

## Introduction

Income Management involves maximizing the level of rental income received across all tenures, such as rent and service charges, whilst also keeping our customer debts to a minimum. Great Places aims to provide a high performing, efficient and effective income management service.

Income Management is identified as a clear corporate priority activity within the Customers and Communities section of our 2015-2018 corporate plan. This Strategy provides the framework for how we will meet our income management objectives. Income management contributes towards the financial success of the organisation, good performance reflects a well-run business where income is maximized to provide the financial resources required to deliver our other corporate objectives and our vision for Great Homes, Great Communities and Great People. But our work also helps prevent customers from falling into unnecessary or significant debt, with all the harm that this can have on a household. Delivery of the Strategy will support our overall objective to achieve improved satisfaction levels across customer groups, as well as mitigate the impact of welfare reform on our customers.

This Strategy has been developed following a review of our Income Management service, principally focused on general needs housing. Whilst the Strategy has a social rent focus, it seeks to ensure consistency of approach across our supported housing and Plumlife teams, and recognizes that a more commercial approach must be developed in relation to our emerging and increasing market rent activities.

## Aims & Objectives

This Strategy outlines our high level commitment to income collection through the following vision and key aims and objectives;

### Key Aims and Objectives

The following aims and objectives set out how we will deliver the key activities which have been identified following our Income Management Review. These objectives will assist our customers to understand and pay their rent, support them to maximise their income and benefits, promote a strong payment culture and ensure that we support sustainable and lasting tenancies. We have identified the following key objectives for our Strategy;

1. Managing, collecting and minimising arrears
2. Providing customers with accessible income management and payment services
3. Developing and promoting a clear rent payment culture
4. Meeting our regulatory and legal requirements
5. Preparing and managing the migration to Universal Credit and other welfare reforms
6. Ensuring we maximise the value of our support services for customers

### 1.0 Managing, collecting and minimising arrears

To maximise our income we must ensure that we do all that we can to collect rent when it is due, and where possible collect this in advance. This requires both a proactive and preventative approach to income management across all tenures and teams. We will achieve this objective through the following activity;

- We will implement an **upgraded rent accounting system** which will be used across all tenure streams. Our current system is outdated and we had chosen not to upgrade to newer software releases. Our new Business Systems Strategy makes upgrading our rent accounting system a priority. Newer versions include enhanced functionality, which will allow for greater efficiency and automation of some rent recovery processes, allowing our staff to identify problematic cases more efficiently.
- As part of our Business Systems improvements, we will introduce an effective **mobile working solution** allowing our staff to work remotely and more efficiently with customers in their homes and neighbourhoods
- We have identified a number of ways in which we can improve **arrears prevention**. Analysis of customer complaints has identified improvements to our account management practices, for example consistency on how we set up direct debits in advance. We will introduce a more consistent approach to pre-tenancy work so that we undertake affordability assessments, set up payment arrangements and advance rent payments more consistently
- Whilst we have clear **policies and procedures** for collecting rent, we are not always consistent in our application. We will update our income management procedures to support the implementation of our new software, and deliver induction and refresher training for all front-line staff to ensure clarity of roles and responsibilities.
- The Income Management Review has recommended a number of changes to our **operating model** including the establishment of a regionalised, specialist approach to income management consistent across General Needs, and the use of our Start Solutions branding in Plumlife arrears work to facilitate a more commercial approach to new tenures. We intend to implement some incremental changes to the roles and responsibilities of teams, as we develop both the functionality and service efficiencies of our updated software and the evolving requirements of Universal Credit.
- We have a strong and high performing specialist team chasing **former debt** using a third party identity branding (Start Solutions). We will continue to take a proactive approach, using tracing agencies and data from third parties, and will develop the expertise of this team to deliver services across all our tenures including new market rented stock. We will review and refresh our procedural guidance, including our approach to recharges and compromising debt.
- Our recent staff surveys have told us that front-line arrears work is increasingly challenging and our staff are faced with difficult situations. In addition to procedure and technical training on the benefits system, our **training programme** will include resilience, negotiation skills, mental health awareness and dealing with threats of suicide.
- We have developed a range of **reporting and monitoring tools** in recent years to allow Board, CSV and managers to review the performance of the service. We will work with Business Systems to review the new tools available from our software so that we are clear how the service is performing at a number of levels, from individual patches to regional teams, by customer groups and neighbourhood profiling.

