



Income Management Strategy

2018 - 2022

Introduction

Dacorum Borough Council’s housing service owns around 10,000 rented properties as well as the freehold of approximately 1,700 leasehold flats. As a social landlord, it is important that we have a fair and robust approach to managing our income to ensure we can continue to deliver a great housing service.

This strategy is specifically focused on the Housing Revenue Account (HRA) income sources, which include but are not limited to: rent collection, service charges, leaseholder charges, recharges and temporary accommodation fees.

It sets out how we will effectively manage our income, with the aim of maximizing collection whilst supporting our more vulnerable tenants so that we can continue to provide high quality services that meet the needs of all those who access the housing service. Efficient and effective income management is essential to achieve these aims.

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I’m pleased to introduce our Income Management Strategy 2017-2021. This strategy sets out our approach to ensuring value for money for all our tenants and leaseholders. This is achieved by being proactive towards income collection and partnership working.

Councillor Margaret Griffiths



Our vision

Dacorum Borough Council's housing service must take a robust approach to income management in order to ensure that we can deliver efficient and modern services that offer best value for money.

Our vision is to develop a culture where we work with our tenants, leaseholders to tackle barriers that stop them from managing their money and paying their rent on time so we can provide the housing service they need.

This strategy supports the council's corporate vision of *'...working in partnership to create a borough that enables Dacorum's communities to thrive and prosper'*.

By promoting financial inclusion, we as a landlord can support our tenants and leaseholders to live in safe, clean and enjoyable environments that build strong and vibrant communities.

We can also use our income to continue to provide good quality homes, particularly to those in greatest need and ensure the economic growth and prosperity of our borough.

A robust and fair approach to income management supports the housing service and the council to deliver efficient and modern services that offer best value for money.



National and local considerations

This strategy has been developed to align with all relevant statutory legislation and best practice guidance. Including an understanding of the changes to legislation made at a national level enables the housing service to adapt its approach to collecting and managing income in order to navigate any challenges specifically for Dacorum. The following national and local considerations have also gone on to inform and renew the [HRA Business Plan](#).

Self-Financing

In April 2012, central government ended the HRA subsidy system for council housing. The Localism Act 2011 introduced new powers for councils to keep their rental income and thereby generate growth capital to fund investment in their housing stock (called 'self-financing'). One-off payments to or from each council were used to adjust housing debt to reflect the value of a council's stock. Dacorum Borough Council's settlement meant that we took on a debt of £354 million. Our move to self-financing in 2012 enabled us to develop a robust 30-year business plan that empowered us to borrow money with the aim of investing in our existing stock and developing new homes.

1% Rent Reduction

In 2015 the Government announced a 1% cut in rent for the financial year 2016-2017 for all 'general needs' tenants, with a further 1% decrease over each of the following three years until 2020. This decision significantly affected the [HRA Business Plan](#) and as a result meant that Dacorum's Housing Service had to explore new ways of creating efficiencies.



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Universal Credit

The introduction of Universal Credit (UC) is expected to have a significant effect on rent collection. UC claimants are generally expected to be responsible for their own rent payments, and UC is normally paid monthly in arrears. This means that when a tenant claims UC there is often a period during which they are unable to pay their rent.

We have relatively low numbers of UC claimants in Dacorum at present but we have seen that these tenants take up a disproportionate amount of officer time and have significantly higher arrears on average than tenants claiming other benefits or tenants who do not receive help with the rent.

When UC is more widely introduced across the Borough we expect to see a spike in arrears which should reduce over a period though remaining higher than before.

We have already started to put in place changes in the structure of the Income Team in order to better meet the challenges Welfare Reform will bring.



Delivering a great service

Equality and Diversity

As a Housing Service we believe all council tenants should receive a good standard of service *regardless* of; age, disability, gender (including gender reassignment), race, religion or belief and sexual orientation (Equality and Diversity Act 2010). We are committed to being inclusive with our approach and determined to make sure that our approach to managing our income and allocating resources supports this.

Value for Money

It is important to us that our tenants feel they are getting good value for money. The council, along with involved tenants and leaseholders, monitors the housing service's approach to managing income and seeks to ensure that we have the resources to deliver excellent services at reasonable cost.

Working in Partnership

Our strong relationships with our partners and many other public sector and voluntary organizations enables us to deliver an excellent level of service whilst maximizing resources and avoiding duplication of effort. Working with other agencies, tenants' issues are identified and dealt with at an early stage, which can help to avoid problems with tenancy problems including unaffordable debt. Our continued investment in local partnerships is essential to assist our more vulnerable clients to maintain their tenancies, access services and make the most of living in Dacorum.



The Commitments

To develop this strategy, the council considered the views of a range of stakeholders, including a tenant-led focus group on financial inclusion and an analysis of tenants with rent arrears.

