

Housing Benefit and Council Tax Benefit Circular

Department for Work and Pensions

1st Floor, Caxton House, Tothill Street, London SW1H 9NA

HB/CTB A12/2009

ADJUDICATION AND OPERATIONS CIRCULAR

WHO SHOULD READ	All Housing Benefit (HB) and Council Tax Benefit (CTB) staff
ACTION	For information
SUBJECT	The Social Security (Miscellaneous Amendments) Regulations 2009 (No 583) The introduction of the Self-Employment Credit

Guidance Manual

The information in this circular does affect the content of the HB/CTB Guidance Manual. Please annotate this circular number against paragraphs *BW1.201*, *BW2.260*, *BW2.410*, *BP2.260*, *BP2.410*, *BW2.70*, *BP2.70*, *BW2.80*, *BP2.80*, *BW2.590*, *BW2 Annex B(58)*, *C2.30*, *C2.110*, *C2.150* and *C2.324*.

Queries

If you

- want **extra copies of this circular/copies of previous circulars**, they can be found on the website at www.dwp.gov.uk/housingbenefit/user-communications/circulars
- have any queries about the
 - **technical content of this circular**, please contact
 - ~ Jahnara Begum, for paras 1 – 22
Email: Jahnara.begum@dwp.gsi.gov.uk
 - ~ Richard Metcalfe, for paras 23 – 35
Email: richard.metcalfe@dwp.gsi.gov.uk
 - **distribution of this circular**, contact Corporate Document Services Ltd Orderline
Email: orderline@cds.co.uk

Crown Copyright 2009

Recipients may freely reproduce this circular.

Contents

para

**The Social Security (Miscellaneous Amendments)
Regulations 2009 (No 583)**

Introduction	1
Coming into force	3
Training Allowance	4
Students – definition of Contributors	9
Extension of benefit entitlement to full time students up to age 21	11
Disregard for Higher Education Bursary for care leavers	15
Align the meaning of ‘Period of study’ across the income-related benefits	17
Align the wording of Severe Disability Premium across the income-related benefits	19
Removal of obsolete reference to School Meals Grant	21
Disregard for Health in Pregnancy Grant	23
Earnings – income tax changes	26
Royalties disregard	28

The introduction of the Self-Employment Credit Introduction

Introduction	30
Background	31
Entitlement to Self-Employment Credit	34
Impact on HB/CTB	35

The Social Security (Miscellaneous Amendments) Regulations 2009 (No 583)

Introduction

- 1 The Social Security (Miscellaneous Amendments) Regulations (SI 2009/583) were laid before Parliament on 11 March 2009 and introduce a number of changes to the
 - Housing Benefit 2006 (HB) and Council Tax Benefit 2006 (CTB) regulations
 - Council Tax Benefit (Persons who have attained the qualifying age for state pension credit) (CTB/SPC) 2006 and Housing Benefit (Persons who have attained the qualifying age for state pension credit) (HB/SPC) 2006 regulations
- 2 This circular provides detail of the following changes
 - adding references to Scottish Enterprise and Highlands and Island Enterprise to the definition of 'training allowance'
 - changing the definition of student contributors
 - extending benefit entitlement to full time students who remain in relevant education beyond the age of 20 up until the age of 21
 - introducing a disregard for Higher Education Bursary for Care Leavers
 - aligning the meaning of 'period of study' across the income related benefits
 - aligning the wording of Severe Disability Premium across the income related benefits
 - removing an obsolete reference to School Meal Grants
 - introducing a disregard for Health in Pregnancy Grant
 - amending references to income tax
 - aligning the treatment of Royalties

Coming into force

- 3 The changes in SI 2009/583 came into force as follows
 - **6 April 2009**, when rent is payable at intervals of a week or multiples of a week
 - **1 April 2009**, when rent is payable at any other interval and for CTB

Training Allowance

- 4 In September 2007, the Secretary for Education and Lifelong Learning announced a new single 'Skills body' to deliver the Scottish Government's vision on Skills Strategy called 'The Skills Development Scotland'.

