

## GROUP INCOME COLLECTION STRATEGY 2023-2026:

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# GROUP INCOME COLLECTION STRATEGY 2023-2026

## 1 INTRODUCTION

1.1 The aim of this strategy is to ensure that income collection, a key service area for Stockport Homes Group (SHG) and its customers, continues to be effectively managed, efficient and agile, whilst continuously improving and responding quickly to any changes within the sector and the group. Stockport Homes is a leader in this area; this strategy aims to ensure it remains one of the best income collection services in the housing sector, both in terms of collection performance and financial support provided to customers.

1.2 The income collection service extends much wider than traditional core rent and service charge collection and is critical to both customers and the group. The Customer Finance Team, a specialist income collection service, is focussed on providing accessible income solutions for tenants, homeowners, service users and commercial customers, preventing debts and sustaining tenancies, with the aim to Transform Lives by enabling customers to manage their money well, with access to the best money advice. While all income collection across the group remains the responsibility of this specialist service area, maximising income collection is a group wide and multi-team priority.

1.3 For Stockport Homes' core housing management function, maximising rental and service charge income enables the optimum, wide ranging and efficient delivery of housing services. Business wise, it enables the achievement of key Business Plans, most directly the HRA Business Plan. Maximising income collection for services provided by the SHG's subsidiary companies to commercial customers is essential in ensuring that their Business Plan commitments are achieved.

1.4 This strategy builds upon the previous Income Collection Strategy 2020-2023, which was developed, approved and published in 2020. It will see the service operating in an environment of an on-going national cost of living crisis, in the embedding stages of a major new housing IT system, amidst continued digital transformation across the business, and with a growing focus within the sector on the effective use of customer data and customer insight to drive improved services and efficiencies.

## 2 BACKGROUND AND CONTEXT

2.1 The income collection service is significantly affected by changes in the wider social and economic environment in which it operates.

2.2 The cost of living crisis started to place significant financial pressures on household budgets in late 2021 and continues to affect customers' ability to maintain rent payments as costs of essential goods and services remain high.

Major government financial support schemes have been put in place to support UK households during this period. Since April 2023, financial support schemes have been limited to households in receipt of benefits, pension aged households and those in receipt of disability payments. At the time of writing, it is not known if further financial support schemes will be available to customers after March 2024.

2.3 Increasing numbers of customers claiming Universal Credit (UC) has affected rent arrears performance as predicted, however collection performance continues to be strong, largely due to effective collection processes and on-going support provided to customers after they make a new UC claim. At the end of the 2022/23 financial year, rent arrears as a percentage of the annual debit (£57.5m) stood at 1.95% and annual rent collection rates were 100.48%. Year-end performance outcomes in March 2023 for both of these key corporate indicators were better than targets set, with the number of customers with accounts in arrears and the overall value of rent arrears reducing compared to 12 months earlier.

2.4 The number of customer rent accounts in arrears has remained consistent, with 3,174 or 28% of customers in arrears at the end of the 2022/23 financial year. This remains lower than the number of customers that were in arrears at the end of March 2013 (pre major welfare reform changes), despite a global pandemic, cost of living crisis and the number of households claiming UC increasing to 5,047 or 45% of the customer base at the time of writing.

2.5 Significant efforts are made to engage with customers at all stages of the arrears process, to avoid legal action and prevent customers from being evicted. The number of evictions carried out as a last resort because of rent arrears remains consistently low, with an average of five evictions taking place annually over the three year period of the last Strategy.

2.6 The provision of effective Money Advice to maximise customer incomes remains pivotal to the organisation's supportive approach to help customers maximise their household income. Income gains for 2,281 customers supported by the Money Advice team during 2022/23 amounted to £7.1m. The teams Trusted Partner relationship with the Council's Support Funds Team, assessing and awarding Discretionary Payments for housing costs and Household Support Fund payments has been key to targeting support to households affected financially by the pandemic and more recently increasing living costs.

2.7 The previous strategy was approved in the early stages of the Covid-19 pandemic. The pandemic caused significant changes in the UK economy and changes to ways of working brought about by social distancing restrictions such as home working and an increased use of digital communications. Restrictions placed on landlords' ability to take legal action allowed SHG to review pre-court interventions to ensure that court action was always being taken as a last resort. A more person centred approach with interventions and engagement methods tailored to individual customers in arrears, was introduced during the pandemic and continues to minimise the number of cases progressing to possession action.

