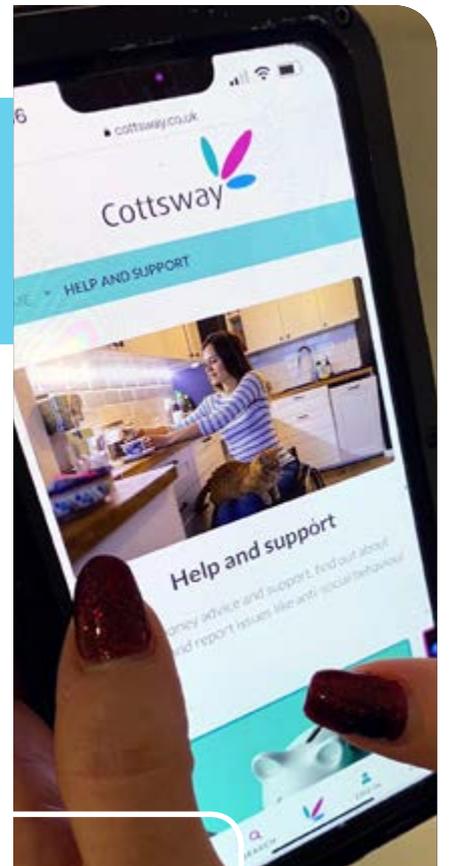


# Our Income Management Strategy 2021 - 2024



# Introduction

This is the launch of our second Income Management Strategy following the successful implementation of the first between 2018 and 2021. The aim of both that strategy and this is to ensure resilient arrangements are in place to maximise rental income and minimise arrears.

The 2021-2024 corporate plan confirms our financial stability and robust financial position. To maintain this, we must continue our focus on income collection. In 2020 we increased rents for the first time in 5 years following the introduction of a new rent standard, which came into effect on 1 April 2020. The new standard permits annual rent increases on both social rent and affordable rent properties of up to CPI plus 1% for at least 5 years.

Due to the Coronavirus pandemic and associated restrictions, many of our customers have been affected by reductions in income levels and unemployment. As a result, there has been a larger increase in the number of our customers in receipt of Universal Credit.

As the pandemic subsides and life returns to normal, this strategy and plan sets out how we will continue to put income collection at the centre of all our activities.

## Scope

Over the next 3 years we will strengthen our approach to protect our income in an uncertain operating environment, with the effects of Covid-19 likely to continue for some time. This strategy sets out how we will do this, stating our priorities and the actions we will take. This strategy will be implemented alongside existing policies and procedures which define how this will be achieved operationally.

## Background

Cottsway is a registered social landlord providing homes in West Oxfordshire, Gloucestershire, Wiltshire, and Worcestershire. We own over 5,100 homes, with an annual turnover of around £34 million and an asset base worth £350 million.

Our purpose is to:

“ Serve those in need of housing for whom the market is not producing a solution, within a manageable cost-effective area. ”

This strategy sets out our ambitions for the next three years. We start 2021-22 with the business in a strong position:

- We hold the highest governance ratings of Governance 1, Viability 1 from the regulator of social housing.
- We have a strong 'A3, stable' credit rating from our ratings agency Moody's.
- We have comprehensively stress-tested our business plan which reveals a robust financial position and shows that we have the capacity to develop over 200 new affordable homes each year.
- The headline cost of managing and maintaining each of our homes is in the lowest quartile for the sector.
- Customer satisfaction is averaging 90% and we have strong engagement and scrutiny mechanisms in place to help continuously improve the offer we provide for our customers.
- We have implemented new business systems to enhance our digital services and operations, which will drive further efficiencies.



Despite the Covid-19 pandemic, we maintained an excellent level of performance. In the year 2020-21 we collected 103.98% of the rent due.

