

GROUP INCOME COLLECTION STRATEGY 2020-2023: THE BEST COLLECTION SERVICE IN THE SECTOR

01 April 2020

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Date effective from:	01/06/2020
Policy approved by:	OPERATIONS COMMITTEE
Review Date:	31/05/2023

EIA Required?	<input checked="" type="checkbox"/>
EIA Completed?	<input checked="" type="checkbox"/>
Revision number:	Click here to enter number.
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GROUP INCOME COLLECTION STRATEGY 2020-2023

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, is agile, and continuously improves and responds to changes in the sector and the Group. Stockport Homes is a leader in this area; this Strategy aims to ensure it remains the best collection service in the housing sector, in both performance and added value and support for customers.

1.2 The income collection service is critical to both customers and the business. The service aims to support and maximise accessible income solutions for customers, prevent arrears and sustain tenancies, with the aim to Transform Lives by enabling customers to manage their money well, sustain their homes, and have access to the best advice to enable them to do so, feeling supported and secure. For the business, maximising income into the organisation enables the optimum, wide-ranging and efficient delivery of housing services, and the achievement of key Business Plans, most directly the HRA Business Plan and the 30 year Asset Management Strategy, and SHG Delivery and Business Plans.

1.3 This strategy builds upon the previous Income Collection Strategy 2017-2020, which was developed, approved and published in 2017. This new Strategy will see the service operating in an environment with further change and growth. It covers a period where Universal Credit (UC) will be rolled out to remaining working age claimants not already claiming the benefit. It coincides with the delivery of major IT and Digital Transformation projects which will complement and enable the aims of this Strategy, which the service will be heavily involved in influencing and shaping. And it will operate at a time when the Group structure continues to grow and diversify, bringing brand new income streams and customer segments, which the income collection service will need to respond to and ensure more commercial practices are in place.

2 BACKGROUND AND CONTEXT

Background

2.1 The income collection service is affected by many changes in the environment in which it operates. The biggest change to the welfare system and the one with the greatest potential to affect rent collection is the on-going roll out of UC. A key milestone date in the UC roll out timetable was the introduction of the Full UC Service at Stockport Job Centre in November 2018. A significant focus of the previous strategy actions ensured that effective organisational preparations were in place to support increasing numbers of claimants through this period and mitigate the impact on rent arrears.

2.2 Increasing numbers of customers claiming UC has affected rent arrears performance as predicted, however collection performance continues to be strong largely due to the preparations that were put in place in anticipation of this shift. Based on Housemark's year-end performance benchmarking for the last three years, SHG has placed in the top 12 of all housing providers nationally and in the top 3 ALMO's for low levels of rent arrears. At the end of the 2019/20 financial year, rent arrears as a percentage of the annual debit (£53.5m) stood at 1.93% and annual rent collection rates were 100.35%.¹

2.3 The overall number of customer rent accounts in arrears has remained consistent with 3,030 or 26% of customers in arrears at the end of the 2019/20 financial year. This remains lower than the number of customers that were in arrears at the end of March 2014 (pre major welfare reform changes) and is an increase over the year of just 92, despite the number of customers claiming Universal Credit increasing by 1,305.

2.4 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 just 12 taking place annually over the period of the last strategy.

2.5 The provision of effective Money Advice to maximise customer incomes remains pivotal to the organisations' supportive approach to maximising income and sustaining tenancies. Income gains for 3,133 customers supported by the Money Advice team during 2019/20 amounted to £6.8m, the highest annual gains recorded since the team's creation in 2014.

2.6 In March 2020 the global pandemic Covid-19 caused significant changes in the UK economy. It is too early to predict what the longer lasting effects on the economy will be, but there is uncertainty with regards future jobs in certain sectors. At the end of April 2020, 291 customers had already expressed that they would struggle to pay their rent as a result of Covid-19. This situation will be monitored throughout 2020 and the team will need to provide timely advice where customers find themselves out of work or on a reduced income as a result of the crisis.

