

Local Welfare Assistance

Information Guide 15: For Residents and Advisers

July 2018

www.wolverhampton.gov.uk

Introduction

As part of Local Welfare Assistance, '**Crisis Loans**' and '**Welfare Assistance Loans**' may be able to be provided by Wolverhampton City Credit Union in partnership with City of Wolverhampton Council to people living in Wolverhampton. A loan may be accessed through:

Wolverhampton City Credit Union
Telephone: 01902 555939



Wolverhampton City Credit Union

When contacted Wolverhampton City Credit Union will seek to signpost anyone in need of benefits or debt advice to a local organisation that may be in a position to help. In some cases, an alternative to taking out a Local Welfare Assistance Loan will be pointed out.

Those seeking:

- a **Crisis Loan** due to having no money because they are awaiting payment of a claimed DWP benefit will be advised about the DWP's provision of '**Short Term Advance**' payments (Universal Credit) or '**Short Term Benefit Advance**' payments (Jobseeker's Allowance, Employment and Support Allowance, Income Support and Pension Credit) as a possible alternative.
- a **Crisis Loan** due to having a Universal Credit, Jobseeker's Allowance or Employment and Support Allowance sanction will be advised of '**Hardship Payments**' made by the DWP.
- a **Welfare Assistance Loan** will be advised about DWP payments from the **Social Fund** - Budgeting Loans, Sure Start Maternity Grants and Funeral Expenses Payments which may be appropriate.

All applications must
be made by phone

01902 555939

To be eligible for a loan from the scheme the applicant must:

- be aged 18 or over
- have lived in Wolverhampton for at least six months (or 3 years out of the past 5 years) although there is an exemption to this rule in exceptional circumstances
- be in receipt of a Social Security benefit and/or Child Tax Credit and/or Working Tax Credit (or they must be eligible for and have applied for benefits and/or tax credits)
- be legally resident in the UK
- agree to have a Credit Union account
- agree to repay any loan and have payment of one of their benefits (e.g. Child Benefit) transferred into their Credit Union account
- be able to provide proof of their identity and proof of address.

Crisis Loan

A **Crisis Loan** of £100 may be given where the applicant does not have sufficient resources to meet an '**urgent need**' that poses an immediate and substantial risk to their health or safety or the health or safety of a member of their family. An 'urgent need' may include a need in consequence of an emergency, disaster, unforeseen circumstance or a pressing need that is strikingly different or exceptional. The 'urgent need' could follow a flood, fire or gas explosion (or a similar catastrophe). An 'urgent need' could be a need for essential items (e.g. food, heating and/or clothing) or to address a situation relating to domestic abuse, neglect or harm. It might be a need which arises due to a deterioration in health.

A **Crisis Loan** of £200 may be given where the applicant is a householder (meaning: a person who pays rent or a mortgage for the accommodation in which they live) in '**financial need**' and can show that they have recently made a legitimate application for Universal Credit and they are waiting for their first payment. A 'financial need' is where the applicant does not have sufficient resources for essential items.

Usually, once the Credit Union receive a referral for consideration of a Crisis Loan, the loan can be made available on the same day (if the application is made before 12 noon) or the next day (if the application is made after 12 noon). The loan would be made available by way of a Pre-paid Visa Debit Card which can be used at any cash point machine.

Repayment of Crisis Loan: Typically, an applicant would be expected to repay a £100 Crisis Loan by 20 weekly payments of £5.00 followed by a further payment of £5.13. This would make the total amount repaid £105.13. A £200 Crisis Loan would also be expected to be repaid by weekly payments but over a 45-week period and the total expected repayment would be £221.48 resulting in a total interest charge of £21.48. In the case of a person aged under 25 a lower rate of repayment may be offered.

Where, following a fresh claim for Universal Credit, a Crisis Loan has been made to meet the cost of day-to-day living, repayment of the loan will only be expected from the date on which Universal Credit is paid - therefore, no backdated repayments will be taken once Universal Credit is paid. Example: Adam was awarded a Crisis Loan of £100 in early May 2017 following his making of a Universal Credit claim. It has since taken a long time for his Universal Credit entitlement to be assessed and paid. Hence his first payment of Universal Credit is not made until late July 2017. Adam will start to repay his Crisis Loan from the date on which he is first paid Universal Credit. He will not have to make any repayments that would otherwise have arisen of his loan during the period early May to late July.

Welfare Assistance Loan

A Welfare Assistance Loan of between £100 and £400 may be given where the applicant does not have sufficient resources to meet:

- an urgent need which may pose a risk to health/safety or puts the applicant/member of their family under exceptional pressure
- a need which may pose a risk of homelessness to the applicant/member of their family

- a need which presents a risk of the applicant/member of their family entering institutional care such as hospital, a care home, a homeless hostel or refuge
- a need which may enable the applicant/member of their family to move into/set up home in the community after a period in institutional care.

Normally, once the Credit Union receive an application for a Welfare Assistance Loan payment can be made within 5 working days. Payment would be made available by way of a Pre-paid Visa Debit Card which can be used at any cash point machine or the provision of items needed.

Repayment of a Welfare Assistance Loan:

Typically, an applicant would be expected to repay a £400 Welfare Assistance Loan by weekly repayment of £8.67 per week for a 52-week period. This would make a total repayment amount of £450.84. The interest would therefore be £50.84 in total. In the case of a person aged under 25 a lower rate of repayment may be offered.

For the purposes of Local Welfare Assistance, a '**member of their family**' means a child for whom the claimant receives Child Benefit (or would if a claim were made) or a partner with whom they are living as a couple.

Whilst applications and referrals for a Crisis Loan or Welfare Assistance Loan may be made by phone, an applicant will ultimately be expected to sign a loan application form and loan agreement at the offices of the Credit Union. If an applicant is housebound a person from a recognised local group or organisation may be appointed to act on their behalf in the proof of identity process. However, even in such circumstances, arrangements would still need to be made for the applicant to sign the application form and loan agreement at the Credit Union office.

Information Guides

The City of Wolverhampton Council's Welfare Rights Service produces the following guides on benefits and welfare reform:

1. Universal Credit
2. Universal Credit - Claims and Payment
3. Universal Credit - The Claimant Commitment
4. Universal Credit - Sanctions and Hardship Payments
5. Universal Credit - Work Capability Assessment - Toolkit
6. Employment and Support Allowance
7. ESA - Work Capability Assessment - Toolkit
8. Personal Independence Payment
9. Personal Independence Payment - Toolkit
10. Form Filling - PIP2 and ESA50/UC50
11. Benefits for Young People
12. The Benefit Cap
13. The Spare Room Subsidy
14. DWP Social Fund
15. Local Welfare Assistance
16. Benefits and People from Abroad
17. JSA Sanctions
18. ESA Sanctions
19. Disputes and Appeals
20. Going to Appeal: First-tier Tribunals
21. Useful Contacts and Websites

If you would like a copy of any of the above Information Guides or you are in need of information and/or advice on a benefits or welfare reform matter, then please contact our Specialist Support Team:

☎ Telephone: (01902) 555351

✉ Email: A&C.WRS@wolverhampton.gov.uk

The details provided in this Information Guide are meant to provide a guide to Local Welfare Assistance. The details provided may be subject to change by new policy and/or arrangements. Do seek further information and advice as necessary.