Our annual rent roll is £27.7 million and since the last strategy was published, the percentage of Housing Benefit we receive has decreased and we only derive 21% of our income from these payments as more of our customers have migrated from Housing Benefit to Universal Credit. As the profile of customers claiming legacy benefits changes, we anticipate this percentage will continue to decrease into the future.

We meet our regulatory and legal requirements by ensuring our policies and procedures are compliant with the pre-court action protocols. Additionally, we comply with all the requirements and expectations of the Rent Policy Statement on the setting, increase and decrease of rents and service charges.

## Aims and objectives

The aim of this strategy is to both maintain the effective work currently undertaken and develop this further to maximise rental income and reduce arrears.

Over the next 3 years, four key objectives have been identified which support the pillars of our corporate plan. These seek to maximise income collection while providing enhanced customer service as well as allowing us to react positively to future challenges.

The identified objectives are:

- 1. Managing, collecting and minimising arrears**
- 2. Delivering for customers**
- 3. Enhancing our business systems**
- 4. Be adaptable**

# Objective 1: Managing, collecting and minimising arrears

## How we meet the objective

- We continue to provide a team of income specialists whose primary focus is income collection and debt recovery but with the overarching aim of tenancy sustainment. Despite Covid-19, performance has remained excellent with an increase in cash collection year on year.
- We have developed a new suite of performance indicators aligned with Housemark definitions which we introduced in April 2019. Reporting is now clear and consistent, making it easier for the income team to track actual in month performance and deploy corrective action when needed before the end of the reporting period.
- Our Financial Inclusion Officer supports new and prospective customers by directing customers to more specialist support and assist with determining a level of affordability when choosing to rent one of our homes, helping them commence their tenancy without falling into arrears.
- Throughout Cottsway we promote a 'rent first' culture. This ethos runs through everything we do, by identifying customers in need of early intervention when they start to fall into arrears. Early communication is sent to customers when more than 2 weeks rent is outstanding and legal notices are served when 4 weeks rent is unpaid. For new tenancies we request advance payment of rent to be paid on tenancy sign up.
- At Cottsway we have embraced agile working. We have maintained the full complement of income collection services. We have also adapted our practices to carry out remote court hearings. We have continued to quickly respond to customer queries.



## Future actions

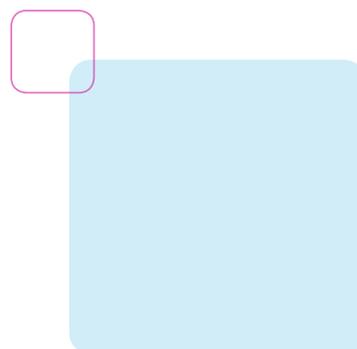
We have extended the current arrangement for the Welfare and Debt Advice Service. The arrangement with our existing provider of money and debt advice was due to expire in March 2021. The Covid-19 pandemic has had a considerable impact on customers' finances with increasing unemployment and debt levels, so to continue to support our customers to manage their finances, we have extended the contract for a further 2 years, until March 2023.

Prior to the last strategy, annual 'patch' changes had been introduced. The patches looked after by each Income Officer will be reviewed in late 2021, with a review taking place every 2 years after that.

The Debt Respite Scheme (Breathing Space) came into force on 4 May 2021. This scheme is available to anyone with debts (including rent arrears) and will give legal protection from creditor action for up to 60 days. After Breathing Space starts, the customer will be still required to pay ongoing rent liability. This will need to be implemented within our procedures and we will need to work with the customer and money advisor to implement an agreement within the Breathing Space period. Alongside this, the Statutory Debt Repayment Plan (SDRP) will also be introduced giving further legal protections to customers who enter into a statutory agreement to repay debts.

We will further refine the pre-tenancy introductory interviews we do before customers sign up for a new home with us. We will continue to undertake full financial health checks - the remote working necessitated by the pandemic has meant these checks are now completed digitally. The introduction of an insight tool will also enable credit checks to be carried out as part of the pre-tenancy process. This will allow us to identify customers that require additional support prior the commencement of the tenancy, therefore reducing the risk of future arrears.