Welfare Reform (Universal Credit, Under-occupancy, Benefit Cap)

Universal Credit

2.7 A small number of Stockport residents meeting specific gateway conditions have been claiming UC under the old 'Live' service since 2014. The 'Digital' or what the DWP call the 'Full' service was gradually rolled out nationally with no restrictions on who could claim. Stockport was one of the

¹ Based on Housemark's Covid-19 Impact Report, April 2020 average arrears across the sector at the end of March increased to 2.99%. Upper quartile performance for March 2020 is expected to be 2.02%.

final areas in the country to accept claims on the unrestricted 'Full' service from November 2018.

2.8 As anticipated, the number of customers claiming UC has increased significantly since the November 2018 Full Service go live, with new claims increasing to around 30 per week on average from around 5 weekly claims under the old Live Service. By the end of March 2020, 16 months after the Full UC Service went live, the total number of UC claimants living in Stockport Homes managed tenancies had increased by 1,954 to 2,654 (approximately 50% of those that will eventually be fully on UC).

2.9 The increase in customers receiving their housing costs monthly direct via UC has resulted in Housing Benefit (HB) income, which is paid weekly onto customers rent accounts reducing significantly. During the 2019/20 financial year HB receipts reduced by £2.8m compared with the previous year.

2.10 At the end of March 2020, average arrears on UC accounts remained considerably higher than arrears on HB claimant rent accounts (£494 on UC claimant accounts in arrears compared to £126 on HB claimant accounts). Total arrears balances on accounts with a UC claim in payment were £739,703 or 70 per cent of overall rent arrears outstanding and a significantly greater proportion of UC claimants were in arrears with their rent, with 56 per cent of all UC claimants in arrears compared to 17 per cent of non-UC claimants.

2.11 The average number of Stockport Homes households making new UC claims had started to reduce to around 25 per week by the end of the 2019. However the Covid-19 crisis, which saw 1.5m UC claims being made nationally, resulted in new claim numbers increasing significantly to around 90 claims per week from the end of March 2020, as a result of increasing levels of unemployment and reduced income caused by social distancing measures introduced.

2.12 'Managed Migration' is the final phase of the rollout of Universal Credit, when the DWP will, in a controlled way, contact those who are still claiming legacy benefits to notify them that those benefits will be ending and invite them to claim UC instead. Currently the DWP aim to have everybody who needs to be on UC on it by the end of 2023. The cohort of claimants that need to be migrated are likely to need significant support, being the most vulnerable to transition having been long term benefit claimants and those most likely to struggle managing a digital claim.

Under-occupancy

2.13 Since April 2013, working age social housing tenants under-occupying their home by one bedroom have been subject to a deduction of 14 per cent of their Housing Benefit or UC housing costs, whilst those under-occupying by two bedrooms or more are subject to a 25 per cent reduction. Around 1,455 Stockport Homes' customers were initially affected by under-occupancy rules in 2013.

2.14 At the end of March 2020, 728 households were affected by under-occupancy charges. Of those affected, over 50% had become subject to the charge in the years after 2013, because of a change in their household circumstances. In the past 3 years the reduction in under-occupiers has slowed and numbers now remain at around 700-750 households.

2.15 The Customer Finance Team with assistance from Neighbourhood, Housing Support and Homechoice continue to work with individual customers who are in arrears or struggling to meet rent shortfalls, to ensure that they access Discretionary Housing funding from the Council, assistance with employment or help to downsize to a smaller property.

Benefit Cap

2.16 The Benefit Cap limits the total amount of welfare benefits that households of working age can receive. The total number of households affected by the cap at the end of March 2020 was 58. The average weekly shortfall in housing benefit/UC Housing Cost entitlement as a result of the cap for affected households was £56.48.

2.17 At the end of March 2020 overall rent arrears for the 58 cases affected by the reduced cap were £13,758. Average balances on the 33 accounts in arrears were £417 compared to £348 on all other arrears cases. As well as having higher average arrears levels, 57 per cent of Benefit Cap households were in arrears with their rent compared to 26 per cent of households overall.

