
STATUTORY RULES OF NORTHERN IRELAND

2008 No. 280

The Employment and Support Allowance
Regulations (Northern Ireland) 2008

PART 10

INCOME AND CAPITAL

CHAPTER 6

Other income

Calculation of income other than earnings

104.—(1) For the purposes of regulation 91 (calculation of earnings derived from employed earner's employment and income other than earnings) the income of a claimant which does not consist of earnings to be taken into account shall, subject to paragraphs (2) to (7), be the claimant's gross income and any capital treated as income under regulation 105.

(2) There is to be disregarded from the calculation of a claimant's gross income under paragraph (1), any sum, where applicable, specified in Schedule 8.

(3) Where the payment of any benefit under the benefit Acts is subject to any deduction by way of recovery the amount to be taken into account under paragraph (1) is to be the gross amount payable.

(4) Paragraph (5) applies where—

- (a) a relevant payment has been made to a claimant in an academic year; and
- (b) that claimant abandons, or is dismissed from, that claimant's course of study before the payment to the claimant of the final instalment of the relevant payment.

(5) The amount of a relevant payment to be taken into account for the assessment period for the purposes of paragraph (1) in respect of a claimant to whom paragraph (4) applies, is to be calculated by applying the formula—

$$\frac{A - (B \times C)}{D}$$

where—

- A = the total amount of the relevant payment which that claimant would have received had that claimant remained a student until the last day of the academic term in which the person abandoned, or was dismissed from, the course, less any deduction under regulation 137(6) (treatment of student loans);
- B = the number of benefit weeks from the benefit week immediately following that which includes the first day of that academic year to the benefit week immediately before that which includes the day on which the claimant abandoned, or was dismissed from, that claimant's course;

- C = the weekly amount of the relevant payment, before the application of the £10 disregard, which would have been taken into account as income under regulation 137(3) had the claimant not abandoned, or been dismissed from, the course and, in the case of a claimant who was not entitled to an income-related allowance immediately before that claimant abandoned, or was dismissed from, the course, had that claimant, at that time, been entitled to an income-related allowance;
- D = the number of benefit weeks in the assessment period.

(6) For the purposes of this paragraph and paragraphs (4) and (5)—

“academic year” and “student loan” have the meanings given by Chapter 10;

“assessment period” means the period beginning with the benefit week which includes the day on which the claimant abandoned, or was dismissed from, the course and ending with the benefit week which includes the last day of the last quarter for which an instalment of the relevant payment was payable to that claimant;

“quarter” for the purposes of the definition of “assessment period”, in relation to an academic year, means a period in that year—

- (a) beginning on 1st January and ending on 31st March;
- (b) beginning on 1st April and ending on 30th June;
- (c) beginning on 1st July and ending on 31st August; or
- (d) beginning on 1st September and ending on 31st December;

“relevant payment” means either a student loan or an amount intended for the maintenance of dependants referred to in regulation 132(6) (calculation of grant income) or both.

(7) In the case of income to which regulation 91(3) (calculation of income of former students) applies, the amount of income to be taken into account for the purposes of paragraph (1) is to be the amount of that income calculated in accordance with regulation 94(7) (calculation of weekly amount of income) and on the basis that none of that income has been repaid.

(8) Subject to paragraph (9), for the avoidance of doubt there is to be included as income to be taken into account under paragraph (1)—

- (a) any payment to which regulation 95(2) or 97(2) (payments not earnings) applies; or
- (b) in the case of a claimant who is receiving support provided under section 95 or 98 of the Immigration and Asylum Act(1), including support provided by virtue of regulations made under Schedule 9 to that Act(2), the amount of such support provided in respect of essential living needs of the claimant and the claimant’s partner (if any) as is specified in regulations made under paragraph 3 of Schedule 8 to that Act.