## Universal Credit

2.8 Universal Credit continues to be a significant factor affecting rent arrears performance. As anticipated, the number of households claiming UC has continued to increase significantly over the period of the last strategy with overall numbers claiming almost doubling from 2,267 to 5,047. Over the same period the number of new weekly claims has remained consistent at around 20 new claims on average per week.

2.9 The increase in customers receiving their housing costs monthly in arrears direct via UC has resulted in Housing Benefit (HB) income, which is paid weekly onto customers rent accounts, reducing significantly. Annual HB receipts for the last financial year had reduced by £5.1m compared with 3 years earlier.

2.10 At the end of March 2023, average arrears on UC accounts remained considerably higher than arrears on non-UC claimant rent accounts (£425 on UC claimant accounts in arrears compared to £195 on non-UC claimant accounts). Total arrears balances on accounts with a UC claim in payment were £937,766 or 83 per cent of overall rent arrears outstanding and a significantly greater proportion of UC claimants were in arrears with their rent, with 46 per cent of all UC claimants in arrears compared to 15 per cent of non-UC claimants.

2.11 'Managed Migration' is the final phase of the rollout of Universal Credit, when the DWP contacts those who are still claiming legacy benefits to notify them that those benefits will be ending and invite them to claim UC instead. The managed migration process commenced nationally in June 2023. The DWP's current plan is to have all households claiming legacy benefits moved across to UC by the end of 2029. The latest DWP timetable to move different claimant groups across to UC is as follows:

- 2023/24 - Tax Credit-only claimants
- 2024/25 - All other Tax Credit claimants and those on Income Support, Income-Based JSA or just Housing Benefit
- 2028/29 All remaining Income-Related ESA claimants.

There are approximately 2,000 working age SHG households still claiming Housing Benefit that will eventually migrate over to UC by the end of 2029, as part of this process. These are likely to be households most vulnerable to the switch that have been in receipt of legacy benefits and out of employment for some time. It will be essential that effective support is provided to these customers during the migration process.

## Organisational Context

2.12 The first phase of the Civica CX Housing Management System replacement project went live on 18<sup>th</sup> June 2023. Customer Finance was a key service area included in this first phase of the implementation. While the transition from the old Northgate system to Civica CX was a success, with little disruption to customer service delivery, the new system is still very much in a stage of being embedded by phase one teams and many areas of improved functionality that the new system brings have yet to be fully understood and developed. It is essential that the resources invested into this project result in a truly transformational system that creates business process efficiencies and an improved customer journey when accessing services.

2.13 High levels of inflation resulted in higher than usual rent and service charge increases for the 2023/24 financial year. Based on September 2023 inflation levels, rents could increase by a further 7.7 per cent from April 2024 (under the CPI+1% current rent policy). It is essential that customers, particularly those not receiving housing costs benefits, are supported with exploring any entitlement to benefits to meet the cost of these increases.

2.14 Actions in this strategy will ensure that systems and processes are prepared for any changes and growth within the Group. The Customer Finance Team are currently responsible for a variety of income types collected across the group. For context the team are currently responsible for collecting the following income streams:

- Current tenant rent, water and service charges;
- Former tenant/customer debts;
- Carecall charges;
- Court costs;
- Rechargeable repairs;
- Leaseholder service charges and ground rents;
- Shared Ownership rents, service charges and ground rents;
- Home Owner Major Works costs;
- Housing Management and Home Owner Admin charges;
- Tenants' Home Contents Insurance premiums;
- Ex-employee debts;
- School repair charges and maintenance services ;
- Housing Options loan repayments;
- Heat meter debts;
- Three Sixty Living - Private Landlord Scheme rents and repair costs;
- Housing Association Carecall Services;
- All invoice debt (over 30 days) for SHL, Three Sixty and SKylight;
- Garage rents; and
- Bookings Plus Charges (Community buildings and venue hire).

2.15 SHG recognise that income collection and arrears prevention actions and responsibilities fall wider than just the Customer Finance service; whilst the service sets the overall strategic goals and working practices to optimise collection, many other staff and managers are involved in some way. As the cost of living crisis continues and with UC migration having already started, the Customer Finance Team will ensure that income collection continues to be a group wide priority across all service areas. This strategy sets out how that continued cross-team focus will be achieved.

