

I have been on employment and support allowance for just over a year. I am feeling a little better and would like to try and gradually return to work. I have been told that I can work for a few hours and keep my ESA. However a friend has told me that because my ESA is based on my National Insurance contributions (because I worked for years), I will lose most of what I earn in reduced housing benefit and council tax benefit. With the extra cost of getting to work I am worried I could end up worse off working and would I really have been better off if I hadn't paid contributions?

A recent change in the regulations means that anyone on incapacity benefit (IB) or Employment and Support Allowance (ESA) doing what is called 'permitted work' will now be able to keep all the money they earn and all the money they get in benefits as long as they stick to the rules and limits on permitted work.

The change irons out an injustice in the benefits regulations which discriminated against people like yourself who had worked before becoming too ill or disabled to do so. Under the old rules, people on the means-tested sickness benefits could keep all their earnings from 'permitted work' and all their benefit income, while those on the contribution-based versions, but who had no more income or savings than those on the means tested versions of these benefits, were up to £60 a week worse off, simply because in the past they had worked and paid national insurance contributions.

The idea of 'permitted work' is to gradually allow people on IB or ESA to get back into work mode. But there are strict rules about how long you can do this for, how many hours you can work, and how much you can earn. You can earn £20 per week on an ongoing basis. You can usually only earn more than this for a year but for that year you can earn up to £93 per week. You must work less than 16 hours per week. You need to inform DWP if you are doing permitted work, (and your local council if you get housing benefit and/or council tax benefit), and it may lead to a reassessment of your work capability.

If, after a year, you start working more than 16 hours a week, you may be entitled to the disability element of working tax credit. There is a lot of help available to help you get back into work but it can be quite complex. Get free, confidential and independent advice from your nearest Citizens Advice Bureau – go to www.adviceguide.ork.uk or check your local phone book for contact details.