(9) In the case of a claimant who is the partner of a person subject to immigration control and whose partner is receiving support provided under section 95 or 98 of the Immigration and Asylum Act, including support provided by virtue of regulations made under Schedule 9 to that Act, there is not to be included as income to be taken into account under paragraph (1) the amount of support provided in respect of essential living needs of the partner of the claimant and the claimant’s dependants (if any) as is specified in regulations made under paragraph 3 of Schedule 8 to that Act.

Capital treated as income

105.—(1) Capital which is payable by instalments which are outstanding on—

- (a) the first day in respect of which an income-related allowance is payable or the date of the determination of the claim, whichever is earlier; or

(1) Section 95 was amended by sections 44(6) and 50(1) of the Nationality, Immigration and Asylum Act 2002 (c. 41)

(2) Schedule 9 was amended by sections 45(4) and 50(2) of the Nationality, Immigration and Asylum Act 2002

(b) in the case of a supersession, the date of that supersession, is to be treated as income if the aggregate of the instalments outstanding and the amount of the claimant's capital otherwise calculated in accordance with Chapter 7 exceeds £16,000.

(2) Any payment received under an annuity is to be treated as income.

(3) Any earnings to the extent that they are not a payment of income are to be treated as income.

(4) Where an agreement or court order provides that payments are to be made to the claimant in consequence of any personal injury to the claimant and that such payments are to be made, wholly or in part, by way of periodical payments, any such periodical payments received by the claimant (but not a payment which is treated as capital by virtue of this Part), are to be treated as income.

Notional income – deprivation and income on application

106.—(1) A claimant is to be treated as possessing income of which the claimant has deprived himself for the purpose of securing entitlement to an employment and support allowance or increasing the amount of that allowance, or for the purpose of securing entitlement to, or increasing the amount of, income support or a jobseeker's allowance.

(2) Except in the case of—

(a) a discretionary trust;

(b) a trust derived from a payment made in consequence of a personal injury;

(c) an employment and support allowance;

(d) a jobseeker's allowance;

(e) working tax credit;

(f) child tax credit;

(g) a personal pension scheme, occupational pension scheme or a payment made by the Board of the Pension Protection Fund where the claimant is aged under 60; or

(h) any sum to which paragraph 42(2)(a) of Schedule 9 (capital to be disregarded) applies which is administered in the way referred to in paragraph 42(1)(a) of that Schedule,

income which would become available to the claimant upon application being made but which has not been acquired by the claimant is to be treated as possessed by the claimant but only from the date on which it could be expected to be acquired were an application made.

(3) A claimant who has attained the age of 60 is to be treated as possessing—

(a) the amount of any income from an occupational pension scheme, a personal pension scheme or the Board of the Pension Protection Fund—

(i) for which no claim has been made, and

(ii) to which the claimant might expect to be entitled if a claim for it were made;

(b) income from an occupational pension scheme which the claimant elected to defer,

but only from the date on which it could be expected to be acquired were an application for it to be made.

(4) This paragraph applies where a claimant aged not less than 60—

(a) is entitled to money purchase benefits under an occupational pension scheme or a personal pension scheme;

(b) fails to purchase an annuity with the funds available in that scheme; and

(c) either—

(i) defers in whole or in part the payment of any income which would have been payable to the claimant by that claimant's pension fund holder, or

- (ii) fails to take any necessary action to secure that the whole of any income which would be payable to the person by that claimant's pension fund holder upon the person applying for it, is so paid, or
- (iii) income withdrawal is not available to the claimant under that scheme.

(5) Where paragraph (4) applies, the amount of any income foregone is to be treated as possessed by that claimant, but only from the date on which it could be expected to be acquired were an application for it to be made.

(6) The amount of any income foregone in a case where paragraph (4)(c)(i) or (ii) applies is to be the maximum amount of income which may be withdrawn from the fund and is to be determined by the Department which shall take account of information provided by the pension fund holder in accordance with regulation 7(5) of the Social Security (Claims and Payments) Regulations (Northern Ireland) 1987(3).

