

Active Inclusion Newcastle Debt Bulletin #2

Welcome

Welcome to the second edition of the Active Inclusion Newcastle Debt Bulletin. This is a quarterly summary of updates in the debt advice world brought to you by Money Matters, part of Newcastle City Council's Active Inclusion Service.

If you, or the Newcastle residents you support, need some debt advice you can phone our consultancy line on **0191 277 1050** (Monday, Tuesday, Thursday and Friday from 9.30am to 11.30am).

For further information, visit the Newcastle City Council website at:

www.newcastle.gov.uk/benefits-and-council-tax/welfare-rights-and-money-advice/debt-and-money-advice

The benefit cap

The benefit cap that was introduced in 2013 is:

- £550 per week (£26,000 per year) if you're in a couple (with or without children)
- £500 per week (£26,000 per year) if you're a single parent
- £350 per week (£18,200 per year) if you're single and you have no children / your children do not live with you

The [Summer Budget 2015](#) announced that the benefit cap will be reduced to:

- £385 per week (£20,000 per year) if you're in a couple (with or without children)
- £385 per week (£20,000 per year) if you're a single parent
- £258 per week (£13,400 per year) if you're single and you have no children / your children do not live with you

The lowering of the benefit cap will start to be implemented from 7 November 2016 and will be managed over a number of weeks. The Department for Work and Pensions' implementation approach is in development and they will provide local authorities with more information on this in due course.

The Active Inclusion Service started a project in July 2016 to support private rented and Registered Social Landlord (RSL) tenants who will be impacted by the lower benefit cap, to complement the support that Your Homes Newcastle (YHN) is targeting towards their tenants. The first stage of this is to trial a triage approach with those private rented and RSL tenants who are affected by the current benefit cap, with specialists in financial issues (Welfare Rights Service and Money Matters) contacting the households first, given that the impact of the cap is on a family's finances, and then using their engagement to assess other barriers to improving the households' financial situation and to residents gaining employment (if that is their only option). The learning for the first stage will inform the second stage of support to those households affected by the lower benefit cap.



For further information on what benefits and payments are included in the benefit cap, visit: www.gov.uk/benefit-cap/benefits-included-in-the-cap

If you think that someone you are working with should be exempt from the benefit cap phone Newcastle City Council's Welfare Rights Service consultancy line on **0191 277 2633** for further advice.

Universal Credit – Case study

- Ms D is single, works 20 hours per week, rents from YHN and is a secure tenant. She earns £153.30 per week and receives £23 per week in Housing Benefit.
- She was struggling to pay her bills so decided to increase her hours at work to 30 hours. This meant she was now earning £255 per week and receiving Working Tax Credits of £31 per week, so she was £80 per week better off.
- **She lives in a Universal Credit 'full service' area and was advised that if her circumstances changed she would have to make a claim for Universal Credit.** The situations that might cause her to have to make a claim for Universal Credit were:
 1. If her hours dropped to below 16 hours per week she would no longer be able to claim Jobseeker's Allowance or Income Support; *or*
 2. If she was not able to work due to ill health she would no longer be able to make a claim for Employment and Support Allowance
- If her circumstances did not change she would eventually be migrated across to Universal Credit.
- Money Matters were looking at a Debt Relief Order (DRO) for Ms D. One of the checks Money Matters carries out is to **make sure that a client's home is affordable and that they can afford to pay all of their bills to ensure that debt problems do not reoccur in the future.** The caseworker carried out a benefit calculation for Ms D and discovered that **if she was migrated across to Universal Credit she would be £31 per week worse off.**

Money Matters discussed with Ms D **the actions she could take to prevent a crisis situation from occurring**, such as:

1. Moving to more affordable accommodation where she was not subject to the "bedroom tax" for two bedrooms
2. Returning a furniture pack to reduce her rental liability (Money Matters could help her to apply to trust funds to replace the furniture that was returned)
3. Applying to the Northumbrian Water Support Plus Plan to reduce her monthly water bills
4. Checking to make sure she is getting her 25% single person discount for her Council Tax
5. Using price comparison websites and [Energy Best Deal](#) to make sure she was getting the best deal on her energy and insurance costs
6. Increasing her hours at work to 35 hours per week.

