



NORTHAMPTON
PARTNERSHIP HOMES

Rent Income Management Strategy - 2022

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1. Introduction

1.1. Purpose

1.1.1 This strategy sets out Northampton Partnership Homes (NPH) approach to managing rental income collection and arrears recovery.

1.1.2 The aim of the strategy is to maximise rental income and sustain tenancies. Protecting rental income to the Housing Revenue Account (HRA) is essential to ensure it remains in a strong financial position. The health of the HRA directly impacts the funding of the housing service and therefore NPHs ability to deliver its Vision, Mission and Strategic Priorities.

1.2. Key Links

1.2.1. Northampton Partnership Homes – Vision, Mission and Values

The Vision, Mission and Values for NPH have been developed in conjunction with and in consultation with all stakeholder groups including tenants, employees, Board members, operating partners, contractors and West Northamptonshire Council.

Vision:

- NPH provides homes which enable people to live happy and healthy lives in enriched communities

Mission:

- We improve lives by sharing a common purpose
- We improve and maintain the quality of our homes
- We provide services which endeavour to meet the needs and aspirations of all tenants and residents
- We will provide the opportunity for people to influence the immediate and long-term futures for themselves and their communities

Values:

- Open and Strong
- Listen and Respond
- Achieving more with others
- Aim High and Deliver

1.2.2. Corporate Plan

The Corporate Plan sets out NPH's strategic priorities which are:

- Provide quality homes and estates
- Be customer focused
- Provide opportunity and access for all
- Maximise partnerships
- Be an effective organisation

1.3. Scope

1.2.1. The focus of this strategy is the management of rental income from current secure and introductory tenancies.

1.2.2. Other sources of income to not covered by this strategy include:

- Leaseholder service charges
- Garage rents
- Recharges
- HRA commercial units

1.2.3. Responsibility for the recovery of leaseholder service charges and former tenant arrears is retained by West Northamptonshire Council (WNC).

1.2.4. Rental income is also impacted by rent lost as a result of unlet dwellings, void loss. Void rent loss is managed through specific voids processes and is not considered within this strategy.

1.4. Finance and VFM

1.4.1. Activity related to rent income management is funded through service area budgets, derived from NPHs management fee. The benefits resulting from this investment are:

- Maintaining a strong HRA and ability to invest in the housing service
- Tenancy sustainment, resulting in associated social and financial benefits
- Minimizing costs associated with enforcement and eviction
- Supporting resident's financial wellbeing
- Effective management of welfare reform and reduced impact on income
- Enhanced NPH reputation and customer satisfaction

1.4.2. Income management has over recent years focused on delivering greater levels of efficiency and productivity to manage the increased caseloads anticipated to fall out of welfare reform and the introduction of Universal Credit. Additionally, NPH has also developed activity relating to arrears prevention and support. This has to some extent reduced the need for enforcement actions and evictions, consequently lowering associated costs. Where enforcement is required NPHs Income Officers are fully trained to undertake all associated legal work including presentation at court. This saves substantial legal costs for both the organization and residents. The above together with the additional value derived by working effectively with partners, support our ability to ensure that in so far as is possible, maximum value is derived from the resources allocated.

1.4.3. Benchmarking of 2020/21 VFM data through HouseMark indicates NPHs income management service is providing good performance at low cost.

2. Context

2.1. Income and Performance

- 2.1.1. Northampton Partnership Homes manage 11,414 homes on behalf of West Northamptonshire Council. Rental income from these dwellings finances the HRA which in turn, through a management fee, funds the services delivered by NPH. Ensuring rental income is maximized and maintaining a strong HRA is therefore essential to the delivery of a comprehensive housing service.
- 2.1.2. In recent years, a combination of Right to Buy sales and the governments policy of reducing rents by 1% every year between 2016/17 and 2019/20, had seen rental income reduce. A change in government policy to allow rents to increase by CPI +1% each year for five years from 2020/21 and NPH's new build program, have however reversed this trend.
- 2.1.3. Rent available for collection in 2020/21 totalled £50.7m with £50.9m being collected. HouseMark benchmarking data shows this collection rate placed NPH in the top quartile of performers in its peer group. Rent arrears at £1,302,380 or 2.57% of the rent debit, benchmarked NPH in the upper median quartile of peer group performers.