(7) The amount of any income foregone in a case where paragraph (4)(c)(iii) applies is to be the income that the claimant could have received without purchasing an annuity had the funds held under the relevant occupational or personal pension scheme been held under a scheme where income withdrawal was available and is to be determined in the manner specified in paragraph (6).

(8) In paragraph (4), "money purchase benefits" has the meaning given by section 176(1) of the Pension Schemes (Northern Ireland) Act 1993(4).

Notional income – income due to be paid or income paid to or in respect of a third party

107.—(1) Except in the case of a discretionary trust, or a trust derived from a payment made in consequence of a personal injury, any income which is due to be paid to the claimant but—

- (a) has not been paid to the claimant;
- (b) is not a payment prescribed in regulation 8 or 9 of the Social Security (Payments on Account, Overpayment and Recovery) Regulations (Northern Ireland) 1988(5) (duplication and prescribed payments or maintenance payments) and not made on or before the date prescribed in relation to it,

is, except for any amount to which paragraph (2) applies, to be treated as possessed by the claimant.

(2) This paragraph applies to—

- (a) an amount which is due to be paid to the claimant under an occupational pension scheme but which is not paid because the trustees or managers of the scheme have suspended or ceased payments due to an insufficiency of resources;
- (b) any amount by which a payment made to the claimant from an occupational pension scheme falls short of the payment to which the claimant was due under the scheme where the shortfall arises because the trustees or managers of the scheme have insufficient resources available to them to meet in full the scheme's liabilities; or
- (c) any earnings which are due to an employed earner on the termination of that employed earner's employment by reason of redundancy but which have not been paid to that employed earner.

(3) Any payment of income, other than a payment of income specified in paragraph (5), made to a third party in respect of a single claimant or the claimant's partner (but not a member of the third party's family) is to be treated—

(3) S.R. 1987 No. 465; regulation 7(5) was added by regulation 5(3) of S.R. 1995 No. 367
 (4) 1993 c. 49; the definition of "money purchase benefits" was amended by paragraph 19 of the Schedule to S.R. 2005 No. 434
 (5) S.R. 1988 No. 142; regulation 8 was amended by regulation 14(4) of S.R. 1992 No. 6, regulation 15(3) of S.R. 1996 No. 289, Article 11(5) of S.R. 1999 No. 472 (C. 36), regulation 11(3) of S.R. 2001 No. 108, regulation 26(5) of S.R. 2003 No. 191, regulation 6(3) of S.R. 2005 No. 46 and regulation 2 of S.R. 2005 No. 582

- (a) in a case where that payment is derived from—
 - (i) a payment of any benefit under the benefit Acts,
 - (ii) a payment from the Armed Forces and Reserve Forces Compensation Scheme,
 - (iii) a war disablement pension, war widow's pension or war widower's pension, or
 - (iv) a pension payable to a person as a widow, widower or surviving civil partner under any power of Her Majesty otherwise than under a statutory provision to make provision about pensions for or in respect of persons who have been disabled or have died in consequence of service as members of the armed forces of the Crown,as possessed by that single claimant, if it is paid to the claimant or by the claimant's partner, if it is paid to the claimant's partner;
- (b) in a case where that payment is a payment of an occupational pension, a pension or other periodical payment made under a personal pension scheme or a payment made by the Board of the Pension Protection Fund, as possessed by that single claimant or, as the case may be, by the claimant's partner;
- (c) in any other case, as possessed by that single claimant or the claimant's partner to the extent that it is used for the food, ordinary clothing or footwear, household fuel, rent or rates for which housing benefit is payable, or any housing costs to the extent that they are met under regulation 67(1)(c) or 68(1)(d) (housing costs), of that single claimant or, as the case may be, of the claimant's partner, or is used for any water charges for which that claimant or that partner is liable,

but, except where sub-paragraph (a) applies, this paragraph does not apply to any payment in kind to the third party.

