

SCHEDULE 3

Regulation 18

RESOURCES

PART I

STUDENT'S INCOME

Calculation of student's income

1.—(1) In calculating the student's income for the purposes of regulation 18(1)(b) there shall be taken into account his income (reduced by income tax and social security contributions) from all sources, but there shall be disregarded the following resources—

- (a) the first £800 of any income other than income of a kind mentioned in paragraphs (b) to (p) below and other than any sum treated as income under sub-paragraph (3);
- (b) the first £3,865 of any income by way of
 - (i) scholarship, studentship, exhibition or award of a similar description bestowed on the student in respect of the course (in pursuance of a sponsorship scheme or otherwise) not being an award bestowed in pursuance of section 1 of the Education Act 1962(1), and
 - (ii) in the case of a student released by his employer to attend the course, any payments made by that employer;
- (c) in the case of a student for whose benefit any income is applied or any payments are required to be applied as described in paragraph 5(5)—
 - (i) the whole of that income or those payments if a parental contribution ascertained in accordance with Part II or a spouse's contribution ascertained in accordance with Part III is applicable (at whatever amount including nil that contribution is ascertained to be), or
 - (ii) the first £1,810 of that income or those payments if such a contribution would be applicable but for the fact that the student has no parent living or is such a student as is described in paragraph 3(b), (c), (d), (e) or (f).
- (d) any ... pension, **allowance or other benefit paid by reason of a disability to which the student is subject, paid by any state authority or agency, national, regional or local, by an employer or any former employer, or by any other person, which is not subject to income tax under the Income Tax Acts or, where the student's income is subject to the tax legislation of another member State, which would not be subject to tax under that legislation if it made provision equivalent to those Acts;**
- (e) any bounty **or other payment** received as a reservist with the armed forces **of a state of which the student is a national;**
- (f) remuneration for work done during any year of the student's course;
- (g) in the case of a student in whose case a parental contribution is by virtue of Part II of this Schedule applicable (at whatever amount, including nil, that contribution is ascertained to be) any payment which is made under covenant by a parent by reference to whose income that contribution falls to be ascertained;

(1) 1962 c. 12; the relevant provisions, as amended, are set out in Schedule 5 to the Education Act 1980 (c. 20); section 1(3)(d) was amended by the Education (Grants and Awards) Act 1984 (c. 11), section 4; section 4 was amended by the Education Act 1994 (c. 30), Schedule 2, paragraph 2.

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- (h) any payment made for a specific educational purpose otherwise than to meet such fees and such requirements for maintenance as are specified in Schedules 1 and 2;
- (i) **any benefit or allowance paid to the student for the benefit of a child of his or of whom he has custody or care or for whom he provides accommodation, by any state authority or agency, national, regional or local;**
...
- (j) any payments made to the student in pursuance of an order of a competent court for the benefit of a child who is not his child of whom he has custody or care or for whom he provides accommodation;
- (k) **any benefit or allowance paid to the student to meet or defray the cost of housing by any state authority or agency, national, regional or local;**
- (l) **any means tested benefit or allowance paid to the student by any state authority or agency, national, regional or local, in respect of a period during which he was not available for work for any reason;**
- (m) the first £3,030 of any pension, **allowance or benefit paid for the benefit of the student and not referred to in any other sub-paragraph**, including any ... pension paid to the student as a widow, child or dependant;
- (n) any payments made to the student under the programmes of the European Community known as COMETT(2) and LEONARDO DA VINCI(3);
- (o) any payments made to the student under the action scheme of the European Community for the Mobility of University Students known as ERASMUS(4) or the European Community programme for foreign language competence known as LINGUA(5);
...
- (p) any payment made to the student out of access funds held by the institution at which he attends his course.
...

(2) in the case of a student who makes any payment in pursuance of an obligation incurred before the first year of his course, in calculating his income for the purposes aforesaid there shall be deducted therefrom—

- (a) if, in the opinion of the authority, the obligation had been reasonably so incurred, an amount equal to the payment in question;
- (b) if, in their opinion, only a lesser obligation could have been reasonably so incurred, such correspondingly lesser amount (if any) as appears to them appropriate;

except that no deduction shall be made from the income of a married student where the student's spouse is a dependant for the purpose of Part III of Schedule 2 and, in pursuance of paragraph 13(1) thereof, the payment is taken into account in determining the spouse's income.

