STATUTORY INSTRUMENTS

1999 No. 976

SOCIAL SECURITY

The Social Security (New Deal Pilot) Amendment Regulations 1999

Made - - - -	*24th March 1999*
Coming into force	*1st April 1999*

Whereas a draft of this instrument was laid before Parliament in accordance with section 37(2) of the Jobseekers Act 1995**(a)** and approved by resolution of each House of Parliament;

Now therefore, the Secretary of State for Social Security, in exercise of the powers conferred upon him by sections 12(1) and (4)(b), 29(1), (3) and (6)(a) and (c), 35(1) and 36(1), (2) and (4) of the Jobseekers Act 1995**(b)** and sections 123(1), 136(3) and (5)(b) and (c), 137(1) and 175(1), (3) and (4) of the Social Security Contributions and Benefits Act 1992**(c)**, and of all other powers enabling him in that behalf, after consultation in respect of provisions in these Regulations relating to housing benefit and council tax benefit, with organisations appearing to him to be representative of the authorities concerned**(d)** and after agreement by the Social Security Advisory Committee that proposals in respect of these Regulations should not be referred to it**(e)** and whereas these Regulations are made with a view to ascertaining whether their provisions will, or will be likely to, encourage persons to obtain work or will, or will be likely to, facilitate the obtaining by persons of work**(f)**, hereby makes the following Regulations:

Citation, commencement and duration

1.—(1) These Regulations may be cited as the Social Security (New Deal Pilot) Amendment Regulations 1999 and shall come into force on 1st April 1999.

(2) These Regulations shall cease to have effect on 29th November 1999, unless revoked with effect from an earlier date.

Amendment of the Social Security (New Deal Pilot) Regulations 1998

2.—(1) The Social Security (New Deal Pilot) Regulations 1998**(g)** shall be amended in accordance with the following paragraphs of this regulation.

(2) In regulation 11 (scope of Part III), for the number "17" there shall be substituted the number "18".

(3) For regulation 12(1) (definition of "training allowance"), there shall be substituted the following paragraph–

(a) 1995 c. 18.
(b) Section 35(1) is an interpretation provision and is cited because of the meaning ascribed to the words "prescribed" and "regulations".
(c) 1992 c. 4; sections 123 and 137 were amended to have effect in relation 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".
(d) *See* section 176(1) of the Social Security Administration Act 1992 (c. 5).
(e) *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.
(f) *See* section 29(8) of the Jobseekers Act 1995 (c. 18).
(g) S.I. 1998/2825.

"(1) The definition of "training allowance" in each of the regulations specified in paragraph (2) below (which are interpretation provisions) shall be modified in its application to persons to whom this Part applies as if at the end there were added the words–

"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 1998 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.".

(4) In regulation 16(1) (income to be disregarded)–

(a) in the first paragraph of the modifications added by that regulation, the words from "but this paragraph" to the end of that paragraph shall be omitted;

(b) for the second paragraph of the modifications added by that regulation, there shall be substituted the following paragraph–

"Any top-up payment made to a person ("the participant") pursuant to–

(a) 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 1998 in regulation 2(1) of those Regulations ("the intensive activity period"); or

(b) 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.".

(5) For the second paragraph of the modifications added by regulation 17(1) (capital to be disregarded), there shall be substituted the following paragraph–

"Any top-up payment made to a person ("the participant") pursuant to–

(a) 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 1998 in regulation 2(1) of those Regulations ("the intensive activity period"); or

(b) 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,

but only for the period of 52 weeks beginning on the date of receipt of the payment.".

(6) After regulation 17, there shall be added the following regulation–

"**Self-employment route of the intensive activity period of the New Deal pilots for 25 plus**

18.—(1) Both regulation 102A of the Jobseeker's Allowance Regulations and regulation 39A of the Income Support Regulations**(a)** (which relate to participants in the self-employment route of the Employment Option of the New Deal) shall be modified in their application to persons to whom this Part applies as if–

(a) Both regulation 102A and regulation 39A were inserted by S.I. 1998/1174.

