



INCOME MANAGEMENT STRATEGY

2019 - 2021

Purpose

This document sets out our overall approach to Income Management and defines our strategic objectives.

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Content Page

1. Background
 2. Purpose
 3. Strategic Objectives
 4. Priorities
 5. Customer Focus
 6. Benefits
 7. Implementation and Monitoring of the Strategy
 8. Ownership and Responsibility
 9. Appendix A – Action Plan possibly delivery plan
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1. Background

Derby Homes manages Derby City Council's housing stock, stock for private/other landlords as well as its own properties and aims to secure the best future for housing tenants and services in Derby. Collection of rent and keeping rent arrears to a minimum is a key area of business, as it is the main source of income to the Council's Housing Revenue Account. This then enables funding to complete repairs, improve estates and continuously improve services for tenants and leaseholders.

This strategy applies to the collection of:

- current rent and arrears
- former tenant arrears
- rechargeable repairs
- garage rent and arrears
- court costs
- Leaseholder charge and arrears

The Government's programme of Welfare Reforms is resulting in a fundamental change to the benefits system, which will impact on the future income collection levels from tenants and leaseholders. These changes include:

- ① Spare room subsidy for those living in accommodation larger than their needs
- ① Increase in Housing Benefit deductions for non-dependents
- ① Overall cap on Household Benefit
- ① Universal Credit replacing mainstream benefits, with direct monthly payment to tenants in the majority of cases
- ① Introduction of Universal Credit full service in Derby 11 July 2018.
- ① Localisation of Council Tax Benefit.
- ① Service Charges not covered by Universal Credit housing costs that were previously funded under Housing Benefit

As at October 2019 52% of our tenants receive Housing Benefit (62% as at March 2017). The change to Universal Credit, where benefit is paid directly to claimants monthly in arrears, is likely to have a significant impact as customers become responsible for using their Universal Credit to pay their rent (and other bills) themselves. This could pose challenges for those that have never had to pay rent to

their landlord before and have limited financial management skills. As at October 2019 1,649 (13%) of our tenants were claiming Universal Credit. We forecast that up to 5,000 tenants may switch to Universal Credit by the current planned date of December 2023.

The delivery and success of this Strategy will therefore, to an extent, be affected by external factors. We recognise successful partnership working, particularly in supporting tenants through these reforms, will play an integral role in the success of our objectives

2. Purpose

This document sets out our overall approach to Income Management and defines our strategic objectives. Our procedures describe in more detail the operational arrangements and how these objectives will be met.

3. Strategic Objectives

Our aim is:

- ① To deliver an Income Management service to tenants that fits with the wider Housing Management strategy around Customer First
- ① To deliver an Income Management service that meets best practice guidance
- ① For the service to meet Derby Homes objectives, both for performance and operational delivery

4. Priorities

To achieve our strategic objectives, we have identified the following operational priorities:

1. To mitigate the impacts of the welfare benefit reforms to be able to maximise rental income and support customers with the changes
2. To prevent rent arrears and other debt from arising by promoting a payment culture
3. To maximise our income and help our customers to maximise their income, through benefit advice and access to help with money management and budgeting
4. To take prompt action when rent arrears and other debts are incurred, balancing prevention and enforcement
5. To involve customers and staff in service design, development and delivery, ensuring that everyone is treated fairly. This includes identifying those who are vulnerable and ensuring that they are offered appropriate support and

advice.

6. To work with partners in support of financial inclusion in our communities and neighbourhoods
7. To explore technological advancements to support effective income collection and encourage tenant financial capability
8. To ensure that the income management service delivers value for money.

5. Customer Focus

We will create continued customer value in our day to day activities and through participation and consultation by:

- ① Being open, honest and accountable
 - ① Respecting our customers and treating all with empathy, consistency and with fairness
 - ① Regularly reporting our performance to customers
 - ① Consulting and involving our customers and stakeholders in service design, delivery and development
 - ① Helping our customers and stakeholders to maximise their income
 - ① Promoting the availability of advice and support, such as welfare benefits advice, money management and debt counselling
 - ① Having accurate and up-to-date accounts
 - ① Publicising the income management service, emphasising the importance of maintaining payments and the consequences of non-payment
 - ① Participating in benefit awareness campaigns
 - ① Giving customers a choice of methods of payment and assisting them to move to low cost payment method such as on-line
 - ① Using incentives where appropriate to encourage customers to use low cost payment methods and to promote prompt payment and maintain clear rent accounts
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- ① Providing regular information on account balances, charges and payments through rent statements as requested and by promoting the use of 'My Tenancy on- Line' Derby Homes tenants portal
- ① Explaining all changes to rent and other charges to customers in a clear and comprehensive way
- ① Identifying vulnerability and using customer profiling data to ensure that services are designed and delivered to meet individual; needs
- ① Referring people to support and advice where necessary
- ① Ensuring flexibility within the procedures to account for individual customers' circumstances
- ① Continuously reviewing the accessibility and availability of our services to make sure that customers' needs and strategic priorities are met.

6. Benefits

The Income Management Strategy will help us to deliver the following beneficial Outcomes:

- ① Income maximisation for the Housing Revenue Account and our customers
- ① Minimising of risks associated with inefficient income management
- ① Sustained tenancies, reduced evictions, and homelessness resulting from non-payment of rent
- ① Services that deliver value for money through a balance of economy, efficiency and effectiveness
- ① Enhanced social cohesion through financial inclusion.

7. Implementation and Monitoring of the Strategy

An Income Management Delivery Plan will be developed reviewing progress against strategic objectives and identifying actions to be progressed and implemented during the year to further strengthen these objectives.

Key actions from the Income Management Delivery Plan will be reviewed quarterly by the Senior Management team to provide a challenge on progress and performance.

Additional performance indicators have been set to monitor progress against annual targets. These are subject to monitoring on a monthly / quarterly basis to allow us to respond quickly to emerging issues. These are reported through to Operational Board and Derby Homes Board as appropriate.

8. Ownership and Responsibility

The Income Management Strategy will be reviewed at least every two years to ensure it is meeting the needs of our customers. However, as this is a living document, it will be reviewed and amended in the interim period as necessary.

The Head of Finance and Income is responsible for the Income Management Strategy, including the dissemination and promotion of the Strategy, monitoring compliance and coordinating regular review and revision.