- 5 The partner organisations which came together to form Skills Development Scotland were
- Careers Scotland
 - Scottish University for Industry (learndirect Scotland, learndirect Scotland for business, ILA Scotland, The Big Plus)
 - Key skills elements from Scottish Enterprise, and
 - Key skills elements from Highlands and Islands Enterprise
- 6 References to these organisations within our regulations that define 'training allowance' have now been amended to refer to Skills Development Scotland.
- 7 The Council Tax Benefit regulations do not currently refer to 'Scottish Enterprise and Highlands and Islands Enterprise'. These amending regulations will ensure the Council Tax Benefit Regulations are consistent with the other income related benefit regulations by remedying this omission.
- 8 Amendments have been made to the definition of 'training allowance'
- HB reg 2(1), reg 7(18) and Schedule 3 para 7(1)(b)
 - CTB reg 2(1) definition of 'training allowance' and reg 8(7)
 - CTB(SPC) 2(1) definition of 'training allowance' (a) & (c), reg 8(7) and Schedule 1 part 3 (5)(1)(b)
 - HB(SPC) reg 2(1) definition of 'training allowance' (a) & (c), reg 7(18) and Schedule 3 part 3 (5)(1)(b)

Students – definition of Contributors

- 9 In the Students' Allowances Regulations the associated persons whose contributions can be taken into account are restricted to the student's parents and the student's spouse or civil partner. These regulations have been expanded to include the parent's partner as a contributor.
- 10 Amendments have been made to the definition of student contributors in HB reg 53(1) and CTB reg 43(1).

Extension of benefit entitlement to full time students up to age 21

- 11 Two types of change have been made in relation to the age up to which a young person may be entitled to Housing Benefit and/or Council Tax Benefit.
- 12 The first change is as a result of changes made directly to the Housing Benefit Regulations 2006 and the Council Tax Benefit Regulations 2006. The second change is a result of changes made to the Income Support (General) Regulations 1987 which affect the entitlement of full-time students under regulations 56(2) (a) and 45(3)(a) (as recipients of income support).

- 13 Regulation 56(2)(h) of the Housing Benefit Regulations and Regulation 45(3)(h) of the Council Tax Benefit Regulations have been amended so that the age at which a young person may be regarded as liable to make payments in respect of a dwelling, where they are a full time student not in higher education, has been extended from age 19 to age 21. In order to benefit from this provision, the young person must have begun their course before reaching the age of 19.
- 14 The Income Support (General) Regulations 1987 have been amended so that a young person under the age of 21, who is in full-time non advanced education which they were accepted to attend, enrolled on or began before their 19th birthday, will be entitled to Income Support (and therefore also HB and/or CTB) in certain circumstances when they have no parent or carer or are otherwise estranged from their family or carer.

Disregard for Higher Education Bursary for Care Leavers

- 15 *The Care Matters: Time for Change* White Paper was introduced by the Department for Children, Schools and Families in June 2007. One of the measures was to introduce a bursary in England for care leavers who enter higher education. These regulations amend the working age income-related benefits to include a disregard of the Higher Education Bursary for Care Leavers when calculating grant income.
- 16 Amendments have been made to HB reg 59(2) and CTB reg 46(2).

Align the meaning of 'Period of Study' across the income-related benefits

- 17 The previous wording of the meaning of 'period of study' in the Housing Benefit and Council Tax Benefit regulations differed from the provisions for the other income-related benefits.
- 18 The amendment will align the Housing Benefit and Council Tax Regulations with the other income-related benefit regulations. Amendments are made to HB reg 53(1) (b)(i) &(ii) and CTB reg 43(1)(b)(i)&(ii). The amendment does not change the policy intention.

Align the wording of Severe Disability Premium across the income-related benefits

- 19 In the working age Housing Benefit and Council Tax Benefit Regulations the wording relating to the conditions of entitlement to the Severe Disability Premium was not in line with the other income-related benefits.
- 20 These amending regulations will align the wording for Severe Disability Premium with the other income-related benefits. Amendments are made to HB Regs Schedule 3, para 14(2)(b)(iii), CTB regs Schedule 1, para 14(2)(b)(iii) and CTB(SPC) regs, Schedule 1, para 6(2)(b)(iii). The amendment does not change the policy intention.

Removal of obsolete reference to School Meals Grant

- 21 School Meals Grants are no longer payable but references are still contained within the Housing Benefit and Council Tax Benefit Regulations.
- 22 The amendment will remove reference to School Meals Grant. The amendments have been made to HB reg 63(2) and CTB reg 50(2).

