



## **Incentive to Promote Council Tenants to use Digital Services**

### **SUMMARY**

- 1.1 It is essential that more and more customers are encouraged to use digital services instead of continuing to make requests for service through non-digital routes, such as face to face, post, or telephone. This is known as increasing the 'digital take-up' for our services.
- 1.2 Derby Homes deliver the housing management and maintenance service for Derby City Council and through their customer service strategy and are aiming to move towards a predominantly on-line customer service over the next two/three years.
- 1.3 This report proposes to incentivise tenants to move to digital services and subsequently enable savings to be made in the way that customers make requests for services, make payments and keep to appointments.
- 1.4 The report also explains how the criteria will extend to promote the importance of being a responsible tenant and good neighbour. In turn, this will reduce the costs involved of taking action for tenancy issues.

### **RECOMMENDATION**

- 2.1 To approve in principle, subject to the outcome of consultation, the introduction of an incentive scheme as described in paragraphs 4.4 to 4.6 to run over two years from 1 April 2017 – 31 March 2019.

### **REASONS FOR RECOMMENDATION**

- 3.1 To enable officers to undertake consultation on the scheme with tenants.
- 3.2 To increase the likelihood of tenants moving to digital services, encouraging on line and direct debit as the preferred payment methods, keeping appointments and generally being a responsible tenant and good neighbour to deliver efficiency gains and modernise service delivery.
- 3.3 Evaluation of the scheme will be undertaken in the second year and recommendations brought forward on the outcomes of the scheme.



Derby City Council

**COUNCIL CABINET**  
**16 March 2017**

Report of the Strategic Director Communities and Place.

**SUPPORTING INFORMATION**

- 4.1 There has been considerable research over recent years looking at the effectiveness of rewards and incentives. It is useful to understand the definitions, incentives may be considered as measures to encourage desired behaviour, rewards are measures that recognise behaviour (a thank you). It can be seen that there is some crossover and that rewards may become incentives and vice versa.

Most customer incentive schemes have access criteria such as registering with details that are useful to the landlord, paying by Direct Debit or paying in advance. So, in effect, the incentive scheme becomes a reward for doing something positive.

- 4.2 Many housing providers use some or all of the following:

- 1 Prize draws for maintaining a clear rent account
- 2 Cash incentives for paying by Direct Debit
- 3 Cash incentives for downsizing
- 4 'Golden Goodbyes' – cash incentives for departing tenants who leave properties in a good condition and with no arrears.

Some of the more comprehensive packages include Salix Homes '*Five Star Customer Reward Scheme*', Irwell Valley '*Diamond Service*' and a staff and customer reward scheme at Kirklees Metropolitan Borough Council.

Nottingham City Homes launched its '*Responsible Tenant Reward*' scheme in 2014. The scheme rewards tenants who do not breach their tenancy agreement and who maintain their rent payments, with £100 'cash back' on their rent account at Christmas.

- 4.3 Derby Homes' customer service strategy is looking to transfer a greater share of service requests to on-line self-service, as opposed to the current preferred methods of telephone and face to face. Both of the latter are expensive and outdated methods of service delivery. This proposal is to incentivise more customers to manage their tenancies on line (through Derby Homes' website and customer dashboard) and to reward tenants who do this and comply with their conditions of tenancy.

- 4.4 The proposed scheme is a one-off incentive which will run during 2017/18 and 2018/19 and will be linked to promoting services on line. From an operational perspective, applying the incentive to qualifying tenants accounts will only be effected at the end of each of the two administrative years. All tenants will be eligible for a maximum £100 payment but must satisfy all the qualifying criteria (set out at paragraph 4.6 below). Paragraph 4.6.2 sets out the detail of when the reduced payment of £50 will be paid – that is that all the criteria are met apart from only

## Classification: OFFICIAL

partial completion of the rent criterion. A tenant who only receives a lower (£50) (or no) reward in the first year will have the opportunity to deliver the rest of the missing criteria for the second year of the scheme and qualify for any remaining payment.

4.5 From April 2019 tenants will be encouraged to agree to these conditions on allocation of their property. This will support the culture of change to a digital service strategy. The timing of this incentive links with the re-procurement of the new housing management and maintenance systems for Derby Homes. A full publicity campaign will run to support tenants to 'Manage their Tenancy On Line'.

4.6 The qualifying criteria are shown below:

4.6.1 Be registered on Derby Homes Dashboard with a valid email address.

- Almost 4000 tenants are already signed up to Derby Homes' dashboard (representing 31% of current tenants), and they will qualify on this element of the criteria. The scheme will encourage the remaining tenants to register and provide a valid email address as a default mode for future contact.

4.6.2 Rent Criteria.

- The tenancy agreement states that tenants should pay rent one week in advance. Derby Homes' Operational Board (November 2016) agreed a week's rent in advance policy, and this criterion would be fully met where tenants fully comply with this element of their tenancy – ie to hold a week's rent in advance at the end of the financial year.
- Any tenant with rent arrears under £500 but which is reducing in line with their agreement will qualify, but will only receive half of the reward (£50) which will be credited against their outstanding balance, as would any tenant with no arrears but less than a week's credit as stipulated in the tenancy agreement. The other £50 would be available in the second year of the scheme if the rent account balance reaches a week's credit in that year and the other criteria are met.
- Must not have 'other relevant debts' – unless reducing with an agreement (if so 50% reward credited against the debt as above). 'Other relevant debts' are former tenants' arrears, rechargeable repairs and court costs.