(a) regulation 102A and regulation 39A were renumbered regulation 102A(1) and regulation 39A(1) respectively;

(b) for the definition of "self-employment route" in the renumbered paragraph (1) there was substituted the following definition–

" "self-employment route" means receiving assistance in pursuing self-employed earner's employment whilst participating in the programme known as 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 1998 in regulation 2(1) of those Regulations;";

(c) after the renumbered paragraph (1), there was added the following paragraph–

"(2) For the purposes of this Chapter, the last day upon which assistance is received under the self-employment route shall be the day–

(a) upon which there is at least £2,000 in the participant's special account;

(b) which is 26 weeks after the day upon which the participant first received such assistance; or

(c) which is the last day upon which the participant received such assistance,

whichever shall first occur.".

(2) The provisions specified in paragraph (3) shall be modified in their application to persons to whom this Part applies as if for the references to a person receiving, or having received, assistance under an employment programme specified in regulation 75(1)(a)(ii)(aa)(ii) of the Jobseeker's Allowance Regulations**(a)**, there were substituted references to a person receiving or, as the case may be, having received, assistance in pursuing self-employed earner's employment whilst participating in the programme known as 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 1998 in regulation 2(1) of those Regulations.

(3) The provisions to which paragraph (2)**(b)** refers are–

(a) in the Council Tax Benefit Regulations, regulation 31(7), paragraph 66 of Schedule 4 and paragraphs 7 and 55 of Schedule 5;

(b) in the Disability Working Allowance Regulations, regulation 34(7), paragraph 59 of Schedule 3 and paragraphs 6 and 53 of Schedule 4;

(c) in the Family Credit Regulations, regulation 31(7), paragraph 61 of Schedule 2 and paragraphs 6 and 54 of Schedule 3;

(d) in the Housing Benefit Regulations, regulation 40(7), paragraph 66 of Schedule 4 and paragraphs 7 and 55 of Schedule 5;

(e) in the Income Support Regulations, paragraph 64 of Schedule 9**(c)** and paragraphs 6 and 52 of Schedule 10;

(f) in the Jobseeker's Allowance Regulations, paragraph 62 of Schedule 7 and paragraphs 11 and 47 of Schedule 8.".

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

Angela Eagle
Parliamentary Under-Secretary of State,
Department of Social Security

24th March 1999

(a) Regulation 75(1)(a)(ii)(aa)(ii) was inserted by S.I. 1998/1174.
(b) The provisions referred to in paragraph (3) were amended or, as the case may be, inserted by S.I. 1998/1174.
(c) The first paragraph 64 was omitted by S.I. 1998/2117.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Social Security (New Deal Pilot) Regulations 1998 (S.I. 1998/2825) ("the New Deal Pilot Regulations") to the extent that they modify provisions in 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) and the Disability Working Allowance (General) Regulations 1991 (S.I. 1991/2887).

In particular, they provide that persons participating in the pilot scheme established under regulation 2 of the New Deal Pilot Regulations and who are receiving assistance in pursuing self-employed earner's employment whilst so participating ("the self-employment route"), shall be subject to special rules as to the treatment of their income and capital in the benefits referred to above.

Regulation 2(6) inserts a new regulation 18 into the New Deal Pilot Regulations. This provides that income paid to a participant in 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. These rules relate to its calculation and the date it is taken into account and treated as paid (new regulation 18(1)). Regulation 2(6) also provides that for the purpose of applying the special rules, the last day on which such assistance is received shall either be the day on which there is at least £2,000 in the participant's special account or, if that does not occur, the day on which such assistance has been received for a period of 26 weeks.

The new regulation 18 also provides, in paragraphs (2) and (3)–

that such income, for the purposes of council tax benefit, disability working allowance, family credit and housing benefit, shall be treated as capital;

that mandatory payments made to participants in the self-employment route shall be disregarded both as income and as capital;

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;

that business assets of persons receiving assistance under the self-employment route shall, in certain circumstances, be disregarded as capital; and

that capital intended for purchasing business assets for use whilst receiving assistance under the self-employment route shall be disregarded.

Regulation 2(4)(b) and (5) amends the New Deal Pilot Regulations so as to extend the income and capital disregards for certain payments made to participants in respect of their participation in the intensive activity period so as to enable them to continue to claim any of the benefits referred to in the first paragraph of this Note. Regulation 2(3) modifies the definition of "training allowance" in those benefits so as to exclude such payments from being a training allowance.

Regulation 2(2) makes a consequential amendment and regulation 2(4)(a) makes a technical amendment.

These Regulations do not impose any charge on business.

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