2.2. Welfare Reform

- 2.2.1. The most significant challenge for rent income management in recent years has been welfare reform and specifically the implementation of Universal Credit (UC). Those receiving help with housing costs through UC are on average more likely to be in rent arrears and by a greater amount. At November 2021 3813 households were in receipt of UC with numbers projected to increase to around 6000 when UC is fully implemented. Households are currently transitioned from legacy benefits to UC when they have a change of circumstances. A process to move legacy benefit claimants to UC 'en bloc', called managed migration was delayed due to COVID. Work required to re-commence preparations for managed migration is due to start in January 2022. The government's target is to have all benefit claimants of working age, moved onto UC by the end of 2024.
- 2.2.2. As numbers in receipt of UC increase so rent income received through Housing Benefit (HB) reduces. Housing benefit accounted for 38.72% of income in 2020/21, a reduction from 44.13% in 2019/20 and 51.8% in 2018/19. The reduction in income from Housing Benefit is important to note because HB is paid direct to a customer's rent account. The fewer rents paid in this way, means more rent to proactively collect.

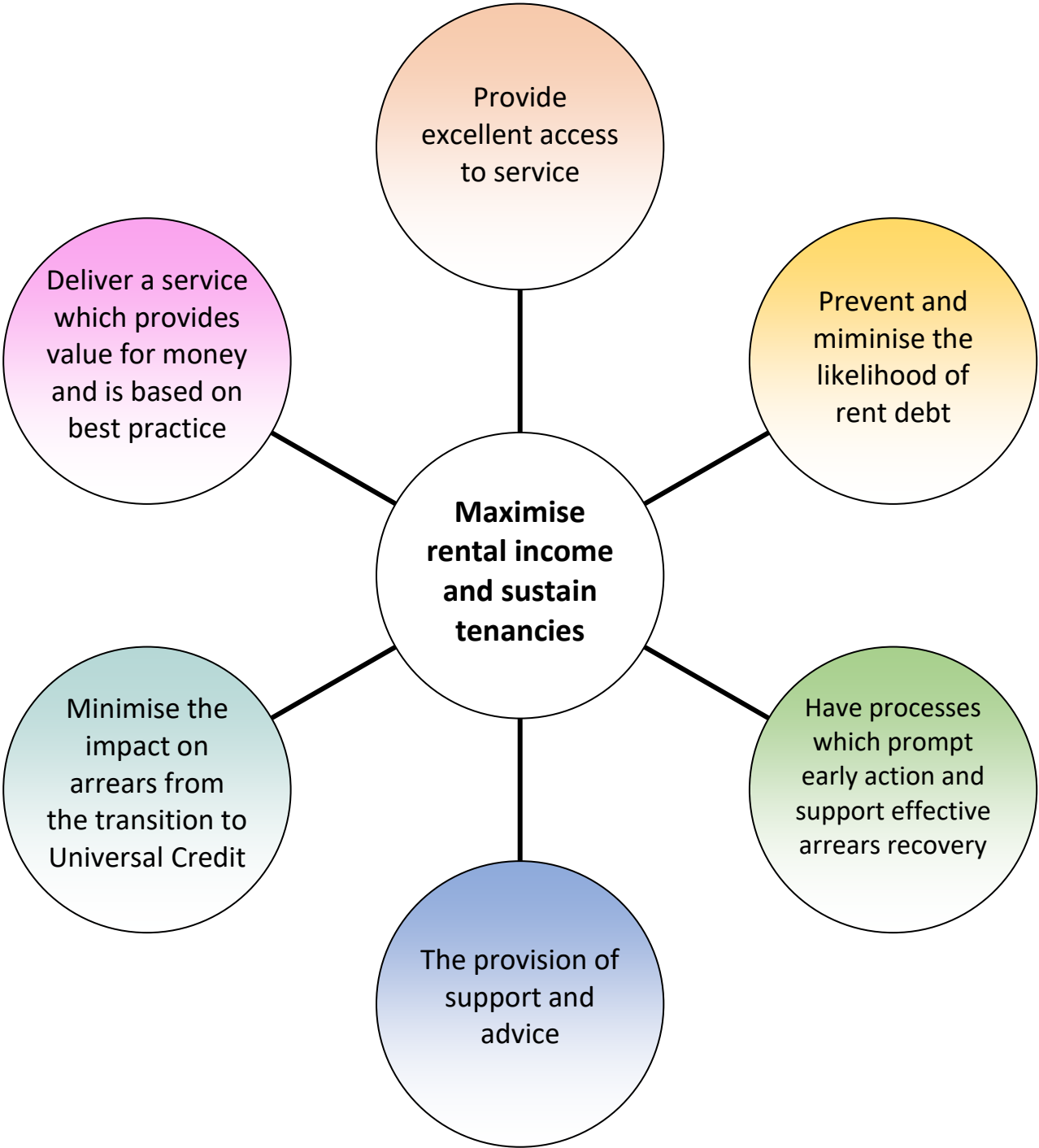
2.3. COVID Pandemic

2.3.1. The COVID pandemic presented further challenges for rent income collection. Many residents' finances were adversely affected, and we saw an increase in those claiming Universal Credit. Options to pursue enforcement action were limited, with reduced access to the County Court and the introduction of government measures to protect renters, including extended pre court notice periods and an eviction ban. While the pandemic is not over, restrictions on enforcement action have been lifted and signs are the economy is recovering. For rent income management the pandemic required a subtle shift in direction and necessity to re-focus activity on support provision and a more flexible approach to debt management and this remains in place.