2.16 In terms of team focus during 2023/26, the key themes will include maximising customer engagement utilising data and automation, quality conversations with customers, arrears prevention, advice and support, coupled with optimum collection techniques for both core and commercial income streams. A key focus will be ensuring a highly skilled, motivated and engaged staff team, and cutting edge performance management.

### **Key advancements and outcomes from the previous strategy**

2.17 A quality conversation framework and culture has been fully embedded across the team. This provides a framework for training and auditing of telephone conversations with customers and the provision of the best possible customer service delivery. Calls are reviewed and audited on a regular basis to ensure consistent and high quality advice and support is being provided to customers.

2.18 A new Recovery Assistant role was introduced within the team structure to field incoming customer interactions to the Rents Team and is successfully filtering out around sixty per cent of less complex interactions. This has provided capacity for skilled rent officers to focus on engaging and supporting customers with more complex needs.

2.19 Since September 2020, the Money Advice Team have administered Discretionary Housing Payment (DHP) applications for SHG customers, as a trusted partner of the Council. The arrangement removes duplication of work, has improved the claim process for customers and ensured that applications have been better targeted to those customers most in need. The success of these arrangements ensured the SHG was provided with £200k additional Household Support Fund monies to target support to SHG customers affected by increasing living costs during 2022/23.

2.20 Robotic Process Automation (RPA) was developed and introduced in April 2022, to verify Universal Credit claims via the DWP Landlord Portal. The robot acts as a virtual employee carrying out an essential data entry task required for all new UC claims and annual rent changes. The robot has created significant efficiencies for the team particularly around the annual rent increase creating capacity for Money Advice team members to support customers.

2.21 The current agreement to collect water charges on behalf of United Utilities expires in March 2025 (with the activation of a 1 year extension to the current agreement). It continues to be a real success, generating significant additional income and allowing tenants to receive lower annual water charges

and pro-active assistance to ensure that they are paying the lowest possible tariff based on their circumstances. As a result of achieving targets set around increasing the percentage of customers benefitting from affordability tariffs, bonus commission payments of £125k have been received over the period of the current contract.

2.22 Annual team engagement plans developed in response to survey responses have ensured that high levels of staff engagement have been maintained, with the Customer Finance service receiving 3-star engagement scores in both the 2022 and 2023 Best Companies surveys.

### **2.23 LINK TO MISSION AND AIMS**

SHG's mission and aims are;

**Mission:** One Team - Transforming Lives

**Aims:**

- Deliver excellent customer service, driven by customer feedback and experience.
- Provide safe, sustainable homes in neighbourhoods where communities can thrive.
- Contribute to making Stockport fairer by reducing inequality, poverty and supporting customers in all aspects of their lives.
- Maximise the impact of resources through growth, efficiency, and business transformation.
- Work collaboratively, influencing locally, regionally, and nationally to achieve more.
- Be an inclusive great place to work, where our values shine through everyone and everything we do.

This Strategy is cross-cutting, contributing to the delivery of these aims with specific emphasis upon Stockport Homes Group aims of making Stockport fairer by reducing inequality, poverty and supporting customers in all aspects of their lives.

## **3 STRATEGIC OBJECTIVES & OUTCOMES**

3.1 This strategy identifies five key themes for the service over the next three years, with thirty four high level actions identified in the associated action plan.

3.2 The themes in this strategy have been developed in consultation with staff members, Managers and the Senior Leadership Team, as well as assessing best practice across the sector. Each of the themes is integral to the delivery of SHG's Mission and Aims.



**Theme One – Income collection is a ‘One Team’ priority.**

There are many teams across SHG that are in contact with customers and can spot issues and highlight the benefit of collection services to customers. Communication is key across all teams having this contact. This theme will focus on ensuring teams have income collection embedded within some of their own processes and priorities, and there is a collective understanding and joint effort around maximising income into SHG.