(4) Any payment of income, other than a payment of income specified in paragraph (5), made to a single claimant or the claimant's partner in respect of a third party (but not in respect of another member of the claimant's family) is to be treated as possessed by that single claimant or, as the case may be, the claimant's partner, to the extent that it is kept or used by that claimant or used by or on behalf of the claimant's partner but, except where paragraph (3)(a) applies, this paragraph does not apply to any payment in kind to the third party.

(5) Paragraphs (3) and (4) do not apply in respect of a payment of income made—

- (a) under the Macfarlane Trust, the Macfarlane (Special Payments) Trust, the Macfarlane (Special Payments) (No. 2) Trust, the Fund, the Eileen Trust or the Independent Living Fund (2006);
- (b) pursuant to section 19(1)(a) of the Coal Industry Act 1994⁽⁶⁾ (concessionary coal);
- (c) pursuant to section 1 of the Employment and Training Act in respect of a person's participation—
 - (i) in an employment programme specified in regulation 75(1)(a) of the Jobseeker's Allowance Regulations⁽⁷⁾,
 - (ii) in a training scheme specified in regulation 75(1)(b)(ii) of those Regulations⁽⁸⁾,
 - (iii) in a qualifying course within the meaning of regulation 17A(7) of those Regulations⁽⁹⁾; or

⁽⁶⁾ 1994 c. 21

⁽⁷⁾ Regulation 75(1) was substituted by regulation 8 of S.R. 1997 No. 541 and amended by paragraph 32(a) and (b) of Schedule 2 to S.R. 2000 No. 350 and sub-paragraph (a) was amended by regulation 2(4) of S.R. 2000 No. 197, regulation 5(a) of S.R. 2001 No. 151 and regulation 2(4) of S.R. 2002 No. 275

⁽⁸⁾ Regulation 75(1)(b)(ii) was amended by regulation 8(b) of S.R. 1998 No. 198

⁽⁹⁾ Regulation 17A was inserted by regulation 4 of S.R. 1998 No. 198

- (d) under an occupational pension scheme, in respect of a pension or other periodical payment made under a personal pension scheme or a payment made by the Board of the Pension Protection Fund where—
- (i) a bankruptcy order has been made in respect of the person in respect of whom the payment has been made or, in Scotland, the estate of that person is subject to sequestration or a judicial factor has been appointed on that person's estate under section 41 of the Solicitors (Scotland) Act 1980⁽¹⁰⁾,
 - (ii) the payment is made to the trustee in bankruptcy or any other person acting on behalf of the creditors, and
 - (iii) the person referred to in head (i) and that person's partner (if any) does not possess, or is not treated as possessing, any other income apart from that payment.

(6) Where the claimant resides in a residential care home, a nursing home, an Abbeyfield Home or an independent hospital, or is temporarily absent from such a home or hospital, any payment made by a person other than the claimant or a member of the claimant's family in respect of some or all of the cost of maintaining the claimant or the claimant's partner in that home or hospital is to be treated as possessed by the claimant or the claimant's partner.

(7) In paragraph (2)(a) and (b) "resources" has the meaning given by section 176(1) of the Pension Schemes (Northern Ireland) Act 1993.

Notional income – other income

108.—(1) Where a claimant's earnings are not ascertainable at the time of the determination of the claim or of any revision or supersession the Department will treat the claimant as possessing such earnings as is reasonable in the circumstances of the case having regard to the number of hours worked and the earnings paid for comparable employment in the area.

(2) Subject to paragraph (3), where—

- (a) a claimant performs a service for another person; and
- (b) that person makes no payment of earnings or pays less than that paid for a comparable employment in the area,

the Department is to treat the claimant as possessing such earnings (if any) as is reasonable for that employment unless the claimant satisfies the Department that the means of that person are insufficient for the person to pay, or to pay more, for the service.