## 2.0 Provide customers with accessible income management and payment services

Customers can pay their rent via a number of payment methods. We recognize that we must provide a range of payment methods which suit the needs and preferences of our customers. All these payment methods have a different cost. Whilst choice is important, we promote direct debit as our preferred payment method at sign up

and during specific campaigns. Take up has increased significantly over the last few years, as this is the cheapest and most efficient payment method. We have identified the following priorities;

- Improved accessibility and awareness of our **on-line services**. We recognize that the current functionality of our customer portal is very limited and there are plans in place to improve the functionality and information available. We will also improve customer awareness of the facilities available on-line through increased and regular promotion.
- **Increased range of payment services** provided to allow customers to make rent payments. Whilst direct debit is our preferred method, we will work with our payment services provider to review new and emerging payment methods including automated 24 hour payment lines and mobile phone payments. We will also investigate the opportunities provided by new mobile working technology, which may allow staff to access account history and take payments.
- It is important that customers are able to access the services that they need at a time that they need it and unnecessary contact is minimal. We currently report customer contact through Axis, and will review how we can use this data to improve the customer experience and opportunities to **reduce avoidable contact**.
- We will use internal and third party customer profiling information to develop **targeted campaigns** to promote more efficient and regular payments by customer groups.
- Ensure that **all customer facing staff across Departments are clear on their role in income management**, can confidently identify customers in arrears, signpost and promote our payment and support services.

### 3.0 Develop and promote a clear rent payment culture

Customer surveys have highlighted that not all our customers see paying their rent as their top priority household expenditure. Customers are also not always clear of the connection between non-payment of rent and the consequences of an eviction. Staff surveys have also indicated some confusion over our approach, and how we balance messages around payment of rent with our strong support service offer to customers. We have identified the following activities to support the delivery of this objective;

- Develop and launch a clear **'Rent Matters' policy document** which will outline the vision, principles and expectation of our service from a staff and customer perspective. We will develop a clear communications approach to ensure key messages are delivered to customers about the importance of rent payment, consequences of non-payment, and positive messages following payment and by switching payment methods.
- We will develop the principle of **'Everyone a Rent Collector'**. We will upskill all customer facing staff teams so that they have an understanding of their role in the delivery of our income management service. This approach will need careful planning with teams including software requirements, and will range from staff signposting following a customer query, to taking a more proactive approach and having a 'rent conversation' during customer contact about another service request.
- We will explore the value of developing a **customer incentive and reward scheme** to support income maximisation and other service objectives

### 4.0 Meet regulatory requirements

Our income management work is delivered within a wider legal and regulatory context and it is important that we are compliant in our practices. In particular we will ensure that we meet the following requirements;

- We will ensure that our arrears procedures and recovery action meets the **pre-action protocol** for possession claims based on rent arrears (Ministry of Justice). This requires us to clearly demonstrate in a court hearing that we have communicated information about the arrears levels with a customer at set stages of the legal process.
- The income management service will be subject to rigorous scrutiny through our internal audit process, which could also include independent scrutiny by Insight, our Customer Scrutiny Group.

## 5.0 Prepare and manage the migration to Universal Credit and other welfare reform changes

We have been working hard to review the impact of welfare reform on our customers and the business. Our work is reported to the CSV and Board on a regular basis. We track impacts using a monthly scorecard and benchmark our performance with other peers through regional benchmarking led by the NHF. We expect to see many more customers affected by welfare reform during the course of this Strategy, and have set out the following key activities;

- We will continue to **work closely with colleagues at the DWP and NHF in the implementation of Universal Credit** and have obtained valuable insight and learning to aid our approach by being members of the UC Live Running Sites forum. We will use this insight to provide regular communications to staff and customers on the forthcoming changes. We will work in a targeted and geographical manner as the timetable, migration and affected customer groups becomes more clear across our regions
- We continue to revise our **UC arrears procedure** to reflect the evolving procedure changes to the implementation of Universal Credit, including data sharing arrangements between us and the DWP.
- We will develop the use of new software so that we can more **clearly identify and monitor the payment performance of customers migrating to UC**.
- Our Financial Inclusion team will **target customers in receipt of Discretionary Housing Payments** so that we can target these customers for specific support as funding for these schemes is reduced.
- We will **refresh our customer profiling information** on working age households, so that we have a better understanding of customer support needs and financial capability ahead of UC migration. This will allow us to data share information with the DWP to enable direct payments to Great Places in cases of arrears or specific customer vulnerability.

