

Policy

Title: **Income Management Policy**

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This document relates to:

The **calico** Group ✓

calico^{homes} ✓ Calico Homes

calico^{enterprise}

 **SafeNet** ✓
Empowering you to live free from domestic abuse

ACORN ✓
RECOVERY PROJECTS

 **Whitworth**
Care Trust



providing
quality services that
make a difference
to people's lives

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1.0 Introduction

Calico's overall Vision is "providing quality services that make a difference to people's lives". The attainment of our five Strategic Aims will ensure the delivery of our Vision.

Income Management is a key area to the business as it is essential for revenue to be effectively collected and debts managed and kept to a minimum. The current economic climate, Welfare Reform agenda and operating environment pose considerable challenges for effective income management.

This policy supports the Tenancy Sustainment and Successful Neighbourhoods strategies. It sets out how we will manage the effects of the Welfare Reform Act 2012 with a strong focus on support and advice. It also details Calico's approach to enforcement when all other avenues have been exhausted.

The Tenancy Sustainment service has now been successfully embedded into the Income Management Service. This provides an extra avenue of support for some of our most vulnerable customers alongside our focus on preventing debt, communicating quickly and clearly with customers, increasing income collection, and financial inclusion & confidence.

2.0 Aims / Objectives

This policy outlines our approach to Income Management, Financial Inclusion, Sundry Debts and Welfare Reform within our aim of collecting all monies owed to Calico. We will:

- Ensure customers are aware of their responsibility to pay any monies owed in a timely manner.
- Provide a proactive service that reacts to changes in a swift and well-prepared manner.
- Ensure that we communicate with customers in a range of ways that are appropriate to the customers' needs and requirements.
- Provide an effective advice and support service to assist customers in maximising income
- Work closely with internal and external partners to ensure income streams are maintained effectively.
- Offer a wide range of payment methods which customers can access.
- Work closely with internal and external partners to successfully integrate Financial Inclusion initiatives throughout the communities we serve.
- Ensure multiple debts are addressed through effective budgeting and advice to customers. Debt advice is currently provided through a variety of partner agencies, including Step change Debt Charity, and CAB.

3.0 Financial Inclusion & Welfare Reform – current position

3.1 Calico has a comprehensive action plan to managed the mass migration of Universal Credit. These aim to raise the profile of important issues across the organisation and ensure Calico is not only well prepared, but also to ensure our service can effectively respond to the effects of Welfare Reform and the economic climate as they develop. Some key achievements made include:

- Customers are communicated with on a regular basis regarding any changes which could affect them and the support which is available to them.

- Calico have been able to adapt quickly to government initiatives following throughout the pandemic by updating the systems to support changes to Notice of Seeking Possessions and the introduction of Breathing Space.
- Over 44% of Calico customers have now migrated onto Universal Credit through natural migration and collection remains above target of 99.25%.
- The introduction of the Personalisation Fund for 2022/23 that supports our customers where other grants are not available to them.

Business plan target increased to 99.25 from 2021/22. We continue to work towards exceeding business plan targets around rent collection. Performance is monitored on a weekly basis and reported 4-weekly from the benefit cycle.

3.2 Working in partnership.

Partnership working is key to ensuring that all our customers have access to the wide range of support available to them to manage their tenancies and their finances successfully. We currently have formal partnership agreements in place with Burnley Borough Council, Step Change Debt Charity, Lancashire Wellbeing, Department of Working Pensions, and the Illegal money lending team England (this list is not exhaustive).

The Income Management service is currently operating through a period of dramatic change. The potential risk to the business through the changes imposed by the Welfare Reform Act have made the collection of rental and sundry income more difficult, as customers are struggling to budget. Inflation has currently rose to 9.6% due to the ongoing impact of the Coronavirus pandemic and the Ukrainian war resulting in more of our customers struggling financially, including food and fuel poverty.

The DWP has restarted the mass migration of Universal Credit. Tax credit claimants in all areas, will begin to migrate from September 2023 the estimated completion date for mass migration is December 2024, except for single ESA claimants who are due to migrate prior to 2029.

Our most recent Benchmarking with several other RSL's shows that Calico is outperforming the average % of arrears and overall collection. The sharing of ideas within these forums has helped several key actions being developed; similarly, we have shared our examples of best practice.

4.0 Policy description

4.1 The Income Management team aims to continue to improve on the good work being undertaken and to lead on financial inclusion within the communities we serve.

We will continue to develop partnerships with local authorities and other agencies that tackle financial exclusion and help reduce debt and maximise income. We will showcase our good work through publications, good practice documents, presentations and press releases.

4.2 Welfare Reform

In 2012, the Government introduced its approach to cutting the national welfare bill through the Welfare Reform Act. Since then, several initiatives have been implemented which have affected the income of customers and impacted on their ability to pay their rent.

Our initial response to welfare reform can be considered a success given the continued improvement to our key performance indicators during the last 3 years. Despite a number of initiatives being introduced, we have achieved target on rent collection KPI's. Furthermore, a Tenancy Sustainment Strategy has been introduced to replace the Financial Inclusion Strategy which will set out how we will overcome the continued introduction of welfare reform initiatives.

