment has been made by the Secretary of State on or after 1st February 2001 in consequence of the imprisonment or interment of—

- (a) the claimant;
- (b) the claimant’s partner;
- (c) the claimant’s deceased spouse; or
- (d) the claimant’s partner’s deceased spouse,

by the Japanese during the Second World War, an amount equal to that payment.

13.—(1) Subject to sub-paragraph (2), the amount of any trust payment made to a claimant or a claimant’s partner where one of the partners—

- (a) is a diagnosed person;
- (b) was a diagnosed person’s partner at the time of the diagnosed person’s death;
- (c) is a parent of a diagnosed person, a person acting in place of the diagnosed person’s parents or a person who was so acting at the date of the diagnosed person’s death.

(2) Where—

- (a) sub-paragraph (1)(a) or (b) applies, it shall apply for the period beginning on the date on which the trust is made and ending on the date on which the partner dies;
- (b) sub-paragraph (1)(c) applies, it shall apply for the period beginning on the date on which the trust payment is made and ending two years after that date.

(3) Subject to sub-paragraph (4), the amount of any payment by a person to whom a trust payment has been made or of any payment out of the estate of a person to whom a trust payment has been made, which is made to a claimant or a claimant’s partner where one of the partners—

- (a) is the diagnosed person;
- (b) was a diagnosed person’s partner at the date of the diagnosed person’s death; or
- (c) is a parent of a diagnosed person, a person acting in place of the diagnosed person’s parents or a person who was so acting at the date of the diagnosed person’s death.

(4) Where—

- (a) sub-paragraph (3)(a) or (b) applies, it shall apply for the period beginning on the date on which the payment is made and ending on the date on which the partner dies;
- (b) sub-paragraph (3)(c) applies, it shall apply for the period beginning on the date on which the payment is made and ending two years after that date.

(5) In this paragraph, a reference to a person—

- (a) being the diagnosed person's partner;
- (b) acting in place of the diagnosed person's parents,

at the date of the diagnosed person's death shall include a person who would have been such a person or a person who would have been so acting, but for the diagnosed person being in a care home.

- (6) In this paragraph—

“diagnosed person” means a person who has been diagnosed as suffering from, or who, after his death, has been diagnosed as having suffered from, variant Creutzfeld-Jakob disease;

“relevant trust” means a trust established out of funds provided by the Secretary of State in respect of persons who suffered, or who are suffering, from variant Creutzfeld-Jakob disease for the benefit of persons eligible for payments in accordance with its provisions;

“trust payment” means a payment under a relevant trust.

14. The amount of any payment, other than a war disablement pension or a war widow's or widower's pension, to compensate for the fact that the claimant, the claimant's partner, the claimant's deceased spouse or the claimant's partner's deceased spouse—

- (a) was a slave labourer or a forced labourer;
- (b) had suffered property loss or had suffered personal injury; or
- (c) was a parent of a child who had died,

during the Second World War.

15.—(1) Any payment made under the Macfarlane Trust, the Macfarlane (Special Payments) Trust, the Macfarlane (Special Payments) (No. 2) Trust (“the Trusts”), the Fund, the Eileen Trust or the Independent Living Funds.

(2) Any payment by or on behalf of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person, which derives from a payment made under any of the Trusts to which sub-paragraph (1) refers and which is made to or for the benefit of that person's partner or former partner from whom he is not, or where that person has died was not, estranged or divorced.

(3) Any payment by or on behalf of the partner or former partner of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person provided that the partner or former partner and that person are not, or if either of them has died were not, estranged or divorced, which derives from a payment made under any of the Trusts to which sub-paragraph (1) refers and which is made to or for the benefit of the person who is suffering from haemophilia or who is a qualifying person.

(4) Any payment by a person who is suffering from haemophilia or who is a qualifying person, which derives from a payment under any of the Trusts to which sub-paragraph (1) refers, where—

- (a) that person has no partner or former partner from whom he is not estranged or divorced, nor any child who is or had been a member of that person's household; and
- (b) the payment is made either—
 - (i) to that person's parent or step-parent, or
 - (ii) where that person at the date of the payment is a child or a student who has not completed his full-time education and has no parent or step-parent, to any person standing in the place of his parent,

but only for a period from the date of the payment until the end of two years from that person's death.

(5) Any payment out of the estate of a person who suffered from haemophilia or who was a qualifying person, which derives from a payment under any of the Trusts to which sub-paragraph (1) refers, where—

- (a) that person at the date of his death (the relevant date) had no partner or former partner from whom he was not estranged or divorced, nor any child who was or had been a member of his household; and
- (b) the payment is made either—
 - (i) to that person’s parent or step-parent, or
 - (ii) where that person at the relevant date was a child or a student who had not completed his full-time education and had no parent or step-parent, to any person standing in place his parent,

but only for a period of two years from the relevant date.

