

Factsheet - The effect additional income will have on your Housing Benefit



information

From April 2013 there will be new rules in Housing Benefit for working-age people living in social housing that will no longer pay for bedrooms that you are said to not need. This will create a shortfall in the help you get towards your rent, which you will have to meet yourself.

For some people, taking up employment or increasing their hours may be a sensible option. This would mean that they can make up some or all of the shortfall between their rent and Housing Benefit as a result of the changes.

Those who want to take up part-time work to keep in touch with the job market will have specific amounts of their earnings ignored in working out their Housing Benefit depending on their circumstances. For single people the first £5 of your earnings will be disregarded (the amount you can keep) increasing to £10 if you're a couple, £20 for disabled people and those getting a carer's premium and £25 for lone parents.

These disregards are intended to encourage people, for whom full-time work may not be an immediate option, to keep in touch with the labour market. However, the design of the current tax and benefit system means that most people see a more substantial increase in their overall income when they move into work of 16 hours or more.

The tax credits provide more help than is available through the out-of-work benefits, more than would be available through minimum earnings alone. Housing Benefit and Council Tax Benefit can also be available to those who are in full time work to ensure that a person's net income after rent is higher than out-of-work benefit levels. There are also financial incentives to encourage people back into work, these include:

- In-Work Credit designed to help lone parents to cope with the financial aspects of the transition in to work;
- Housing Benefit, Council Tax Benefit and mortgage interest run-ons paid for up to four weeks after people move from IS or JSA into work;
- Job Grant which provides a non-taxable payment of £100 for single people and couples without children, and £250 for lone parents and couples with children.

The way that earnings or extra earnings affect both in work and out of work benefits, depends very much on a person's home circumstances and how many hours they work. It can also become complicated when trying to see how benefits and tax credits interact.

If you have a job in mind or would like to work out how you might make yourself better off in work we would encourage you to use the Benefits adviser calculator; the link for it is below:

http://www.direct.gov.uk/en/Dio1/DoltOnline/DoltOnlineByCategory/DG_172666