We have had a renewed focus on former customer arrears collection. A new emphasis will be placed on working with the outgoing customer so efforts are made to minimise the closing balance before the tenancy ends. Once the tenancy has ended, we will take a proactive approach to ensure arrangements are in place to repay any debt owed and in cases where we have no forwarding address, tracing agents will be engaged to locate those owing balances.



## Objective 2: Delivering for customers

### How we meet the objective

- Following consultation with our customers we launched Our Customer Charter in March 2020 which covers all areas of the Cottsway customer experience. The charter includes a 'Managing Money' section which comprehensively explains our service standards and choices available to customers in making payments to us. Feedback from our customers indicated they felt it was important to set out the support on offer to those who are having financial difficulties and may have fallen behind with their rent.
- The new Cottsway website launched in February 2020. We have developed a money advice and help page which is regularly updated – this was especially important during the Covid-19 pandemic to ensure customers got the latest advice. The website also includes a facility allowing customers to make payments online. The "My Cottsway" section of the website allows customers to see all their accounts as well as the current weekly charge, including rent and service charges and past charges. It also tells the customer the methods of payment available to them.
- A dedicated auto rent payment line was launched in the summer of 2021 to give our customers the ability to make payments 24/7 at a time of their choosing. This service has not only increased our offer to our customers, but it has enabled our customer service team to redirect resources to those customers who may need more attention with their rent payments at the first point of contact.
- Since the last strategy, we have secured additional resources to provide a dedicated Pre-Tenancy Support Officer. Support is provided to prospective customers and existing customers regarding budgeting and tenant rights and responsibilities. This is in addition to other improvements delivered by the pre-tenancy support officer, including improving information on Homeseeker adverts and developing the pre-tenancy assessment.
- We have revised and relaunched our Hardship Policy to make it easier to help a wider range of people. We have broadened the scope of the policy to help a wider range of customers suffering hardship.
- The DWP can now pay Universal Credit housing costs to landlords at the same time as customers receiving the rest of the payment. We now encourage these 'Advance Payment Arrangements' for our most vulnerable customers.



## Future actions

We have a fully agile workforce, and we will use this flexibility to offer customers an improved service. This will include increasing contact with those customers in serious rent arrears to try and prevent court action and visiting customers to assist with Universal Credit claims by having the ability to log on to a customer's UC portal with the customer present to ensure the claim is successful.

As a company, we will adopt recommendations in The Charter for Social Housing white paper, including increasing the culture of transparency and accountability, especially for decision making involving individual customers. Customers will also be able to access information more easily. We will be open and transparent in all our communications with customers and continue to use feedback to develop our services.

We will provide communications to customers according to their preferences which has not always been achieved in the past. While some documents must be posted for legal reasons, we will build our systems to support customer preferences in all other cases. We will encourage the use of digital communication methods as these are often quicker and more efficient. We will continue to offer face to face contact for those who would prefer this, which will include personal visits to customers, when conditions allow.

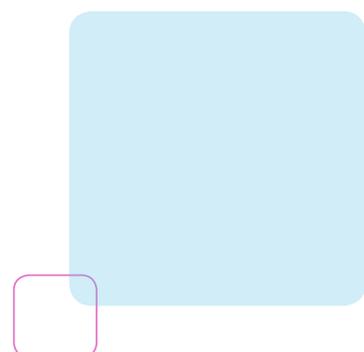
We will work closely with homelessness prevention teams at local authorities to prevent evictions at the earliest opportunities, including steering customers towards potential sources of support.

We will improve the quality and quantity of data we hold, to pinpoint and focus services. For example, to identify customers in advance who may need our specialist advice and deploy our pre-tenancy support when needed.

We offer an any day weekly tenancy agreement and have now introduced an option of monthly tenancies. We will further explore the use of a monthly tenancy as a standard offer instead of weekly.