(3) In a case where the student is the parent or step-parent of an award holder in respect of whom a contribution is ascertained under Part II of this Schedule, so much of the amount (if any) by which the contribution is reduced under paragraph 4(3) as the authority consider just shall be treated as part of the student's income for the purposes of regulation 18(1)(b).

(4) Where the student receives income in a currency other than sterling the value of the income shall be—

(2) OJNo. L222, 8.8.86, p.17.
(3) OJ No. L340, 29.12.94, p.8.
(4) OJ No. L166, 25.6.87, p.20.
(5) OJ No. L239, 16.8.89, p.24.

- (a) **if the student purchases sterling with the income the amount of sterling the student receives for it, otherwise**
- (b) **the value of the sterling which the income would purchase using the rate for the month in which it is received as published by the Office for National Statistics in “Financial Statistics”.**

PART II

PARENTAL CONTRIBUTION

Definitions and construction of Part II

2.—(1) In this Part of this Schedule—

“child” includes a person adopted in pursuance of adoption proceedings and a step-child but, except in paragraph 4, does not include a child who holds a statutory award; and, except as otherwise provided by paragraph 5, “parent” shall be construed accordingly;

“financial year” means the period of 12 months for which the income of the student’s parent is computed for the purposes of the income tax legislation which applies to it;

“gross income” has the meaning assigned to it by paragraph 5;

“income of the student’s parent” means the **taxable** income of the parent from all sources computed as for **the purposes of the Income Tax Acts or as for the purposes of the income tax legislation of another member State of the European Community which applies to the parent’s income, or where the legislation of more than one member State applies in respect of the same period, as for the purposes of the legislation pursuant to which the authority consider that the parent will pay the largest amount of tax in that period**, except as otherwise provided by paragraph 5 or 6;

“residual income” means, subject to sub-paragraph (2), the balance of gross income remaining in any year after the deductions specified in paragraph 6 have been made;

...

(2) Where, in a case not falling within paragraph 5(3) or (4), the authority are satisfied that the income of the parent in any financial year is as a result of some event beyond his control likely to be, and to continue after that year to be, not more than 85 per cent. of his income in the financial year preceding that year, they may, for the purpose of enabling the student to attend the course without hardship, ascertain the parental contribution for the year of his course in which that event occurred by taking as the residual income the average of the residual income for each of the financial years in which that year falls.

(3) Where the student’s parent satisfies the authority that his income is wholly or mainly derived from the profits of a business or profession carried on by him, then, if the authority and the parent so agree, any reference in this Part of this Schedule to a financial year shall be construed as a reference to a year ending with such date as appears to the authority expedient having regard to the accounts kept in respect of that business or profession and the periods covered thereby.

(4) Where a parent is in receipt of any income which does not form part of his **taxable** income by reason only that—

- (a) **he is not resident, ordinarily resident or domiciled in the United Kingdom, or where the parent’s income is computed as for the purposes of the income tax legislation of another member State of the European Community, not so resident, ordinarily resident or domiciled in that member State,**

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- (b) the income does not arise in the United Kingdom, **or where the parent's income is computed as for the purposes of the income tax legislation of another member State, does not arise in that member State,** or
- (c) the income arises from an office, service or employment, income from which is exempt from tax in pursuance of any **legislation,**

his income for the purposes of this Part of the Schedule shall be computed as though the income first mentioned in this sub-paragraph were part of his taxable income.

(5) Where the income of the student's parent is computed as for the purposes of the income tax legislation of another member State—

- (a) **it shall be computed in the currency of that member State,**
- (b) **the value of any deduction mentioned in paragraph 6(2) shall be the amount of that currency required to purchase the sterling value of the deduction, and**
- (c) **the value of the sterling which the income of the student's parent in that currency would purchase shall be determined, and shall constitute the income of the student's parent for the purposes of this Part.**

(6) The rate applied in determining the sterling value of another currency under paragraph (5) shall be the rate for the month in which the last day of the financial year in question falls as published by the Office for National Statistics in "Financial Statistics".