Disregard for Health in Pregnancy Grant

- 23 The Health in Pregnancy Grant was introduced by HMRC in April 2009. It is payable, subject to certain residency and other qualifying conditions, to pregnant women from the 25th week of pregnancy and is a one-off payment of £190.
- 24 Provision for the Health in Pregnancy Grant is made by Part 8A of the Social Security Contributions and Benefits Act 1992, which is introduced by Part 4 of the Health and Social Care Act 2008. These regulations ensure that the Health in Pregnancy Grant is fully disregarded as income in HB/CTB.
- 25 Amendments have been made by the insertion of new paragraphs at HB Schedule 6 paragraph 41A, HB(SPC) Schedule 6 paragraph 26C, CTB Schedule 5 paragraph 41A and CTB(SPC) Schedule 4 paragraph 26B.

Earnings – income tax changes

- 26 The 'starting rate' of income tax was abolished from April 2008 and replaced by the 'basic rate' of income tax. From 6 April 2009 the definition of 'starting rate' introduced by SI 2007 No 2618 as from 1 October 2007 has been removed and the definition of 'basic rate' restored.
- 27 Amendments have been made to HB Reg 36(6)(a), Reg 39(1) and Reg 42(12)(a); HB(SPC) Reg 36(5)(a) and Reg 40(1); CTB Reg 26(6)(a), Reg 29(1) and Reg 32(12)(a); and CTB(SPC) Reg 26(5)(a) and Reg 30(1).

Royalties disregard

- 28 These regulations align the treatment of royalties across the income-related benefits and when appropriate, extend the earnings disregard to Public Lending Right payments received from abroad, so that they cover
- payments consisting of royalties or other sums received as a consideration for the use of, or the right to use, any copyright, design, patent or trade mark, and
 - any payment made when the claimant (or partner) is an original contributor to a book registered under the Public Lending Right Scheme 1982 or to a work under an analogous international Public Lending Right Scheme

- 29 Guidance on the treatment of royalty, copyright and public lending right payments is at HB Reg 37(3), HB(SPC) Reg 29(1)(r), Reg 33(5)(b) and Reg 33(8)(b), CTB Reg 27(3) and CTB(SPC) Reg 19(1)(r), Reg 23(5)(b) and Reg 23(8)(b).

Self-Employment Credit

Introduction

- 30 This part of the circular gives guidance on Self-Employment Credit. This is **not** an amendment made by SI 2009/583; but payable under Section 2 of the Employment and Training Act 1973.

Background

- 31 In January 2009 the Prime Minister announced a 'six month offer' package for unemployed people who have been claiming Jobseeker's Allowance (JSA) for over six months. This package was introduced nationally from 6 April 2009. There are four strands of support for the package, a
- support for self-employment option
 - work-focused volunteering option
 - work-focused training option, and
 - recruitment subsidy option
- 32 From 6 April, as part of the support for self-employment option, people moving off JSA to start a business or self-employment will be eligible to claim a new Self-Employment Credit.
- 33 The Support for Self-Employment Offer incorporates
- a basic or intensive programme of practical advice and training support for people interested in moving into self-employment/starting their own business, depending on the level of need
 - in-work mentoring and support for people who need it in the early months of trading, and
 - a financial incentive, the Self-Employment Credit, to support that transition as the person moves off JSA and begins trading. The Self-Employment Credit, which will be administered by Jobcentre Plus, will be a weekly payment and will be paid at the rate of £50 per week for a period of up to 16 weeks.

Entitlement to Self-Employment Credit

- 34 In order for a person to be entitled to receive the Self-Employment Credit, they will need to
- end their claim to JSA by moving into self-employed work of 16 hours or more
 - provide information to their Jobcentre Plus personal adviser on the self-employed work/business they are to undertake
 - show that the work will last at least five weeks
 - register with HMRC as self-employed, and
 - not be claiming any other in-work credit payments, eg the Return to Work Credit or the In-Work Credit

Impact on HB/CTB

- 35 The Self-Employment Credit is an extension of the existing Return to Work Credit and is paid under Section 2 of the Employment and Training Act 1973. It will therefore be wholly disregarded for HB/CTB purposes under
- Schedule 5, paragraph 13 of the Housing Benefit Regulations 2006
 - Schedule 4, paragraph 14 of the Council Tax Benefit Regulations 2006
- 36 Self-Employment Credit will also be disregarded for the purposes of income tax, National Insurance Contributions (except Class 2 contributions) and tax credits.