## 6.0 Ensure we maximise the value of our support services for customers

We have a strong track record of delivering support services to customers with a well-established Financial Inclusion team. There are some clear links which we need to maximise so that the work of our Financial Inclusion, Supported Housing and Social Investment teams is targeted and coordinated. Whilst we have a strong starting point, we will need to do much more to support our customers through forthcoming challenges, and have identified the following key activities;

- We will undertake a **review of our existing Financial Inclusion activity** and work priorities. Our current strategy details how we will work with credit unions, provide affordable credit, utility bill support, debt advice and low cost insurance schemes. We will undertake another financial inclusion survey, using the results to shape our service offer.
- Much of our work can be reactive in nature, and to manage UC migration we will need to work more proactively with customers. We will use internal **customer profiling information** and data we can obtain from third parties to identify those customer most at risk of rent arrears and tenancy failure, and target our support services to these customers.
- We have recruited a new **Poverty and Partnerships Coordinator**, so that we can develop initiatives to develop our customer resilience to welfare reform. We are working with other landlords on an Anti-Poverty pledge, and will be looking at how we can do more to tackle poverty across our neighbourhoods
- We have set up the **'Great Support' service panel** to look at how we best support customers to access and utilise the range of support services which we provide.
- In each region we will introduce a new **case review approach** for all arrears cases at the commencement of legal proceedings. A pilot approach indicated a reduction in cases being referred to court (with associated legal costs to Great Places) and more meaningful customer engagement with the support services which we provide.

## Financial / Value for Money implications

Customers who do not pay their rent cause a negative impact on our ability to deliver excellent service as their non-payment reduces the level of resources available to us to. Not only does this reduce the amount of actual cash available to us, but this also increases the costs of our income management services, both monetary and in terms of staff time, as we take action to pursue the debt.

We currently pay transaction costs to collect rent; these costs will inevitably increase as we see more and more customers having to make a rent payment to us through UC migration. We will understand and review transaction costs and ensure our activity will steer customers towards the most efficient payment methods which incur least cost and staff resourcing. The upgraded rent accounting system, the drive towards self-service and an improve mobile working solution for staff should also realize value for money savings

To ensure we are delivering a value for money service we will commit to undertaking an annual cost benchmarking exercise which will benchmark cost, satisfaction and performance against similar organisations. The results of this exercise will shape our approach during the Strategy, and will be reported to Board.

## Implications for customers

Our arrears profiling and customer feedback tells us that most customers know they need to pay their rent. We also see clearly through support work that non-payment of rent and financial hardship can have a negative impact on customer well-being. Our communications with customers will seek to ensure the balance between the value and importance of rent payment, the consequences of non-payment, with the need to ensure access to services and payment options. Whilst the income management service is available to all customers, the Strategy aims to improve our customer insight, allowing us to direct preventative support and better target our

broad range of support services to those customers who require it, whether at a time of crisis, or to assist with the migration to UC for example.

## **Performance monitoring**

Income management performance is scrutinized using weekly performance information which tracks arrears performance through a number of performance indicators. Performance is reported to senior managers through the monthly balanced scorecard. Regular performance reports on income management and financial inclusion performance are reported to the Customer Services Voice.

The Board has set an income management target as one of the Critical Success Factors for the business for 2015/16 so performance will be reported to them at each Board meeting. Given the changing context of income management, target setting and performance will be monitored closely throughout the duration of this Strategy.

## **Timetable of key strategic activities**

The Strategy will be delivered as part of the 2015-2018 corporate plan. Not all the key activities which are noted in the Strategy can be delivered at once. We have proposed the following timetable for the delivery of key activities;

### **Year 1**

Open Housing system upgrade, staff training and development of new mobile working solution

Launch 'Rent Matters' culture

Roll-out Housing Panel approach to coordinate support services pre-legal stages

Set up Great Support service panel

Create specialist income management team in Plumlife

Establish and start to deliver core income management training programme (including delivery of recent welfare reform staff survey recommendations)

### **Year 2**

Develop business case for an influencing customer behaviour project – sanction and reward mechanisms

Create regional specialist income management teams and review role of the Customer Access Team around pre-tenancy and arrears work.

<b>Strategy Approval Date:</b>	14 <sup>th</sup> May 2015
<b>Equality Impact Assessment Date:</b>	5 <sup>th</sup> May 2015
<b>Safeguarding Impact:</b>	N
<b>Strategy Review Date:</b>	May 2018
<b>Lead Team:</b>	Housing Services/Income Management
<b>Level of Authorisation Required:</b>	Board