Application of Part II

3. A parental contribution ascertained in accordance with this Part shall be applicable in the case of every student except—

- (a) an independent student;
- (b) a student in respect of whom the authority are satisfied either—
 - (i) that his parents cannot be found; or
 - (ii) that it is not reasonably practicable to get in touch with them;
- (c) a student who **pursuant to an order of a competent court** has been **in the custody or care of or has been provided with accommodation by**
 - (i) **a state authority or agency, national, regional or local,**
 - (ii) **a voluntary or charitable organisation, or**
 - (iii) **any person who is not the student's parent**

throughout the three months immediately preceding the first year of his course, **or if he cannot satisfy that requirement and he attained the age of 18 before the first year of his course, throughout the three months immediately preceding his attaining that age; provided that—**

- (iv) **where sub-paragraph (i) applies the student has not** at any time in the said period been allowed by the **authority or agency** to be under the charge and control of his parents
- (v) **where sub-paragraph (ii) applies the student has not** at any ... time in the said period in fact been under such charge and control;
- (d) a student whose parents are residing **outside the European Community** where the authority are satisfied either—
 - (i) that the assessment of a parental contribution would place those parents in jeopardy;
 - or

(ii) that it would not be reasonably practicable for those parents to send any such contribution to the United Kingdom;

...

(e) where sub-paragraph (7) of paragraph 5 applies and the parent whom the authority considered the more appropriate for the purposes of that sub-paragraph has died.

Parental contribution

4.—(1) The parental contribution shall, subject to sub-paragraphs (2), (3), and (4) be—

- (a) in any case in which the residual income **£16,945** or more but less than **£21,660**, £45 with the addition of £1 for every complete £13.00 by which it exceeds **£16,945**;
- (b) in any case in which the residual income is **£21,660** or more but less than **£31,840**, **£407** with the addition of £1 for every complete £9.20 by which it exceeds **£21,660**; and
- (c) in any case in which the residual income is **£31,840** or more, **£1,513** with the addition of £1 for every complete £7.50 by which it exceeds **£31,840**,

reduced in each case in respect of each child of the parent (other than the student) who is wholly or mainly dependent on him on the first day of the year for which the contribution falls to be ascertained, by £75; and in any case in which the residual income is less than **£16,945** the parental contribution shall be nil.

(2) The amount or (where a contribution is ascertained in respect of more than one child of the parent) the aggregate amount of the parental contribution shall in no case exceed **£6,125**.

(3) For any year in which a statutory award is held by—

- (a) more than one child of the parent;
- (b) the parent; or
- (c) the student's step-parent,

the parental contribution for the student shall be such proportion of any contribution ascertained in accordance with this Part as the authority (after consultation with any other authority concerned) consider just; provided that where a contribution is ascertained in respect of more than one child of the parent the aggregate amount of the contributions in respect of each shall not exceed the amount of the contribution that would be ascertained if only one child held an award.

...

Gross income

5.—(1) For the purposes of this paragraph “preceding financial year” means the financial year preceding the year in respect of which the resources of the student fall to be assessed and “current financial year” means the financial year which includes the first day of the year; provided that where references to a financial year fall to be construed in accordance with paragraph 2(3) as references to a year ending less than five months before the beginning of a year of the student's course, “preceding financial year” shall mean the year last ending five or more months before the year in respect of which the resources of the student fall to be assessed and “current financial year” shall mean the year ending within those five months.

(2) Subject to the provisions of this paragraph, “gross income” means the income of the student's parent in the preceding financial year or, for the purpose of calculating residual income under paragraph 2(2), in the financial year there mentioned.

(3) Where the authority are satisfied that the **sterling value of the** income of the **student's** parent in the current financial year is likely to be not more than 85 per cent. of **the sterling value of** his income for the preceding financial year, they may for the purpose of calculating the parental

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contribution ascertain the gross income by reference to the current financial year; and in such case sub-paragraph (2) shall have effect, in relation to the year in respect of which the student's resources fall to be assessed and, if the authority so determine, any subsequent year, as if the reference therein to the preceding financial year were a reference to the current financial year.