(3) Paragraph (2) shall not apply—

- (a) to a claimant who is engaged by a charitable or voluntary organisation or who is a volunteer if the Department is satisfied in any of those cases that it is reasonable for the claimant to provide the service free of charge;
- (b) in a case where the service is performed in connection with—
 - (i) the claimant's participation in an employment or training programme in accordance with regulation 19(1)(p) of the Jobseeker's Allowance Regulations, other than where the service is performed in connection with the claimant's participation in the Preparation for Employment Programme specified in regulation 75(1)(a)(v) of those Regulations⁽¹¹⁾, or
 - (ii) the claimant's or the claimant's partner's participation in an employment or training programme as defined in regulation 19(3) of those Regulations⁽¹²⁾ for which a training allowance is not payable or, where such an allowance is payable, it is payable

⁽¹⁰⁾ 1980 c. 46

⁽¹¹⁾ Regulation 75(1)(a)(v) was added by regulation 5(a) of S.R. 2001 No. 151 and amended by regulation 2 of S.R. 2007 No. 262

⁽¹²⁾ Regulation 19(3) was amended by regulation 3(2) of S.R. 1999 No. 501

- for the sole purpose of reimbursement of travelling or meal expenses to the claimant or the claimant's partner participating in that programme;
- (c) to a claimant who is engaged in work experience whilst participating in—
- (i) the New Deal for Lone Parents, or
 - (ii) a scheme which has been approved by the Department for Employment and Learning as supporting the objectives of the New Deal for Lone Parents; or
- (d) to a claimant who is participating in a work placement approved in writing by the Department for Employment and Learning (or a person providing services to that Department) before the placement starts and in this sub-paragraph "work placement" means practical work experience with an employer, which is neither paid nor undertaken in expectation of payment.

Notional income – calculation and interpretation

109.—(1) Where a claimant is treated as possessing any income under regulation 106 or 107 the foregoing provisions of this Part are to apply for the purposes of calculating the amount of that income as if a payment had actually been made and as if it were actual income which the claimant does possess.

(2) Where a claimant is treated as possessing any earnings under regulation 108(1) or (2) the foregoing provisions of this Part are to apply for the purposes of calculating the amount of those earnings as if a payment had actually been made and as if they were actual earnings which the claimant does possess except that regulation 96(3) (calculation of net earnings of employed earners) does not apply and the claimant's net earnings are to be calculated by taking into account the earnings which the claimant is treated as possessing, less—

- (a) where the period over which those earnings are to be taken into account is a year or more, an amount in respect of income tax equivalent to an amount calculated by applying to those earnings the starting rate or, as the case may be, the starting rate and the basic rate of tax in the year of assessment less only the personal allowance to which the claimant is entitled under section 257(1) of the Taxes Act(**13**) (personal allowance) as is appropriate to the claimant's circumstances;
- (b) where if the period over which those earnings are to be taken into account is less than a year, the earnings to which the starting rate of tax is to be applied and the amount of the personal allowance deductible under this paragraph is to be calculated on a pro rata basis;
- (c) where the weekly amount of those earnings equals or exceeds the lower earnings limit, an amount representing primary Class 1 contributions under section 6(1)(a) of the Contributions and Benefits Act, calculated by applying to those earnings the initial and main primary percentages in accordance with section 8(1)(a) and (b) of that Act(**14**); and
- (d) one half of any sum payable by the claimant in respect of a pay period by way of a contribution towards an occupational or personal pension scheme.

(3) Where the claimant is an employed earner in the Republic of Ireland the amounts to be deducted for income tax and primary Class 1 contributions under paragraph (2) are to be such amounts as, in the opinion of the Department, would have been deducted had the claimant been employed in Northern Ireland.

(13) Section 257 was substituted by section 33 of the Finance Act 1988 (c. 39) and amended by paragraph 29 of Schedule 1 to the Income Tax Act 2007 (c. 3) and Article 2(2) of S.I. 2006/3241

(14) Section 8 was substituted by section 1(2) of the National Insurance Contributions Act 2002