(6) In the case of a person to whom or for whose benefit a payment referred to in this paragraph is made, any capital resource which derives from any payment of income or capital made under or deriving from any of the Trusts.

(7) For the purposes of sub-paragraphs (2) to (6), any reference to the Trusts shall be construed as including a reference to the Fund and the Eileen Trust.

(8) In this paragraph—

“child” means any person treated as a child for the purposes of Part IX of the Contributions and Benefits Act(2) (child benefit);

“course of study” means any course of study, whether or not it is a sandwich course and whether or not a grant is made for undertaking or attending it;

“qualifying course” means a qualifying course as defined for the purposes of Parts II and IV of the Jobseeker’s Allowance Regulations;

“sandwich course” has the meaning given in regulation 5(2) of the Education (Student Support) Regulations 2001(3), regulation 5(2) of the Education (Student Loans) (Scotland) Regulations 2000(4) or regulation 5(2) of the Education (Student Support) Regulations (Northern Ireland) 2000(5), as the case may be;

“student” means a person, other than a person in receipt of a training allowance, who is attending or undertaking—

- (a) a course of study at an educational establishment; or
- (b) a qualifying course;

“training allowance” means an allowance (whether by way of periodical grants or otherwise) payable—

- (a) out of public funds by a Government department or by or on behalf of the Secretary of State, Scottish Enterprise or Highlands and Islands Enterprise;
- (b) to a person for his maintenance or in respect of a member of his family; and
- (c) for the period, or part of the period, during which he is following a course of training or instruction provided by, or in pursuance of arrangements made with, that department or approved by that department in relation to him or so provided or approved by or on behalf of the Secretary of State, Scottish Enterprise or Highlands and Islands Enterprise,

but it does not include an allowance paid by any Government department to or in respect of a person by reason of the fact that he is following a course of full-time education, other than under arrangements made under section 2 of the Employment and Training Act 1973(6) or is

(2) See section 142 of the Social Security Contributions and Benefits Act 1992 (c. 4).

(3) S.I.2000/951.

(4) S.S.I.2000/200.

(5) S.R.2000/213.

(6) 1973 c. 50; section 2 was amended by section 25(1) of the Employment Act 1988 (c. 19), by Part I of Schedule 7 to the Employment Act 1989 (c. 38) and by section 47(1) of the Trade Union Reform and Employment Rights Act 1993 (c. 19).

training as a teacher nor does it include any top-up payment made to a person (“the participant”) pursuant to—

- (i) section 2 of the Employment and Training Act 1973 in respect of the participant’s participation in the intensive activity period of the New Deal pilots for 25 plus as defined for the purposes of the Social Security (New Deal Pilot) Regulations 1999(7) in regulation 2(1) of those Regulations (“the intensive activity period”); or
- (ii) a written arrangement entered into between the Secretary of State and the person who has arranged for the participant’s participation in the intensive activity period and which is made in respect of the participant’s participation in that period.

16. An amount equal to the amount of any payment made in consequence of any personal injury to the claimant or, if the claimant has a partner, to the partner.

17. Any amount specified in paragraphs 18 to 20—

- (a) in a case where there is an assessed income period, until the end of that period or until the expiration of one year from the date of payment, whichever is the later; or
- (b) in any other case, for a period of one year beginning with the date of receipt.

18. Amounts paid under a policy of insurance in connection with the loss of or damage to the property occupied by the claimant as his home and to his personal possessions.

19. So much of any amounts paid to the claimant or deposited in the claimant’s name for the sole purpose of—

- (a) purchasing premises which the claimant intends to occupy as his home; or
- (b) effecting essential repairs or alterations to the premises occupied or intended to be occupied by the claimant as his home.

20.—(1) Any amount paid—

- (a) by way of arrears of benefit;
- (b) by way of compensation for the late payment of benefit; or
- (c) in lieu of the payment of benefit.

(2) In paragraph (1), “benefit” means—

- (a) attendance allowance under section 64 of the Contributions and Benefits Act;
- (b) disability living allowance;
- (c) income support;
- (d) income-based jobseeker’s allowance;
- (e) housing benefit;
- (f) state pension credit;
- (g) an allowance under section 70 of the 1992 Act (invalid care allowance);
- (h) an increase of an allowance which is payable in respect of constant attendance under paragraph 4 of Part I of Schedule 8 to the Act;
- (i) any amount included on account of the claimant’s exceptionally severe disablement in a war disablement pension or a war widow’s or widower’s pension.

21. Where a capital asset is held in a currency other than sterling, any banking charge or commission payable in converting that capital into sterling.

Draft Legislation: This is a draft item of legislation. This draft has since been made as a UK Statutory Instrument: The State Pension Credit Regulations 2002 No. 1792

22. The value of the right to receive income from an occupational pension scheme or a personal pension scheme.

23. The value of a right to receive income from a under a retirement annuity contract.