

## **TENANT REWARDS REVIEW**

Report of the Director and Company Secretary

### **1. SUMMARY**

- 1.1 Tenant Rewards are part of the 'non core' review of services provided that are not strictly required to be provided as part of Derby Homes' management contract with Derby City Council, and which are being reviewed as part of the business transformation process to ensure that they provide sufficient value for money for the future.
- 1.2 The report considers current rewards and other possible approaches.
- 1.3 The recommendations of the City Board made on 21 June 2012, were reviewed by an Officer Working Group with a view to implement the recommendations. Part of the process was to assess the Tenants Rewards in line with other providers and to test the practicality of the proposals.

### **2. RECOMMENDATION**

That the City Board considers the matter and whether it would recommend the proposals put forward for a revised tenant rewards programme.

### **3. MATTER FOR CONSIDERATION**

- 3.1 The aim of the scheme is to reward tenants who pay their rent regularly and on time as well as those who have fallen into arrears but are maintaining agreements to clear their debt and rewarding other behaviours such as signing up to Direct Debit etc.
- 3.2 Reward schemes and competition prizes should be operated where Derby Homes wishes to get a measurable outcome. This could be to encourage specific behaviours, collect data from tenants or to survey tenants' views.
- 3.3 Specific areas where these things could be useful at present are:
  - Increasing 'self service' through Derby Homes website
  - Increasing electronic communication through email - Providing a text phone number
  - Increasing payment by Direct Debit
  - Having a clear rent account
  - Responding to other requests for information e.g. occupation statistics
  - Signing up for "credit union" or "jam jar" accounts.

- 3.4 A small panel of Officers was formed to review the Rewards Scheme and consider these issues in detail, following the City Board resolution in June 2012, and in particular to determine the practicality of the proposals. Their overall conclusions are set out below with some updated recommendations to bring the rewards programme more into line with other landlords. The initial recommendations were found to be well in excess of those given by others and in danger of being seen as excessive, so the scale of rewards is proposed to be scaled back to around £10,000 in total.
- 3.5 The Officer panel also recommended that the prizes should be given in high street vouchers rather than in either decoration vouchers or rent free weeks, as these are much simpler and more attractive to tenants, and that the rent free weeks/year in particular would cause difficulties for those on benefits. They also recommended that the prize size should be increased from £150 to £250 to make them more attractive, but that the major prizes previously suggested should be dropped as being much higher than would be given elsewhere – and again that a payment of that size could create difficulties with benefit claims.
- 3.6 The group also suggested that there was a need to maintain existing draws on a quarterly basis with regular draws for (a) a clear account/maintaining a repayment agreement and (b) being on direct debit continuously, plus supplementary draws relating to other positive actions by tenants.
- 3.7 As a result, it is suggested that Derby Homes should fund a rewards budget of £10,000. This would consist of a number of prizes:
- Quarterly draws 2 x £250 ( final quarter 10 x £250) for having a clear rent account for the whole quarter or adhering to a payment plan if the tenant is in arrears.(cost £4,000 per annum)
  - Quarterly draws 2 x £250 for having an active Direct Debit and maintaining payments for a set period.(cost £2,000 per annum)
  - Ad hoc draws as and when required for signing up to the Derby Homes Dashboard, email, text phone number, social media etc (cost £4,000 per annum).
- 3.8 The group also suggested that the qualifying criteria for the reward scheme should be as follows as a minimum:
- Be a Council or Derby Homes tenant for at least three months
  - Have a clear rent account or if in arrears have maintained a repayment agreement for 12 weeks
  - Not have had current action taken against them for anti-social behaviour, tenancy breaches and non access
  - No rechargeable repairs or charges on the sub account (unless a payment plan is being adhered to for 12 weeks)
  - Be on Direct Debit and have made 12 weeks or three months payment via Direct Debit depending on payment plan entered.
  - Publicity for winners.
- 3.9 These prizes would continue to be run each year thereafter.
- 3.10 The new proposal will deliver savings of £15,000 as opposed to £25,000 budget proposed before this review and benchmarking process.

- 3.11 The level of the previous Reward Scheme has been reviewed and the proposals put forward are consistent with the levels set by other Councils, ALMOs and Registered Providers.
- 3.12 The overall conclusions of the group are to recommend that the City Board moderates the Rewards programme previously agreed and approves regular quarterly draws for qualifying members relating to clear accounts / maintaining a repayment plan and direct debits, plus a larger scale year end draw.
- 3.13 There are a couple of issues to be resolved – whether to have automatic entry or entered draws, and the format and scale of the rewards. These could be amended according to the views of the City Board.
- 3.14 Automatic entry is cheaper to administer and potentially fairer in that all qualifying members would be included. Entering creates costs in terms of submitting an entry and verifying the entry is correct, but means that entrants may be required to agree to publicity – this may not be guaranteed if the draw is automatic, although this might be tackled by getting agreement in advance to publicity at tenancy sign up or by agreement to be entered into all draws rather than each one.
- 3.15 The scale of rewards can be anything up to £20,000 as now budgeted, but should be appropriate and relatively comparable to those offered by others. It is suggested that the revised proposals are more appropriate, offering fewer moderate sized rewards rather than larger or smaller ones, but this could be amended if felt to be appropriate by the Board. The means of payment could also be a matter for debate – the benefit of decoration vouchers are that there are limited alternative uses for them, but some tenants complain that they aren't needed.

#### **4. CONSULTATION IMPLICATIONS**

It is intended to get the views of the City Board before making final proposals. Views are welcomed. £10,000 is 0.02% of the rent due from tenants, so is not an excessive level to be paid out in this way.

#### **5. FINANCIAL AND BUSINESS PLAN IMPLICATIONS**

Derby Homes does not commit its reward funding each year. Last year it received £150,000 and this will fund the initial year's cost of £10,000. The new proposal can utilise the £25,000 proposal to fund the scheme for more than two years.

#### **7. COUNCIL IMPLICATIONS**

This is a matter which does not require the approval of the Council.

#### **10. EQUALITIES IMPACT ASSESSMENT**

- Does this report affect the delivery of a service No
- Has an Equality Impact Assessment been completed No (please attach as appendix)
- If no Equality Impact Assessment has been completed please provide a summary of the equalities implications – All tenants with a clear rent account, or those adhering to a payment plan and fulfilling the other conditions will be able to enter the reward scheme.

The areas listed below have no implications directly arising from this report:

Legal and Confidentiality  
Council  
Personnel  
Environmental  
Equalities Impact Assessment  
Health & Safety  
Risk  
Policy Review

If Board Members or others would like to discuss this report ahead of the meeting please contact:

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Background Information: None.

Supporting Information: None.