High Level Action	Outcome
<p>Ensure all frontline teams are utilising key information available on Civica CX effectively during their contact with customers.</p>	<p>Contact with customers is utilised by wider services to check Civica CX account/arrears information resulting in referrals to income teams.</p>
<p>Contribute to Civica CX Continuous Improvement Group</p>	<p>Benefits of new system to both customer and SHG are fully realised.</p>
<p>Ensure other services are best supporting the collection of commercial income for their area of business.</p>	<p>Service areas jointly own and are effectively involved in helping to maximise income collected for their budget area.</p>
<p>Review and input into any SHG policies and procedures that may negatively impact income collection.</p>	<p>Policies are updated to reduce or remove any negative impact on income collection.</p>
<p>Contribute to ensuring that housing stock managed by SHG is best used. With particular focus on customers under-occupying and vacant tenancies.</p>	<p>Increase in number of properties available for those in need and reduction in lost rental income.</p>
<p>Broaden commercial awareness of the income maximisation element of subsidiary Business Plans.</p>	<p>Customer Finance Service is better prepared to respond to any new income collection requirements from group businesses.</p>





**Theme Two – Effective, accessible and holistic advice and support is in place to maximise the prevention of arrears, tenancy sustainment and improve the financial resilience of customers.**

The provision of effective advice is key to tenancy sustainment and supporting vulnerable customers. A range of advice and support services are delivered by in house SHG teams and many partner agencies across the borough. This theme will focus on ensuring that SHG customers are provided with a clear route to access the right support at the right time and will ensure that local support provision is pro-actively targeted to those most in need.

High Level Action	Outcome
Ensure that effective plans are in place to proactively support customers on legacy benefits being migrated over to UC.	Those customers most vulnerable to UC switch are identified and supported to manage claim and maintain rent payments.
Ensure that SHG Money Advice services provide effective holistic support to customers.	Advice routes and SHG customer’s experience around obtaining advice is accessible, efficient, and effective.
Contribute to local cost of living support plans.	SHG advice services form part of local support plans and customers are able to access wider support available locally.
Work with SMBC to review and update their Discretionary Housing Payment Policy.	Increasing numbers of SHG customers are able to meet criteria for financial support payments.
Ensure customers are supported with rent and service charge increases.	Available discretionary payments and hardship fund schemes are well managed and targeted to those most in need.
Monitor demand and ensure the Money Advice service is resourced appropriately.	Team is able to respond effectively to increases in demand and carry out pro-active targeted support.



**Theme Three – Customer data and insight is utilised to maximise customer access and engagement with income collection and Money Advice services.**

Maximising successful contact with customers in arrears is key to an effective income collection service. This theme will focus on ensuring that data is used to enable officers to deliver the correct communications, at the right time and by the best method for individual customers.

High Level Action	Outcome
Use data in income collection processes to predict behaviours.	More efficient and effective use of resources with interventions targeted based on identified risks.
Use data to tailor engagement methods based on individual's preferences.	Optimised engagement levels with an increased proportion of contact attempts resulting in positive contact.
Respond to findings and outcomes from Sheffield Hallam Holding on to a Home research project.	Action plan developed and delivered based on feedback from research surveys and interviews.
Review if rent free weeks should continue.	Informed decision made based on customer feedback.
Consult with customers on effectiveness of communications used by Income and Advice Services.	Suite of clear, effective, multi-channel communications in place that increase likelihood of triggering desired outcome (e.g. Contact/payment).



**Theme Four – Digital technology and transformation is embraced to deliver a high performing, efficient and cost-effective income collection service across SHG.**

Ensuring the best use of new, cost effective digital technologies will be key to maximising efficiencies across the team. This theme will focus on delivering these efficiencies to enable officers to focus their efforts on what they do best.

High Level Action	Outcome
Continually develop and improve Civica CX income collection processes post Go-Live	Benefits of new systems maximised for income collection processes.
Develop statement of requirements for future digital arrears monitoring and automated outbound contact solution.	Solution procured and implemented that meets the stated requirements.