Organisational Context

2.18 A number of large-scale transformational projects with significant links to the income collection service are due to be delivered over the course of this strategy, these include Project Phoenix, the Housing Management System replacement project, and the wider organisational Digital Transformation programme. It is essential that these projects design systems and processes that efficiently maximise the safeguarding of income collection and enhance customer access.

2.19 Stockport Homes Group is growing and changing. Further business diversification across the group means that the customer base that the team deals with will continue to evolve further. Actions in this strategy will ensure that systems and processes are prepared for this growth. 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 rent arrears;
- Carecall charges;
- Court costs;
- Rechargeable repairs;
- Leaseholder service charges and ground rents;
- Shared Ownership rents and ground rents;

- HRA Commercial rents;
- Tenants' Home Contents Insurance premiums;
- Ex-employee debts;
- Concessionary TV licence charges;
- School repair charges and maintenance services ;
- Housing Options loan repayments;
- Heat meter debts
- Private Lettings rents
- Housing Association Carecall Services
- Miscellaneous corporate invoice debt for SHL, 360 and Foundations
- Garage rents

2.20 SHG recognise that income collection and arrears prevention actions and responsibilities falls 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. There are teams within SHG that the Customer Finance Team work particularly close with, such as the One Number Teams, Area Housing Teams, Housing Support, and the Energy Advisors. With full UC migration on the horizon, the Customer Finance Team will ensure that income collection continues to be an organisational priority across all service areas. This strategy sets out how that continued cross-team focus will be achieved.

2.21 A cross-directorate Welfare Reform Planning Group will continue as one way of gaining buy-in from all areas of the business, with a shift to its priorities in its plans. Previously it had focussed on publicising changes to benefits and supporting customers, and ensuring staff from across the organisation were conversant in welfare reform measures. Its themes will evolve to match the aims of this Strategy, with particular focus on the approach and actions required to safeguard income collection and ensure the delivery of effective Money Advice.

2.22 Once Stockport Homes owns and manages over 1,000 properties the Regulator of Social Housing will require additional regulatory assurance. This cross cutting strategy will help demonstrate regulatory compliance across a number of areas, but the following ones in particular:

- Registered providers shall manage their resources effectively to ensure their viability is maintained while ensuring that social housing assets are not put at undue risk.
- Registered providers will ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives.
- Registered providers shall co-operate with relevant partners to help promote social, environmental and economic wellbeing in the areas where they own properties.

2.23 In terms of team focus, the key themes continue to be maximising contact, quality conversations with customers, arrears prevention, advice and

efficiencies, coupled with optimum collection techniques for both core and commercial income streams, with highly skilled, motivated and engaged staff and cutting edge performance management.

Key advancements and outcomes from the previous strategy

2.24 Significant organisational preparations were made and delivered in advance of the Full Service UC going live. Alongside a large scale customer awareness campaign, staff awareness and training was provided to highlight the need for a 'One Team' approach to supporting customers, ensuring that all staff and teams understood what their role would be supporting customers claiming UC.

2.25 The One Team approach to Income Collection created significant efficiencies for the Customer Finance Team with wider teams increasingly supporting rent collection processes with the Neighbourhoods team carrying out full sign-up interviews for non UC claimants and the One Number team taking incoming calls from customers requiring balance checks and making telephone payments.

2.26 A team of specialist Money Advisors provide intensive support to all new UC claimants during the first 6 weeks of their claim. Support starts from the point of Stockport Homes being aware of a new claim, to the claimant receiving their first UC payment. During 2019/20, the team supported 1,569 UC claimants. All claimants are contacted initially by telephone, with a face to face appointment arranged if required. Out of the UC cases who have engaged with the team, 87% received their first payment and paid as requested.

2.27 RentSense predictive intelligence software was implemented in December 2018 to monitor arrears more accurately, better prioritise cases in arrears and create efficiencies by using algorithms to predict when a customer is due to pay their rent based on previous payment history. The software has enabled existing resources to manage increasing numbers of customers paying direct.