4.6.3 Payment Method

- Rent must be paid direct – either on direct debit or rent direct, or the tenant must be signed up to an online only payment arrangement through the Derby Homes website, and must have used the facility for at least three months before the end of the relevant financial year.

4.6.4 Be a good tenant and a good neighbour

- No 'live' actions for ASB and the outside of your home and garden to be in good order. Procedures already exist for estate inspections which pick up the external conditions of properties, these procedures will be followed to determine the necessary actions that will be taken.

4.6.5 Keeping appointments for Gas Servicing

- Gas servicing appointments – Derby Homes are aiming to increase the number of first time access visits for gas servicing. At the present time a considerable number of tenants require second and subsequent visits. Reducing the need for further visits will significantly reduce costs. All tenants are offered and given an AM/PM appointment. If the appointment is not convenient tenants can make contact to request an alternative date. Allowing access first time is therefore also necessary to qualify.

4.6 Consultation will be carried out with tenants utilising our online consultation process. Feedback from this will be made available for consideration by Cabinet prior to any final decision being made to implement the scheme. The final scheme will make provision to secure that any tenant who is incapable of meeting one or more of the qualifying criteria as a result of disability will not be disadvantaged.

<b>OTHER OPTIONS CONSIDERED</b>
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5.1 No scheme – this would have limited impact on accelerating the number of tenants on digital means and would slow the progress of efficiency savings.

5.2 A draw for eligible tenants. Derby Homes previously ran a draw each year for eligible tenants, but this was withdrawn as tenants felt that the rewards only benefited a few, were not achieving their goal of reducing arrears and would be allocated on a random basis rather than directly rewarding good tenants. The proposed scheme is clear that all tenants will benefit if they qualify.

**This report has been approved by the following officers:**

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Estates/Property officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	Olu Idowu – Head of Legal Services Amanda Fletcher – Head of Finance Liz Moore – Head of HR Jayne Sowerby-Warrington Maria Murphy – Managing Director of Derby Homes Ian Fullagar – Head of Housing Strategy
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<b>For more information contact:</b> <b>Background papers:</b> <b>List of appendices:</b>	Maria Murphy 01332 888522 maria.murphy@derbyhomes.org None Appendix 1 – Implications Appendix 2 – Equality Impact Assessment
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## IMPLICATIONS

### Financial and Value for Money

- 1.1 The estimated cost of the incentive scheme is £1m - £1.3m to the Housing Revenue Account if all tenants were eligible for the full reward over the two years. The likely cost is expected to be contained within £1m (over two years), but almost the full amount has been budgeted within the HRA business plan as the idea is to encourage tenants to change behaviour patterns. The cost would be a one off, spread over the two years and would enable Derby Homes to reduce management costs as result of increased digital communication, greater take up of lower cost payment methods, more gas service visits undertaken at first attempt and general improved tenancy management.
- 1.2 Derby Homes has already proposed savings of £200,000 a year into their management fee against housing management and customer service. This is already built into Derby Homes programme for delivery of new efficiencies. It is expected, therefore that the scheme should payback its cost to the overall housing management function, within around five to six years, while also encouraging and rewarding tenants who do the right thing on a regular basis.
- 1.3 The scheme will provide an opportunity for these savings to be delivered and potentially increased and improve general efficiencies within other areas. The proposal is also intended to assist with changes which will phase in with Universal Credit which will mean that all tenants will be required to manage and maintain payment routines themselves. All savings made will be reinvested to sustain and improve our services to tenants.

### Legal

- 2.1 Other than the need for Cabinet to have regard to the outcome of the consultation process prior to giving an unqualified approval, there are no legal issues arising from the proposal. It is understood that a further report will be presented to Cabinet seeking that approval once the consultation process has concluded and its outcomes have been analysed.

### Personnel

- 3.1 Implementation and management of the scheme will be contained within existing resources.

### IT

- 4.1 The implementation and management of the scheme will be within existing systems. The new customer dashboard forms part of the new housing management and maintenance system which is currently being procured.

### **Equalities Impact**

- 5.1 An equalities impact assessment has been completed and is attached.
- 5.2 The scheme will allow discretion to be applied where an individual tenant is unable to complete one or more components for reason of their disability, age or any other reason that might suggest discrimination against that tenant. This will not mean a blanket exemption from all criteria just those that the tenant is unable to complete.

### **Health and Safety**

- 6.1 None directly arising.

### **Environmental Sustainability**

- 7.1 Encouraging tenants to act responsibly and in accordance with the conditions of their tenancy will benefit the wider environment.

### **Property and Asset Management**

- 8.1 None directly arising.

### **Risk Management and Safeguarding**

- 9.1 Derby Homes Intensive Housing Management team will ensure that all vulnerable tenants will receive support to access services.

### **Corporate objectives and priorities for change**

- 10.1 This proposal will incentivise tenants to access services in an efficient and accessible way. Support will be provided for vulnerable tenants.