We will aim to be more pro-active account managers, rather than re-active. An example of this is that instead of customers requesting refunds, we will regularly review accounts and proactively offer them for accounts in credit.

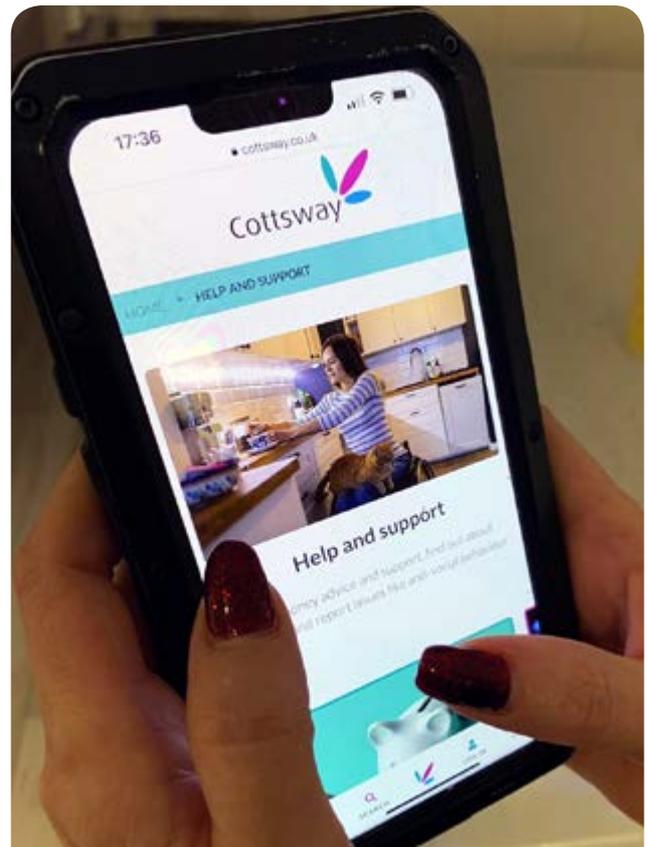
We will consider a 10 or 11 month Direct Debit offer similar to that available for payment of the Council Tax. Customers could request a month that no debit is taken at key times of the year for example December, while the monthly payments for the other 11 months are higher to compensate.



## Objective 3: Enhancing our business systems

### How we meet the objective

- Cottsway has invested considerably in technology, both hard and soft applications, to improve our income management processes and enhance our ability to minimise arrears. We have upgraded our existing Rentsense platform to run daily processing, which reduces the case load for the income team, therefore creating extra capacity to focus on those cases which require more support.
- The digitalisation project has created the foundations to improve the customer experience. We have launched the new Cottsway website and gone live with our new housing management system Civica CX.
- Technology enhances our ability to minimise arrears. Working with our partner, Mobyssoft, we have adopted a texting solution that allows individual or group texts to be sent from an online portal. We believe the 'the message in your pocket' approach encourages contact and therefore increases the likelihood of payments.



### Future actions

We will use the upcoming payment services tender to promote alternatives to over-the-counter payments. While we have a large take-up of Direct Debits, for those who do not wish to pay this way, we will encourage internet payments or telephone payments using our automated telephone system which fully meets PCI compliance, along with payments via the mobile app.

We will further our use of the customer portal. Following the CX go-live we replaced the 'My Cottsway' portal with a new portal provided by Prodo replicating the current services available such as allowing customers to view their rent balance. Further enhancements to the portal will be made to increase our offer to our customers with a wider range of services.

Linked with the introduction of the new customer portal is the channel shift programme to better understand and continuously improve our relationship with customers. We will shift to contacting customers electronically rather than by traditional letters. We will encourage customers to self-serve via the portal, which will include tasks such as setting Direct Debits online, so they are not restricted to contacting us during office hours. When customers require further assistance, they will be directed to contact us via email, or by live chat, rather than contacting us by traditional methods, such as by phone. This means customers can access Cottsway services at all times. This will make our services easy for our customers to find and use and will also increase efficiency.