4.3 Supporting customers affected by Welfare Reform

Our aim is to support customers through the changes with a range of measures, which may include but is not limited to:

- Visiting and working closely with customers affected by Welfare Reform to help them make informed choices about their accommodation and budgeting.
- Help applying for Discretionary Housing Payments.
- Referrals to free debt agencies.
- Provide information on banking/credit unions and setting up direct debits and standing orders.
- Making referrals to Calico Enterprise to help people make the transition into work.
- Carrying out in depth pre tenancy work to ensure tenancies are sustainable.
- Signposting customers for early support.
- Continuing to educate and empower customers around welfare reform changes.
- Working closely with partners such as Job Centre Plus and the Department of Work & Pensions.
- Training and coaching staff across the organisation around welfare reform and how they can help us to support customers.
- Stress testing the business plan and identifying service delivery options that could be taken in response to a spike in the arrears cash value.
- Reviewing the staffing resource required to maintain high income collection performance.
- Customer campaigns to maximise income.

4.4 Enforcement action

Enforcement action is always seen as a last resort, regardless of whether a customer has been impacted by Welfare Reform initiatives. All customers who are identified as struggling with their finances are referred to the Tenancy Sustainment service and then onto partner agencies where necessary. If a customer has the means to pay or does not engage with the support services offered, then enforcement action will be taken.

4.5 Improving the service offered to our customers.

Projects have been completed which we believe will ensure processes are efficient and customers can better manage the impacts of Welfare Reform. These include:

- The introduction of pro-active arrears, reducing accounts Income Officers are not required to action enabling more time supporting those who require contact.
- Streamlining the pre tenancy process for a more consistent and approach and support identified at the earliest opportunity.
- Review of help and support available on the website with links and contact details added for partner agencies. Regular updates are made on social media.
- The introduction of £75,000 from April 2022 for the personalisation Fund to support our customers through the cost-of-living crisis, where support is not otherwise available through other grants.
- A dedicated Former Tenant Arrears Officer to bring additional income into the business.
- Regular training to provide staff information, tools, and confidence to fully support our customers. This was highlighted in the Income Management audit, October 2022.

4.6 Regular review

The Tenancy Sustainment strategy is reviewed desk top review annually and a full review every 5 years unless there is a significant change in legislation, to meet the new challenges faced by both Calico and our customers because of Welfare Reform.

4.7 Impact on Business Plan

The mass roll out of UC would see arrears levels spike and collection rates fall. This money would be recoverable and based on previous performance with other welfare reform initiatives we expect arrears levels to stabilize and collection rates to improve with time. Should improvements to performance not occur, it would be necessary to review the assumptions within the business plan alongside our approach to rent collection.

5.0 Scope

The Income Management team are responsible for the collection and management of all customer accounts, whilst the Finance team deal with all aspects of rent setting, payment allocation onto the system and reconciling of the bank accounts for Calico.

6.0 Performance Measures

Measure	Performance 2020/21	Performance 2021/22	Performance 2022/23
% Of rent available that was collected	100.10%	99.60%	99.62%
Rent arrears of current tenants overall	2.80%	2.64%	2.76%
Rent arrears of former tenants	3.32%	2.60%	2.35%

Number of tenancies terminated	389	331	355
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7.0 Responsibility

The implementation of this policy is the responsibility of all colleagues involved in the collection of rental income and the prevention and pursuance of arrears.

It is monitored by the Income Services Coordinator and the Income Services Manager. It is ultimately the responsibility of the Managing Director of Calico Homes

8.0 Service Standards

The Income Management service will adhere to the service standards set corporately. In addition, we will:

- In line with Finance, ensure all payments taken are allocated to a customer's account within 1 working day.
- Provide an accessible service for customers to pay any charges owed and to discuss financial difficulties.
- Help and assist customers through the changes introduced under the Welfare Reform Bill

9.0 Consultation arrangements

Customer consultation took place in August 2023 and has focused on the experience of those who have recently claimed Universal Credit within the 6 months. The purpose was to -

- Ensure that our action plan is customer led, based on their experience of claiming the benefit and minimise any impact to rent arrears.
- Establish tools that would be utilised to support making a claim and paying rent.
- Focus on preferred method of communication and establish how Calico could improve this journey, with more streamlined processes.
- Establish how we can get people 'UC ready' in preparation for mass migration.

Results concluded the following -

- Customers already had valid email addresses and telephone numbers.
- Are happy with the service they received from Calico and were easily able to locate rent and service charge information.
- A third of customers required an advance payment to ensure they had enough money to last until their first payment date.
- Only half of our customers spoke to their rent officer, but majority of customer knew how much they needed to pay to Calico.
- Preferred method of contact is via email and text messages. However, customers still want to speak to somebody face to face should this be required.
- Additional support is required on how to apply for Council Tax support.

This information has been collated together and tools have been put in place to ensure a smoother transition for our customers based on this feedback. We are aware that customers claiming Employment Support Allowance will require additional support and guidance. As mass migration continues, Calico will review our approach to minimise the

impact to these customers and our business. The current aim of the DWP is to have these customers moved to universal Credit by 2029.

10.0 Benchmark Analysis

This policy has been reviewed and developed through examples of good practice from HOUSEMARK, & the Northwest Financial Inclusion group.

Consideration has also been given to policies and procedures followed by peer organisations including:

- Rochdale Borough Housing
- Bolton at Home
- First Choice Homes
- Irwell Valley
- Cobalt Housing

11.0 Associated strategies and procedures

Current Tenancy arrears Procedure

Former Tenancy Arrears Procedure

GDPR_Policy

ASB Policy

Safeguarding Policy

Domestic Abuse Policy

Right to buy Procedure

Right to Acquire Procedure

Tenancy Sustainment Strategy