

INCOME MANAGEMENT STRATEGY 2021 - 2023

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1. Background

Derby Homes manages Derby City Council's housing stock, also stock for other landlords as well as its own properties. 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, manage tenancies, 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 continues to create a fundamental change to the benefits system, which will impact on the future income collection levels from tenants and leaseholders.

These changes include:

- Spare room subsidy for those living in accommodation larger than their needs
- Increase in Housing Benefit deductions for non-dependents
- Overall cap on Household Benefit
- Universal Credit replacing legacy benefits, with direct monthly payment to tenants in the majority of cases
- Managed migration (move to UC) of legacy benefit claimants to Universal Credit commencing in late 2021 or during 2022.
- Continued liability of localised Council Tax Support whereby all have some liability to pay council tax (30%) even after receiving Council Tax Support, unless exempt or covered by single discretionary allowance.

- Service Charges not covered by Universal Credit housing costs that were previously funded under Housing Benefit

As at September 2021, 40% of our tenants receive Housing Benefit (October 2019, 62% - March 2017). The number of Housing Benefit claimants will continue to decrease as claimants are being moved over on to Universal Credit. Universal Credit is paid directly to most claimants, monthly in arrears. This is having a significant impact as tenants become responsible for using their housing cost element of Universal Credit to pay their rent and the remaining Universal Credit to pay 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 and increases the risk of rent not being paid.

As at September 2021, there were 3,005 (24%) of our tenants claiming Universal Credit (October 2019 - 1,649 (13%). We forecast that up to 5,800 (46%) of our tenants may switch to Universal Credit by the current planned date of December 2023.

The continuing 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. We are well placed with an established Welfare Reform Team in place to assist tenants with this transition.

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:

- To deliver an Income Management service to tenants that fits with the wider Housing Management strategy around Customer First
- To deliver an Income Management service that meets best practice guidance
- 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:

- To mitigate the impacts of the welfare benefit reforms to be able to maximise rental income and support customers with the changes
- To prevent rent arrears and other debt from arising by promoting a payment culture
- To maximise our income and help our customers to maximise their income, through benefit advice and access to help with money management and budgeting
- To take prompt action when rent arrears and other debts are incurred, balancing prevention and enforcement
- To target action on large arrears (above £2,000) cases, the number of which has increased substantially since COVID.
- 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.
- To work with partners in support of financial inclusion in our communities and neighbourhoods
- To explore technological advancements to:
 - support effective income collection methods,
 - make the process for tenants to pay their rent “easy”
 - encourage tenant financial capability & ownership
- 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:

- Being open, honest, and accountable
- Respecting our customers and treating all with empathy, consistency and with fairness
- Regularly reporting our performance to customers
- Consulting and involving our customers and stakeholders in service design, delivery, and development
- Helping our customers and stakeholders to maximise their income, through promoting the availability of advice and support, such as welfare benefits advice, benefits awareness campaigns, money management and debt advice
- Having accessible, and up-to-date rent accounts for tenants to view. 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
- Publicising the income management service, emphasising the importance of maintaining payments and the consequences of non-payment
- Giving customers a choice of methods of payment and assisting them to move to low-cost payment method such as on-line
- Using incentives where appropriate to encourage customers to use low-cost payment methods and to promote prompt payment and maintain clear rent accounts
- Explaining all changes to rent and other charges to customers in a clear and comprehensive way
- Ensuring flexibility within the procedures to account for individual customers' circumstances
- 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:

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

7. Implementation and Monitoring of the Strategy

An Income Management Delivery Plan will be produced each year 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 Head of Finance & Income to provide a challenge on progress and performance.

Additional rent arrears related 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, Derby Homes Board, and the Council 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 & Income is responsible for the Income Management Strategy, including the dissemination and promotion of the Strategy, monitoring compliance, and coordinating regular review and revision.