

Orkney Islands Council

Housing Benefit Factsheet

What happens to Housing Benefit when you earn more



Since April 2013 there have been new rules in Housing Benefit for working-age people living in property rented from Orkney Islands Council or Orkney Housing Association Limited. Under the new rules you will receive Housing Benefit based on the number of people in your household and the size of your accommodation. This may mean that your Housing Benefit is reduced and you will have to meet the shortfall yourself.

For some people, finding a job or increasing your hours may be a practical option.

Earning more

Taking a full-time job may not be an immediate option for everyone. If you take up part-time work, some of your earnings will be ignored when your Housing Benefit is calculated. The amount you can keep is sometimes called a 'disregard'.

The amount you can keep depends on your circumstances. In each weekly pay packet, we will ignore:

- £5 if you are a single person
- £10 if you're a couple
- £20 if you're a disabled person and or getting a carer's premium
- £25 for lone parents.

The government ignores this money to encourage you to stay in work. Staying in part-time work will make it easier to increase your hours or take on full-time work later.

Other help when you earn more

Under the current tax and benefit system, most people see a more substantial increase in their overall income when they work for 16 hours or more each week.

Housing Benefit may also be available when you work full-time. This is to make sure that your take-home pay, after you've paid your rent, is more than you would get from out-of-work benefits.

The way that earnings or extra earnings affect both in-work and out-of-work benefits, depends on your circumstances and how many hours you 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 could be better off in-work use the Benefits Adviser tool by visiting the government's website at:

www.gov.uk/benefits-adviser

You can get access to thousands of job vacancies by using Universal Jobmatch by visiting the government's website at: www.gov.uk/jobsearch

There are financial incentives to help you back into work, including:

Working Tax Credit is available if you work but are on a low income. Visit the government's website at: www.gov.uk/working-tax-credit to find out more.

Child Tax Credit is available if you're responsible for at least one child or young person. Visit the government's website at: www.gov.uk/child-tax-credit to find out more.

Extended Payment of Housing Benefit will help pay your rent when you increase your hours or earnings. You could get an extra 4 weeks of Housing Benefit. If you're eligible the Council will contact you. You can also visit the government's website at www.gov.uk/housing-benefit/further-information to find out more.

Council Tax Reduction is available depending on your circumstances and the rules in your council's scheme. You can contact the Council to apply or visit the Council's website at: <http://www.orkney.gov.uk/Service-Directory/C/Council-Tax-Benefit.htm>

Mortgage Interest Run On can help with housing costs and is paid for up to four weeks after people move from Income Support or Jobseekers Allowance into work. Visit the government's website at www.gov.uk/mortgage-interest-run-on or speak to Jobcentre Plus.

Document – January 2014