(4) Where—

- (a) one of the student's parents dies either before or during the year in respect of which the resources of the student fall to be ascertained ("the relevant year"); and
- (b) that parent's income has been or would be taken into account for the purpose of determining the parental contribution,

the parental contribution shall—

- (c) where the parent dies before the relevant year, be determined by reference to the income of the surviving parent; or
- (d) where the parent dies during the relevant year, be the aggregate of—
 - (i) the appropriate proportion of the contribution determined by reference to the income of both parents that is to say such proportion thereof as the part of the relevant year during which both parents were alive bears to the full year, subject to a maximum of the same proportion of the student's maintenance requirements as determined in accordance with Schedule 2; and
 - (ii) the appropriate proportion of the contribution determined by reference to the income of the surviving parent, that is to say such proportion thereof as the part of the relevant year remaining after the parent dies bears to the full year, subject to a maximum of the same proportion of the student's maintenance requirements as determined in accordance with Schedule 2.

(5) Without prejudice to sub-paragraph (6), where, in pursuance of any trust deed or other instrument or by virtue of **any applicable legislation** any income is applied by any person for or towards the maintenance, education or other benefit of the student or of any person dependent on the student's parent, or payments made to his parent are required to be so applied, that income, or those payments, shall be treated as part of the gross income of the parent.

(6) Where any such benefit as is mentioned in paragraph 1(1)(b)(i) of Part I of this Schedule is provided, by reason of the parent's employment, for any member of his family or household who holds a statutory award (whether the student or some other such member) then ... that benefit shall not be treated as part of the gross income of the parent.

(7) Where the parents do not ordinarily live together throughout the year in respect of which the resources of the student fall to be ascertained ("the relevant year"), the parental contribution shall be determined by reference to the income of whichever parent the authority consider the more appropriate in the circumstances.

(8) Where the parents do not ordinarily live together for part only of the relevant year, the parental contribution shall be the aggregate of—

- (a) the appropriate proportion of the contribution determined as provided in sub-paragraph (7), that is to say such proportion thereof as the part of the relevant year for which the parents do not so live together bears to the full year, subject to a maximum of the same proportion of the student's maintenance requirements as determined in accordance with Schedule 2; and
- (b) the appropriate proportion of the contribution determined without regard to this sub-paragraph, that is to say, such proportion thereof as the part of the relevant year for which the parents so live together bears to the full year, subject to a maximum of the same proportion of the student's maintenance requirements as determined in accordance with Schedule 2.

(9) Where one of the student's parents is his step-parent the parental contribution shall be ascertained by reference only to the income of the other parent.

Deductions

6.—(1) For the purposes of determining the income of a student's parent (and, accordingly, the parent's gross income), ... in computing his **taxable** income as for **the purposes of the Income Taxes Acts or for the purposes of the income tax legislation of another member State of the European Community** any deductions **which** fall to be made **or exemptions which are permitted—**

- (a) by way of personal reliefs provided for in Chapter I of Part VII of the Income and Corporation Taxes Act 1988, **or where the parent's income is computed as for the purposes of the income tax legislation of another member State, any comparable personal reliefs;**
- (b) in respect of any payment made by the parent under covenant;
- (c) **in pursuance of any legislation or rule of law with the effect that income which for the purposes of the law of the United Kingdom is subject to income tax, or would be subject to income tax but for the deductions or exemptions, is not subject to income tax or**
- (d) without prejudice as aforesaid, of a kind mentioned in sub-paragraph (2),

shall not be made or permitted.

(2) For the purpose of determining a parent's residual income there shall be deducted from his gross income—

- (a) in respect of any person, other than a spouse, child or holder of a statutory award, dependent on the parent during the year for which the contribution falls to be ascertained, the amount by which **£2,140** exceeds the income of that person in that year;
- (b) the gross amount of any sums paid as interest (including interest on a mortgage) in respect of which relief is given under Income Tax Acts in respect of a loan to the parent, **or where the parent's income is computed as for the purposes of the income tax legislation of another member State, the gross amount of any such sums in respect of which relief would be given if that legislation made provision equivalent to the Income Tax Acts;**
- (c) half of the gross amount of any premium payable under a policy of life insurance in respect of which relief is given under section 266 of the Income and Corporation Taxes Act 1988 (life policy and certain other premiums), **or where the parent's income is computed as for the purposes of the income tax legislation of another member State, half of the gross amount of any such premium in respect of which relief would be given if that legislation made provision equivalent to the Income Tax Acts;**
- (d) the gross amount of any other premium or sum in respect of which relief is given under section 266, 273, 619 or 639 of that Act, **or where the parent's income is computed as for the purposes of the income tax legislation of another member State, the gross amount of any such premium in respect of which relief would be given if that legislation made provision equivalent to the Income Tax Acts;**
- (e) where the parents ordinarily live together and one of them is incapacitated, so much of the cost in wages of domestic assistance as does not exceed **£1,680**;
- (f) where a parent whose marriage has terminated either is gainfully employed or is incapacitated, so much of the cost in wages of domestic assistance as does not exceed **£1,680**;