We will take full advantage of the potential of our new housing management system, CX, to improve our systems processes and our reporting. This will include new reports to pick up Direct Debits that won't clear at the end of the financial year, along with sending invoices by running a system process.

# Objective 4: Be adaptable

## How we meet the objective

- There have been considerable changes in the operating environment since the last strategy was published; a general election, resulting in a majority government being elected, Britain leaving the European Union and the Covid-19 pandemic. Despite these challenges, we have continued to put income management at the forefront of our activities and throughout the pandemic have maintained a full focus on income collection whilst helping those customers who need additional support. We adapted our policies and procedures to account for the new realities but with all that has happened in the political and economic environment, it is inevitable that significant changes will occur in the future.
- We met and exceeded our budget forecast for income collection in March 2020. The previous strategy outlined an objective to prepare for the migration to Universal Credit and over the last 3 years the number of our customers in receipt of Universal Credit had increased incrementally as more groups have been migrated across. At the end of March 2020, we had 21.2% of customers whose rent we verified for Universal Credit, a substantial increase in this number and at the end of March 2021 we had verified 30% of our customers. We became an early adopter for the landlords' portal and ensured Income Officers kept up with the latest changes to UC to enable them to better support our customers. We have proactively developed good working relationships with DWP partnership managers and fed back to improve the user experience.
- While the UC landlord portal has meant we have been able to verify customers' claims promptly, so they can receive payment without delay, we do anticipate that post-pandemic some of these customers will no longer require support from Universal Credit and the uptake rate will slow down. The overall percentage of Cottsway customers on Universal Credit is likely to continue to increase as more people transition away from legacy benefits.

## Future actions

The Conservative party manifesto included several commitments to helping people rent and buy, which were followed up in the housing white paper, including a 10-year "repair-free" period. While repairs are not within the remit of this strategy, it will be a change to the shared ownership model and potentially customer rent levels, which could necessitate a change of strategy for managing the accounts of these customers.

'A Better Deal for Renters' was also proposed before the last election, which included plans for abolishing 'no fault' evictions. Details are absent from the white paper so it is not clear what form this will take once implemented. We will review our approach to starter tenancies once any legislation is formalised to take account of changes in recovery processes.

The government have proposed strengthening landlords' rights of possession, which may include a dedicated Housing Court. Again, no further details have been provided. Any court action, while a last resort, is an effective housing management tool so any changes to the legal landscape which directly impact this could also impact income collection. Any relaxation of the regulatory environment will also need to be balanced with our social obligations. We will engage with local court user groups and partner agencies to support any transition over to new working arrangements.

Many of our customers work in the service sector and may be affected by the economic consequences of the Covid-19 pandemic. Permanent changes to the retail sector and hospitality industry may mean they cannot return to work in those industries. We will continue to offer opportunities for work experience and employment support to better prepare our customers for the economic changes ahead. Alongside this we will continue to review the criteria and budget set for Cottsway's Hardship Fund to ensure it remains accessible and relevant for those customers who require further support.



## Conclusion

This strategy demonstrates that Cottsway is committed to income management and recognises the importance the collection of rent has on being able to deliver our corporate plan. The four objectives outlined here will help us achieve this goal, and overall will make it easier for customers paying their rent. Income collection should go hand in hand with everything we do as an organisation so this strategy will therefore work in conjunction with other strategies and projects and will be monitored by regular updates to the Executive Team through annual statements and by monthly and quarterly KPI performance reports.

Cottsway House  
Heynes Place  
Avenue Two  
Witney  
Oxfordshire OX28 4YG

[www.cottsway.co.uk](http://www.cottsway.co.uk)

E: [contact@cottsway.co.uk](mailto:contact@cottsway.co.uk)  
T: 01993 890000

### Follow us on:

Twitter, Facebook and YouTube