2.28 All customer income streams across SHG are now managed by the Customer Finance Team, with the management of SAP (the accounting system) miscellaneous corporate aged debts and Social Lettings rent collection being taken over by the team since the last strategy was approved.

2.29 A communication review carried out during 2019, supported by an external consultant specialising in nudge techniques, resulted in the introduction of a new suite of arrears letters and invoices, along with a bank of nudge type messages, which are now in the context of rent collection communications.

2.30 A hybrid mailing service introduced in 2018 allows officers across the team to print and post items via an external provider while working remotely, resulting in both efficiencies and postage cost savings.

2.31 A coaching and development programme took place during 2019 focussed on maximising the quality of conversations taking place with customers. The coaching provided officers with the skills and confidence to have the best possible conversations with customers about their situation in order to build a connection and better identify and understand their needs. An auditing framework put in place for managers to listen to calls, ensures high quality conversations are consistently taking place across the team.

2.32 Having effective performance management and monitoring systems in place remains a key priority across the service, with performance management practices continuing to evolve. Over the course of the last strategy, particular focus was placed on ensuring effective oversight of outputs and maximising contact with customers in arrears by varying methods of contact based on the customer profile of a patch or area.

2.33 A pilot commenced in January 2020 to introduce team patch working, with a small team of rent recovery officers jointly managing rent accounts on all multi-story blocks. The team patch enables collection methods to be tailored a predominantly younger customer base and complements wider organisational pilots focussing on improving tenancy sustainability in the Mottram Street and Lancashire Hill blocks.

2.34 The agreement to collect water charges on behalf of United Utilities was extended for a further five years in April 2019 with United Utilities re-affirming their commitment to partnership working and providing support to various projects. It continues to be a real success, generating significant additional income and allowing tenants to receive lower annual water charges overall and pro-active assistance to ensure that they are paying the lowest possible tariff based on their circumstances.

2.35 Any actions from the previous strategy that remain relevant have been incorporated into this new strategy.

2.36 LINK TO MISSION AND AIMS

SHG's mission and aims are;

Mission: One Team - Transforming Lives

Aims:

- Be a great place to work
- Be accountable to customers
- Maximise efficiency
- Reduce inequalities
- Build strong collaborative relationships locally, regionally, nationally
- Improve the environment

This Strategy is cross-cutting, contributing to the delivery of these aims with specific emphasis upon Stockport Homes Group aims of reducing inequalities, being accountable to customers and maximising efficiency.

3 STRATEGIC OBJECTIVES & OUTCOMES

3.1 This strategy identifies six key priorities for the service over the next three years, with 37 actions identified in the associated action plan.

3.2 The priorities in this strategy have been developed in consultation with staff, managers and Leadership Forum, as well as assessing best practice across the sector. All priorities are integral to the delivery of SHG’s Mission and Aims.



Priority One – Maximise income collection through a one-team approach and pro-active planning in response to organisational change

Ensure clear focus across the organisation on challenges to income collection as a result of welfare reforms and ongoing organisational change.

High Level Action	Outcome
Develop an organisational plan of support actions in advance of the managed migration of remaining legacy benefit claimants over to UC	Effective support in place for long term legacy benefit claimants with their transition to UC and arrears related to migrated claims minimised
Review effectiveness of tasks carried out by other teams across the organisation to support the income collection service	Support provided by other teams continues to be appropriate, effective and targeted where it is providing maximum benefit to safeguarding organisational income
Introduce and develop team of Recovery Assistants to field all incoming calls related to current rent accounts	Incoming basic/low risk calls filtered and dealt with by Recovery Assistants allowing Recovery Officers to spend time advising on more complex cases and obtaining contact with problem arrears cases
Review Corporate and Commercial Income Team structure	Team resourced as required to provide high quality service and respond to increased demand for the collection of customer charges through new business growth