<p>Review frequency and distribution of rent statement mailings.</p>	<p>Informed decision made based on customer feedback, value for money and legal requirements.</p>
<p>Review cost effectiveness of Direct Debit discount</p>	<p>Informed decision on whether to continue offering Direct Debit discounts on some or all account types.</p>
<p>Renegotiate long term water collection agreement beyond 2025.</p>	<p>Long term collection agreement in place until 2030.</p>
<p>Re-procure contents insurance scheme, collect premiums on CX and introduce Direct Debit payment method for payment of contents insurance premiums.</p>	<p>Contents Insurance Scheme procured which provides best available cost and cover to customers with policy details and premium payments administered on Civica CX.</p>
<p>Introduce tablet devices for Officer visits.</p>	<p>Team able to access real-time information and update Civica CX accounts while carrying out visits.</p>
<p>Use Robotic Process Automation to carry out additional process across the team where there are clear benefits. (Such as new agreement/account set ups on Civica CX).</p>	<p>Reduced costs and resource required to carry out data entry tasks across team.</p>
<p>Develop Customer Finance performance dashboard.</p>	<p>Key performance information available in real-time, clearly displayed and accessible to relevant people.</p>
<p>Introduce Power BI Performance reporting into Customer Finance Team</p>	<p>Ability to quickly create reports within the team to target interventions and analyse arrears trends.</p>
<p>Make decision on best IT Platform for collecting Private Sector rents.</p>	<p>Decision made on whether to collect Private Landlord rents on Civica CX.</p>
<p>Review Debt Advice and Exchequer Services SLA with SMBC.</p>	<p>Value for money agreements in place and where appropriate service delivered in-house.</p>



**Theme Five – Motivated, engaged and highly skilled staff, recognised as the Best Collection Team in the sector.**

This theme will focus on ensuring that the team is motivated, engaged and equipped with the necessary skills to deliver an excellent service and optimum performance.

High Level Action	Outcome
Develop engagement plan for the Customer Finance service based on latest survey responses.	3 Star Best Companies engagement score retained for team.
Pro-actively seek and make applications for relevant awards.	Award obtained which recognised SHG’s approach to Income Collection or Money Advice.
Review and improve induction and training resources for new starters/movers. Incorporating training and resources developed around using Civica CX.	New team members are quickly and consistently working to expected levels.
Review how Welfare Benefit training is delivered to wider teams following loss of in-house training resource.	Training on UC and other Welfare Benefits continues to be delivered.
Retain high quality staff, plan for succession and ensure effective leadership across the team.	Reduced turnover of staff and increased levels of engagement.

**4 EQUALITY IMPACT ASSESSMENT**

4.1 An EIA been complete and a number of separate ‘diversity’ sub-actions have been highlighted on the associated action plan where required.

**5 CUSTOMER VOICE**

5.1 A number of the actions in this strategy are reviewing various aspects of customer service delivery, such as evaluating the content of customer communications, the continuation of non-payment weeks, direct debit incentives and quarterly rent statements. Customers will be consulted throughout these reviews and any changes made will be guided by their feedback.

5.2 SHG is one of four case study landlords in a research study called Holding on to a Home, which is currently being undertaken by Sheffield Hallam University (funded by the Nuffield Foundation). The study is exploring tenancy sustainment in social housing, paying particular attention to identifying the causes of rent arrears.

5.3 The researchers are exploring the behaviours and experiences of tenants and landlords within the rent arrears process, the research will provide evidence and guidance which will improve landlords' tenancy sustainment policies and practices, making it easier for tenants to pay their rent and fewer tenancies failing. The research comprises a tenant survey of around 900 SHG customers; in-depth interviews with tenants and 'stakeholders'; a tenant diary-keeping exercise; conversation analysis of landlord/ tenant communications; documentary/ secondary data analysis; and, rent account analysis. A final report is due to be published in February 2024. New actions will be added to the strategy where appropriate based on key findings and learning from the study.

## 6 LINKS TO OTHER POLICIES AND STRATEGIES

6.1 This strategy links to and/or supports the following other strategies and policies within the organisation:

- Social Investment Strategy
- Rent Collection and Arrears Recovery Policy
- Former Customer Debt Collection Policy
- Corporate Finance Strategy
- IT Strategy
- Data Strategy
- Digital Transformation Strategy
- Customer Access Strategy

6.2 These strategies collectively provide the framework to support customers and SHG in the management of money. It is essential that these strategies are integrated to ensure the Stockport Homes continues to maximise its financial management arrangements, and that customers receive the best possible service and outcomes.

## 7 ACTION PLAN

7.1 The objectives in this strategy are linked to Stockport Homes Group Aims. The 34 high level actions in this strategy are supported by a detailed action plan which is set out in [Appendix 1](#).

## **8 OWNERSHIP, MONITORING & REVIEW**

8.1 The Head of Customer Finance will monitor the delivery of the action plan. This will be overseen at a strategic level by the Executive Director of Resources.

8.2 Whilst this is a three year strategy, most actions fall in the short to medium term. However, annual update will take place and new actions added when appropriate.