Ms D's case is still ongoing, with a plan to submit her DRO in the near future.

Smart meters

Smart meters are a new kind of gas and electricity meter that can digitally send meter readings to your energy supplier. This not only ensures more accurate energy bills, smart meters also come with monitors so you can get a better understanding of your energy

usage. Smart meters are in the process of being installed and suppliers intend to replace all existing credit and prepayment meters with smart meters by 2020.

The benefits of a smart meter are:

1. Installation is free
2. Smart meters work in real time – the amount of energy you use is sent by wireless connection to your supplier several times a day, thereby removing the need for regular meter readings
3. Payment plans for arrears will be based on actual usage amounts rather than estimates
4. There is a remote display, which you can plug into any mains socket in any room in the house
5. When set up as a prepayment meter the display tells you how much credit is left and some give an estimated time left before you need to top it up
6. You can top up by sending a text message
7. Card, Payzone, online banking and payments made through the supplier's app will be instantly credited to the meter, meaning that people will no longer have to take the key out, go to the shop, top up and then put the key in

The disadvantages are:

1. There will only be one type of meter
2. The meter will contain an internal 'switch', which will allow the supplier, without the need to attend the property or obtain a warrant of entry from the Magistrates' Court, to:
 - Change the meter to a pre-payment meter; *or*
 - Disconnect the supply
3. They currently cannot be installed in multi-story flats where there is a communal meter room

For further information, visit www.smartenergygb.org

North East Money Advice Group

The North East Money Advice Group (NEMAG) is the regional group for the Institute of Money Advisers (IMA). The NEMAG brings together free-to-client money advisers, living and working in the north east, to share local knowledge and good practice, raise awareness of issues and receive training. There are four meetings per year, all free to attend, and each meeting normally includes a guest speaker, training and / or workshop elements, as well as an arena to discuss local social policy issues.

The NEMAG is run by Helen Clarke, who works for Payplan, in conjunction with the two IMA branch representatives for the north east – Charlotte Johnson and Richard Liput who both work for Newcastle City Council. The NEMAG is run in partnership with other agencies in the free advice sector and is open to non-members.

At the September 2016 NEMAG meeting National Energy Action will give a presentation about smart meters. If you would like copies of the presentation, or wish to join the NEMAG, contact Charlotte Johnson (Money Matters) by email at charlotte.johnson@newcastle.gov.uk or by phone on 0191 277 1037.

Change in bankruptcy fees

On 21 July 2016 the fees for bankruptcy changed. The table below shows the changes to the existing deposits and fees.

Fee	Old (£)	New (£)
Debtors' bankruptcy deposit	525	550
Debtors' application fee	130	130
Creditors' bankruptcy deposit petition	825	990
Creditor bankruptcy administration fee	1,990	2,775
Company winding up deposit	1,350	1,600
Company winding up administration fee	2,520	5,000

For further information, visit: www.gov.uk/government/news/changes-to-official-receivers-fees

Insurance – cutting corners

Figures from the Association of British Insurers (ABI) show that thousands of motorists are cutting corners when buying motor insurance, which could cost them a lot of money in the long run. Common deceptions include:

1. 'Forgetting' to mention previous claims and unspent convictions
2. Providing a fake address
3. Parents being named as the main driver when it is in fact their child ('fronting')

Our top tips for buying car insurance are:

1. Be honest about previous convictions, speeding fines and accidents, as failure to do so might invalidate your license
2. Shop around for the best deal – www.moneysavingexpert.com/car-insurance/
3. Buy your insurance from a reputable source. You can check if your policy is on the Motor Insurers' Bureau's website www.askMID.com

Further information and help

Can be found on [Newcastle City Council's debt and money advice web page](#).

This debt bulletin was written in **August 2016** by the Money Matters team at Newcastle City Council. It is provided quarterly and is as accurate as possible at the time of writing. The bulletin is part of the Active Inclusion Newcastle offer of support to professionals, which includes debt awareness and benefits **face to face training** and **eLearning**. [For more details see our web page for professionals and volunteers](#).

You may also be interested in the weekly **Active Inclusion Newcastle e-bulletin** which provides a brief update on financial inclusion and homelessness prevention issues. If you want to receive this, or for more details, email activeinclusion@newcastle.gov.uk