3. Service Area Objectives

3.1. Objectives

3.1.1. To achieve our aim of maximising rental income and sustaining tenancies, NPH has set six associated objectives. These are:



3.2. Meeting Our Objectives

3.2.1. To support the delivery of each objective, corresponding actions have been identified. These are set out below and will be used to inform service area action planning.

Provide excellent access to service

How we will achieve this:

- Maintain excellent working relationships and regular liaison with WNC's Customer Contact Centre
- Develop a service level agreement with the Contact Centre
- Comprehensive service-related information available on the NPH website
- Contact details of Rent Income Officers on the NPH website
- An NPH account enabling residents to manage their rent account online
- Access to interpretation services, documents in other languages provided where required and support through a body of employees who have multilingual skills
- Delivering NPHs Customer Charter and Service Standards
- Use residents' priorities in developing the service

Prevent and minimize the likelihood of rent debt

How we will achieve this:

- Pre tenancy support to ensure housing applicants are 'tenancy ready', including assessment of financial wellbeing.
- Use of introductory tenancies, providing a probationary period for new tenants
- A new tenant sign-up process emphasising responsibility for rent payment and providing advice about benefit entitlement.
- A requirement to pay the first weeks rent at sign up
- Promoting a rent first culture
- Check in with new tenants at 2 and 13 weeks from commencement of tenancy
- A choice of rent payment methods and promotion of the direct debit payment option
- Providing account information regularly through a quarterly rent statement
- Contact with residents during the four-week notice period aimed at minimising debt upon tenancy termination
- Ongoing commitment to being a part of the Rental Exchange

Processes which prompt early action and support effective arrears recovery

How we will achieve this:

- A specialist rent income team
- Comprehensive, written arrears recovery procedures, regularly reviewed and updated
- Pro-active management of rent debt
- Optimization of the income management modules within the CAPITA housing system
- Use of specialist arrears management software to identify and prioritise recovery action (Mobysoft RentSense)
- Use of multiple contact methods and clear communications
- Ensuring repayment arrangements are realistic and based on individual circumstances
- Maximise use of rent direct payments from DWP
- Ensuring enforcement action is undertaken in a timely manner and in accordance with the Pre-Action Protocol for Possession Cases

Provision of support and advice

How we will achieve this:

- Promote our support services and encourage those in debt to seek advice
- Identify vulnerable residents and refer for support
- Promote financial inclusion using the NPH website and Resident Magazine
- Provide support through a team of specialist officers who can give budgeting and benefit advice
- Further develop our support services by implementing the recommendations from the Tenant Scrutiny Panel Review
- Signpost and referral to independent advice agencies where there is serious or multiple debt problems
- Maximising use of Discretionary Housing Payments
- Offering flexible rent-free weeks for those in financial hardship
- Offering priority transfers for those under occupying their home and financial assistance to move
- Agreed protocol with WNC for managing those tenancies where eviction is likely (Northamptonshire Pre-Eviction Protocol)

Minimise the impact on arrears from the transition to Universal Credit from legacy benefits

How we will achieve this:

- Regular monitoring of UC caseloads and impact on arrears
- Pro-actively contact households making new claims to Universal Credit to provide support and advice
- Assist residents to claim benefit
- Provide information to help residents understand the UC roll out program
- Make effective use of UC direct housing payments from DWP
- Develop effective working relationships with DWP
- Prepare for the implementation of managed migration

Deliver a service which provides value for money and is based on best practice

How we will achieve this:

- To work toward accreditation in income management
- Undertaking a training gap analysis for income team members and developing a training program
- Accessing industry best practice through membership of professional bodies such as HQN and HouseMark
- Learning from other housing providers via membership of groups such as the Midlands Best Practice Group and Northamptonshire Housing Management Forum
- Effective performance management through a suite of key performance indicators and benchmarking against other housing providers

4. Performance Management

4.1.1. Performance in income collection and arrears recovery is monitored through corporate KPI's and additional local service area measures. Performance targets are reviewed and set annually. Corporate PI data is collected and reported monthly. Quarterly performance reports are provided to NPH's Operations and Resources Committee. Local measures are collected both weekly and monthly depending on the measure.

Corporate measures

- Rent collected as a percentage of rent due
- Arrears as a percentage of the debit

Additional local measures

- Number of tenants paying by direct debit as a percentage of all tenants
- Arrears by Rent Income Officer area
- Number of Notices of Possession served
- Number of court applications for rent arrears
- Number of evictions for rent arrears
- UC claims and associated debt
- Former tenant debt
- Rent written off

4.1.2. PIs are benchmarked using the HouseMark, benchmarking service. This provides a measure of service area performance and VFM when compared against other housing organizations.

4.1.3. Informal benchmarking is undertaken through groups such as the Midlands Best Practice Group, Northamptonshire Housing Management Forum and HQN Rent Income Excellence Network.

4.1.4. Each Rent Income Officer is provided an individual arrears target. Performance against target is monitored weekly and managed through NPH's performance management framework.

4.1.5. Regular validation of performance information provides assurance of data quality.

5. Monitoring

5.1 Governance arrangements

- The strategy will be monitored by Head of Rent Income and Leasehold Development.
- Regular review of the strategy objectives and implementation of associated actions will inform future service area development planning.
- Performance measures and service area activity will be reported monthly to NPHs Executive Management Team.

5.2 Review and evaluate

The Strategy will be reviewed every three years or before should circumstance indicate a more immediate requirement. Ongoing evaluation will be through performance measures.

DOCUMENT MANAGEMENT	
<i>Approved by:</i> <i>Date of approval:</i>	<i>Next Review Date: 1st December 2024</i>
<i>To be read in conjunction with:</i> <i>1. Rent Recovery Policy</i> <i>2. Rent Recovery Procedure</i>	<i>Contact Officer:</i>