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- (g) in respect of additional expenditure incurred by reason of the fact that the parent lives in a place where the cost of living is higher than that cost in the United Kingdom, such sum (if any) as the authority consider reasonable in all the circumstances;
- (h) in the case of a parent who holds a statutory award, the amount by which the aggregate of his requirements for his ordinary maintenance (ascertained in accordance with Part I of Schedule 2) and **£870** exceeds the sum payable in respect of maintenance in pursuance of that award;
- (i) any payments made to the parent **of the student in pursuance of an order of a competent court for the benefit of a child who is not his child of whom he has custody or care or for whom he provides accommodation;**
- (j) **any income which is exempt from tax under the Income Tax Acts, or where the parent's income is computed as for the purposes of the income tax legislation of another member State, any income which would be exempt from tax under that legislation if it made provision equivalent to those Acts.**

(3) In any case where income is computed **as for the purposes of the Income Tax Acts** by virtue of paragraph 2(4), there shall be deducted from the parent's gross income sums equivalent to the deductions mentioned in paragraph (b), (c), ... or (d) of sub-paragraph (2), provided that any sums so deducted shall not exceed the deductions that would be made if the whole of the parent's income were in fact taxable income **for the purposes of the Income Tax Acts.**

PART III

SPOUSE'S CONTRIBUTION

Application of Part III

7. A spouse's contribution ascertained in accordance with this Part shall be applicable in the case of every man student ordinarily living with his wife and every woman student so living with her husband except—

- (a) a student in whose case a parental contribution is applicable in accordance with Part II; and
- (b) a student whose child holds an award in respect of which a parental contribution is applicable.

Spouse's contribution

8.—(1) Subject to sub-paragraphs (3) and (4), Part II above, except paragraphs 3, 4(1), (2), (3)(a) and (c), 5(4), (7), (8) and (9), and 6(2)(f), shall apply with the necessary modifications for the ascertainment of the spouse's contribution as it applies for the ascertainment of the parental contribution, references to the parent being construed, except where the context otherwise requires, as references to the student's spouse and, unless the context otherwise requires, this Part shall be construed as one with the said Part II.

(2) The spouse's contributions shall be—

- (a) in any case in which the residual income is **£13,405** or more but less than **£21,665**, **£10** with the addition of **£1** for every complete **£9.80** by which it exceeds **£13,405**;
- (b) in any case in which the residual income is **£21,665** or more but less than **£31,835**, **£852** with the addition of **£1** for every complete **£7.05** by which it exceeds **£21,665**; and
- (c) in any case in which the residual income is **£31,835** or more, **£2,294** with the addition of **£1** for every complete **£5.60** by which it exceeds **£31,835**;

reduced in any such case by £100 in respect of each child of the student who is dependent on him or his spouse on the first day of the year for which the contribution falls to be ascertained; and in any case in which the residual income is less than **£13,405** the spouse's contribution shall be nil; provided that the amount of the spouse's contribution shall in no case exceed **£6,125**.

(3) If the student marries during any year for which the contribution falls to be ascertained the contribution for that year shall be the fraction of the sum ascertained in accordance with the provisions of sub-paragraphs (1) and (2) of which the denominator is 52 and the numerator is the number of complete weeks between the date of the marriage and whichever is the earlier of the end of that year and the end of the course.

(4) If the student's marriage terminates during any year for which the contribution falls to be ascertained the contribution for that year shall be the fraction of the sum ascertained in accordance with the provisions of sub-paragraphs (1) and (2) of which the denominator is 52 and the numerator is the number of complete weeks between the beginning of that year and the termination of the marriage.