<p>Money Advice Team to take over decision making for DHP awards on behalf of SMBC (for applications made by SHG customers)</p>	<p>Efficient process in place which ensures that applications are only made by Money Advisors where an award will be made, allocated monies are budgeted appropriately and allocated to those most in need</p>
<p>Work with appropriate bodies such as the National Federation of ALMO's, MP's etc to raise issues, provide real life case studies and lobby for change on behalf of customers</p>	<p>Awareness raised to people who can influence positive change to processes, policy or legislation</p>



Priority Two – Maximise arrears prevention initiatives and ensure effective support provision

Implement a clear plan for maximising arrears prevention across all income streams.

High Level Action	Outcome
<p>Review temporary roles in Money Advice Team</p>	<p>Roles in place that meet the current needs of service now that Universal Credit embedded and demand on resources due to UC better understood</p>
<p>Develop action plan to improve provision and take up of self-help tools, video guidance etc.</p>	<p>Increasing numbers of customers empowered to deal with common/simple money advice issues without the need for support from specialist Money Advisor</p>
<p>Work with United Utilities (UU) to reduce the number and value of underpayments on metered accounts where there is an increase in water consumption</p>	<p>Timely information received from UU to allow customers to be contacted promptly where consumption increases, to ensure that payments increase or issues such as leaks identified and fixed</p>
<p>Review outcome of Block Recovery Team and links with</p>	<p>Reduced number of high arrears cases and failed tenancies in multi-story properties</p>

<p>Lancashire Hill and Mottram Street Block pilots</p> <p>Move to electronic issuing of Invoices and work with SMBC to progress banking of cheques electronically</p> <p>Work with relevant service areas to review end to end process for all SHG invoices raised to customers that may become aged debt</p> <p>Work with Social lettings Team to ensure that where tenancies are let on a guaranteed rent basis any associated risk for SHG remains low.</p> <p>Ensure that customers financially affected as a result of Covid-19 are monitored and supported effectively</p>	<p>Reduced transaction costs and faster payment on accounts</p> <p>Processes in place that improve ability for Customer Finance Team to contact and chase outstanding invoice payments. Reducing levels of aged debt.</p> <p>Low level of risk based on tenants selected for guaranteed rent tenancies and processes in place to prevent arrears any maximise rent collection</p> <p>Impact of Covid-19 on rent arrears minimised</p>
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Priority Three – Modernise working practices through efficient design and use of Digital channels and embrace mobile working solutions

Manage and maximise efficiencies across all income collection services making best use of new and more cost effective technologies.

High Level Action	Outcome
<p>Pro-actively contribute to Project Phoenix and supplier evaluations, ensuring future digital and system channels maximise income collection working practices efficiently</p> <p>Identify and expand automated outbound contact where appropriate across the team. Make decision on whether to utilise available Netcall technology or Voicescape solution Evaluate continued use of RentSense arrears monitoring software</p>	<p>Customer Finance income collection requirements met and suppliers effectively challenged around their arrears monitoring offer</p> <p>Increased rates of positive contact with customers in arrears. Efficiencies created by removing officer time spent making contact/leaving messages etc.</p>

<p>against arrears monitoring functionality provided by new Housing Management System provider</p> <p>Develop weekly feed of RentSense contacts into CXM system so wider teams have visibility of customers in arrears that the Rents team are trying to contact</p> <p>Automate failed Direct Debit payment processes</p> <p>Roll out team patch working across remaining individual officer patches</p> <p>Shift all customer credit/debit card payments though automated or online channels</p> <p>Implement electronic service of court files for both rent possession claims and benefit appeals</p> <p>Set out lessons learned as a result of team delivering income collection service from home due to social distancing measures</p>	<p>Increased contact with customers in arrears as a result of timely information available to other CXM users indicating arrears cases requiring contact</p> <p>Informed decision made on continuation of RentSense contract beyond current 18 month one</p> <p>Efficient process in place using BACS information to automate contact to customer and notify officers of cases where customer does not respond</p> <p>Even distribution of workloads and better understanding of customer base on team patch</p> <p>Option of manual over the phone card payments removed. Customers supported to set up alternative payment method such as Direct Debit or use automated/online options instead</p> <p>Customer Finance becomes a 100% paperless team</p> <p>Beneficial changes in service delivery continue permanently</p>
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Priority Four –Performance Management tools and oversight is effective and supports top performance at all times