Through the 2018 Housing Satisfaction Survey, we were able to shape this further by using feedback from tenants and leaseholders. This included asking tenants and leaseholders whether they were satisfied that their rent provides value for money. Using this feedback, along with relevant legislation and requirements, we have set out our four commitments for income management. These are:

Commitment One: We empower tenants to manage their finances and prevent unaffordable debt

Commitment Two: We take action to recover money owed to the service

Commitment Three: We work with others to increase resources, expertise and service delivery

Commitment Four: We are proactive and manage our income to meet current and future housing need



The Commitments

Commitment 1: We empower tenants to manage their finances and prevent unaffordable debt

Collecting rent is at the core of all the services we provide as a landlord and our ability to build new homes. While the majority of tenants pay their rent on time, it is important we understand the reasons why tenants fall into rent arrears and where possible help them to manage their money and prioritise. Factors such as life-skills, changes in circumstance, knowledge of the welfare benefit system or lack of access to financial services all impact on tenants' ability to pay their rent regularly, in full and on time.

To achieve this, we will:

- Continue to fund money advice services in the voluntary sector so tenants can quickly access support when they are in debt
- Use our Tenant Academy as an opportunity to run informal courses or workshops on budgeting, Welfare Reform and managing household finances
- Work with households moving to Universal Credit to reduce the number of people falling into arrears
- Raise awareness of local scams, loan sharks and high interest lending so tenants do not become victims of unaffordable debt
- Provide regular information on account balances, charges and payments using a variety of methods

Commitment 2: We take action to recover money owed to the service

Where tenants and leaseholders owe money to the service either through arrears, recharges we will take action to make sure payments are recovered.

Whilst action taken will be proportionate, it is essential that we also consider the wider impact to other tenants and leaseholders as well as the service when tenants fail to pay. By developing a range of support and enforcement we can recover the money owed to the service.

To achieve this, we will:

- Take a new approach to collecting money owned by creating specialist officers dedicated to recharges, collecting old arrears and undertaking court action
- Continue to use recharges to tackle tenancy breaches to recover costs to the service so the tenant or leaseholder responsible is held to account
- Continue to use support plans for tenants in debt
- Keep in regular contact with tenants in arrears helping them to stay on track with repayment plans
- Work with our homelessness prevention team if a tenant's arrears are likely to result in an eviction

The Commitments

Commitment 3: We work with others to increase resources, expertise and service delivery

It is important our officers time can be spent concentrated on delivering our core responsibilities as a landlord. We do however understand that our tenants and leaseholders need a wide range of support and services. We believe by investing in relationships both from a shared interested and commercial perspective we can provide better value for money, an increased service and explore new opportunities for income generation.

To achieve this, we will:

- Review all our contracts and agreements to identify opportunities for improving services and increasing value for our tenants and leaseholders
- Use Tenant Academy to increase tenants and leaseholder access to local community services we as a landlord cannot deliver
- Identify joint priorities and pool resources with other social housing providers and service providers to address social issues that affect both the individual tenant's wellbeing and that of the wider community e.g. hoarding
- Use alternative funding e.g. grants to enable us to develop new ways of working without impacting current service delivery

Commitment 4: We are proactive and manage our income to meet current and future housing need

Data allows us identify where high levels of demand or pressures are within our service. Using this we can develop an informed approach to allocating resources or identifying appropriate solutions. We also take pride in using our income to invest in the standard of our current homes as well as building new ones. Where possible, we will explore how to maximise income generation without creating unnecessary costs to tenants and leaseholders.

To achieve this, we will:

- Use our understanding of new and emerging policy to review the HRA business plan and mitigate against risks to our income
- Continue to invest in building new homes and new approaches to generating income to invest back into the housing service
- Use data to analyse areas such as Anti-Social Behaviour, rent arrears and repairs to reduce demand and pressure on our service
- Explore opportunities to put more information online or allow tenants and leaseholders to resolve their own issues

Conclusion

To conclude, this strategy demonstrates Dacorum Borough Councils commitment developing a culture where we work with our tenants, leaseholders to tackle barriers that stop them from managing their money and paying their rent on time so we can provide the housing service they need.

Throughout the four commitments we outline how this will be achieved by helping tenants to pay their rent and ask for help when they need it. Recognising how our ability to collect rent and service charges impacts on the services that we can provide it is essential we have a robust and proportionate approach to taking action when money is owed. We will continue to invest in administering recharges to tackle tenancy breaches so individuals are accountable.

We understand that working with others helps us to maximise what services and enlisting the help of different sectors allows us to focus on our responsibilities' as a landlord.

Finally, we acknowledge that to be successful we have to be adaptable. That why we have also committed to continuously improving what services we have and taking an informed approach to investment and income generation so we can continue to meet housing need in the future.

This strategy will be monitored in conjunction with annual service plans and the HRA Business plan. The Housing and Communities Overview and Scrutiny Committee will receive an annual update.

