

# **Debt bulletin: Debt changes and news**

**Produced by the Active Inclusion Service, Newcastle City Council**

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## **Benefit cap project update**

Money Matters is continuing their work with the families who are subject to the original benefit cap of £500 per week, who are either private rented or Registered Social Landlord tenants. In July 2016 there were 22 families in Newcastle in these circumstances who weren't receiving direct financial inclusion support from their landlord. Out of the 22 families, 15 (68%) have engaged with Money Matters and 8 (36%) were found to be either exempt from the benefit cap or were going to be exempt from 7 November 2016 (when all households affected by the original benefit cap which included someone entitled to Guardian's Allowance, Carer's Allowance or an award of Universal Credit including the carer's element became exempt).

Money Matters are offering assistance to these families in the following areas:

1. Debt advice
2. Budgeting advice (current circumstances and circumstances after the lower benefit cap)
3. Applications for Discretionary Housing Payments (DHPs)
4. Applications to the Supporting Independence Scheme
5. Referral to appropriate employment support services

The learning from this is informing the support we are providing to those families who are affected by the lower benefit cap.



More details on the benefit cap and exemptions are available online from [GOV.UK](http://GOV.UK), [Citizens Advice](#). The latest news about the lower benefit cap is on our [November 2016 benefit bulletin](#).

### Case study: Benefit cap project

- Ms. S is single and has 4 children aged between 4 months and 10 years old. She is claiming Income Support, Child Benefit, Child Tax Credit, Housing Benefit and Council Tax Reduction. She rents her home from a private landlord and her rent is up to date.
- Money Matters noticed that her Housing Benefit had been incorrectly capped at a rate of £10.82 per week from the end of May 2016. Money Matters liaised with the Housing Benefit Team, who contacted the Department for Work and Pensions (DWP) because the DWP had not re-calculated her total income when her total benefits income dropped below £500 in May 2016. This was corrected and her youngest child was also added to her claim, which resulted in her Local Housing Allowance increasing by £10.82 per week (£46.88 per month).
- Money Matters also completed a Supporting Independence Scheme application to replace the goods that she had on hire purchase. Goods totaling £690.30 were awarded and Ms. S received a washing machine, table and chairs, bunk beds, single bed and mattress, and a double bed and mattress. This saved her over £20 per week (£86.66 per month).
- Ms. S had an offer of a job and was waiting for her Disclosure and Barring Service (DBS) check to come through. Money Matters carried out a benefits calculation and estimated that she would be £100 per week (£433 per month) better off if she works a minimum of 16 hours per week.
- If Ms. S did not start working she would be affected by the lower benefit cap on 7 November 2016 and would lose £85 per week of Housing Benefit.

	Now	Working 16 hours
<b>Income Support</b>	£73.10	£0
<b>Child Tax Credit</b>	£220.00	£220.00
<b>Working Tax Credit</b>	£0	£76.00
<b>Child Benefit</b>	£61.80	£61.80
<b>Housing Benefit</b>	£114.23	£90.00
<b>Wages</b>	£0	£121.00
<b>Total</b>	£469.13	£568.80 <i>(£100 per week better off)</i>

If you think that someone you are working with is affected or will be affected by the benefit cap, phone Newcastle City Council's Money Matters consultancy line on **0191 277 1050** for advice.

## Council Tax and periodic tenancies

### Leeds City Council v. Broadley EWHC 1839

This recent court case has clarified tenants' liability for Council Tax after they have left a property without formally ending the tenancy.

Mr Broadley was the landlord of several properties, all let on 6 or 12 month fixed term tenancies followed by monthly periodic tenancy. Several of these properties had been vacated by the tenants **without** the tenancies being formally ended by the tenants or Mr Broadley. Leeds City Council were pursuing Mr Broadley for the outstanding Council Tax relating to the periods when the properties were empty.

The High Court decided that when it states in a tenancy agreement that when the fixed term ends the tenancy can continue as a monthly periodic tenancy, if a tenant does **not** end the tenancy in the proper manner the tenant will remain liable for Council Tax until they either terminate the tenancy correctly, or until the landlord re-lets the property. However, if **no** contractual term exists then the landlord will be liable for the Council Tax during the period the property is empty.

If someone you are working with is being pursued for Council Tax for a property they no longer live in, phone Newcastle City Council's Money Matters consultancy line on **0191 277 1050** for advice.

## Winter is coming

### Post Office Christmas Club

The Post Office has set up a Christmas Club to help people save for Christmas. All you need to do is:

1. Open a [Post Office Christmas Club](#) account at your local Post Office branch, with as little as £2, to receive your Christmas Club Card
2. Start saving as little as £2 onto the card, as often as you like, at your local Post Office branch
3. From 1 November to 31 January the money will be 'unlocked' and you can spend it, using your card, in a range of stores

The Post Office Christmas Club gives protection over funds, meaning the money will be replaced if the card is lost, stolen or damaged.

## Post Office Budget Card Plus

The [Post Office Budget Card](#) helps people take control of their budget by allowing them to put a little money aside regularly to cover household bills and to spread the cost of Christmas and other gift occasions.

When you're ready to pay for a bill or a service, you take the card into your local branch. The Post Office will swipe it, take the money off it and ask you to sign the receipt as an extra security measure.

From 1 November to 31 January you can shop or buy gifts with your Budget Card Plus card at over 22,000 high street stores nationwide and at selected online stores, including Amazon.

## Warm Home Discount

If someone you are working with qualifies for the Warm Home Discount of £140 they'll get a letter this winter telling them either:

- They don't have to apply and they'll get the discount automatically
- They will have to apply by 28 February 2017 (the letter will tell them why and how)

If the person you are working with does not get a letter and you think they are eligible, you should phone the Warm Home Discount Team on **0345 603 9439**.

For more information, visit the [GOV.UK](#) webpage.

## Debt Relief Order update

October 2016 saw the following two major changes to Debt Relief Orders (DROs).

### New online web application (DRO2)

There is a new online web application (DRO2) for intermediaries. Those intermediaries who have used the new system will notice that it looks and preforms differently to the existing service. Most noticeably, the income and expenditure section has been revised in line with the work completed to date on the Standard Financial Statement.

While the DRO2 is being rolled out, the existing DRO service is still available to use. There will be a point in the future when the Insolvency Service begins to shut down the existing DRO service. This will be done in stages, starting with closing of the facility to start a new application but allowing time for cases already started on the system to be completed to submission.

### DRO Intermediary Guidance Notes v. 16

The Insolvency Service published Version 16 of the DRO Intermediary Guidance Notes in October 2016. This new version contains updated information on how to complete the 'Income and Expenses' section of the DRO2 web application.

A copy of the notes, as well as a number of other documents you may find useful, are available on the Institute of Money Advisers' [Debt Relief Order Approved Intermediary Resources](#) webpage (*member login required*).

## North East Money Advice Group

The North East Money Advice Group (NEMAG) is the regional group for the Institute of Money Advisers. The NEMAG brings together free-to-client money advisers who live and work 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 Institute of Money Advisers' 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.

If you would like to attend future meetings, or wish to join the NEMAG, contact Charlotte Johnson (Money Matters) by email at [charlotte.johnson@newcastle.gov.uk](mailto:charlotte.johnson@newcastle.gov.uk) or by phone on 0191 277 1037.

## Further information and help

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

This debt bulletin was written in **November 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 introduction to benefits **face to face training** and **eLearning**. [For more details, see our webpage 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](mailto:activeinclusion@newcastle.gov.uk)

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