Manage collection performance across teams ensuring consistent set of standards and expectations, and ensure officers and managers are fully

aware of performance issues at all times in order to facilitate the most efficient actions

High Level Action	Outcome
Review and refresh targets and performance monitoring framework across all areas of the service on annual basis	Clear standards and targets in place where any issues with performance can be quickly identified and addressed
Review impact of quality conversations framework	All members of team working at or above expected call quality standards
Review how collection of SAP aged debt is reported and distributed	Timely, easy to interpret reports distributed to relevant service managers/directors
Carry out review of transaction costs across all income types to identify any areas where high volumes of more expensive transactions remain	Reduced transaction costs across all areas of income collection

Priority Five – Maximise customer access channels and customer payment preferences



Ensure that payment methods, self-service options, contact and payment methods are provided in line with customer abilities and expectations.

High Level Action	Outcome
Consult with different customer groups on their preferred methods and times of day to access income collection and money advice services	Awareness of customer preferences to enable service to be tailored appropriately
Introduce Netcall web chat and WhatsApp conversation functionality for customers to	Increased and more varied offering of contact options available for customers resulting in increased levels of customer contact

<p>converse with Rents and Money Advice Teams</p> <p>Ensure that replacement online self-service portal fulfils all requirements for customers to access income collection and money advice service</p> <p>Review impact of Nudge letters and expand communications across all letters</p> <p>Widen hours available for both inbound and outbound customer contact</p> <p>Introduce Civica Pay Recurring card payments</p>	<p>Self-service offering that is fit for purpose. increasing numbers of customers chose to use rather than telephone contact</p> <p>Evidence if new communication format results in payment or contact</p> <p>Increased levels of customer contact outside of traditional opening hours</p> <p>Ability to take recurring debit card payments from customers</p>
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Priority Six – Motivated, engaged and highly skilled staff, recognised as the Best Collection Team in the sector

Ensure that the team is motivated, engaged and equipped with the necessary skills to deliver an excellent service and optimum performance.

High Level Action	Outcome
<p>Develop annual Best Companies action plan for Customer Finance service based on latest survey responses</p> <p>Pro-actively seek and make applications for relevant awards around Income Collection and Money Advice</p> <p>Ensure Money Advice Team receive continued learning based around any changes to benefit legislation and where appropriate ensure knowledge passed on through in house training offer</p>	<p>3 Star Best Companies engagement score retained for team</p> <p>Award obtained which recognised SHG's approach to Income Collection</p> <p>Money Advisors equipped to deliver excellent advice service. Wider teams receive relevant training delivered in house</p>

Investigate if Money Advice Training could be marketed and sold externally	Generation of additional income from training delivered
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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 Eg. Ensuring that Money Advice self-help tools are suitable for any customers with accessibility issues.

5 LINKS TO OTHER POLICIES AND STRATEGIES

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

- Rent Collection Policy
- Former Tenant Rent Collection Policy
- Corporate Finance Strategy
- Value for Money Strategy
- IT Strategy
- Digital Transformation Strategy
- Inclusive Growth Strategy
- Customer Access Strategy

5.2 These strategies collectively provide the framework to support customers and the organisation in management of money. It is essential that these strategies are integrated to ensure the Stockport Homes continues to maximise its financial management arrangements.

6 ACTION PLAN

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

7 OWNERSHIP, MONITORING & REVIEW

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

7.2 Whilst this is a three year strategy, most actions fall in the short to medium term. However, it is acknowledged the climate will be ever-changing and therefore an annual update will take place and new actions added when appropriate.