



*Supporting residents
with rent flexibility*

October 2022

What are we testing, and why?

- Many low income households use credit, often at high cost, to manage cash-flow pressures in the year. Many of those periods when they borrow are predictable (long school holidays, Christmas etc.)
- But the credit repayments can make it more difficult to afford rent and other essentials. Sometimes leading to rent arrears, which then incurs debt collection costs for landlords.
- By allowing residents to propose their own personalised schedules of rent payments over the year (paying less when money is tight, and slightly more when things are relatively easier) tenants could avoid the need to borrow using credit.
- This would save them money, and also improve the landlord-tenant relationship.
- When putting forwards their proposals, tenants could also be asked about their wider financial circumstances, and provided with additional support if required.
- The scheme could reduce rent arrears and debt collection costs.

How are we doing it?

- We have created a digital platform, which Housing Associations (Optivo & MTVH) can direct their residents to. After ID verification, the resident can create their personalised plan, answer our questionnaire, and submit this information for review by their Income Officer.
- The Income Officer either defer the resident to their Financial Support team for support, or approve this (on-line training programme provided, and platform makes a recommendation based on agreed criteria).
- The platform notifies the resident of the decision, and if the proposal is approved then reports on payments against the plan to the Housing Association on a monthly basis.
- Residents can submit new proposals during the course of the year if their circumstances change, which go through the same decision making process.

Optivo trial

- We have been running the trial with Optivo since Feb 2021.
 - Marketed to 8,200 eligible residents in total through to September 2022 (i.e., not full HB, no bedroom tax, arrears < 6 weeks, not on APA, no NISP)
 - Cold e-mail marketing, only one third open the e-mails.
 - Of those who do, 24% engaged (i.e., registered on the platform).
 - And, of those engaged, 36% have submitted proposals.
 - However, there has been an increase in the % being deferred for support since April 2022, when rents increased and residents were asked to submit new proposals.
 - Further marketing is taking place and the trial will be evaluated in December 2023.

Why don't people submit proposals?

- 60% of those engaged haven't yet submitted proposals.
- Phone survey and qualitative interviews highlight:
 - Affordability concerns, particularly since last April's rent increase.
 - Many appreciate the offer of flexibility and the peace of mind this provides, but haven't yet had cause to use it (although we have seen a recent tick up in proposals).
 - Some struggled to locate tenancy reference numbers or entered incorrect NINO's and 'got stuck' in registration.
 - The creation of proposals using the mobile phone may have been confusing for some residents.
- Actions in response
 - E-mail and text marketing "We're still here if you need us".
 - Closer monitoring of people getting stuck and offer of help to resolve issues.
 - Revised proposal creation process.

Experience of those who do submit

- “Easy to navigate, good design, I could see where I needed to go.”
- “Straight forward and easy to follow, and not too many questions.”
- “It’s an easier way for me to pay like this. It’s convenient, especially when there are moments that are difficult for me to pay my rent. Its a peace of mind knowing that I have the flexibility. It gives you some sort of a breather. The rent is not cheap.”
- Over 50% said that it had helped them improve their financial situation, that they were in greater control of their finances, and that it reduced their anxiety about rent payments. Their overall satisfaction with Optivo has improved as a result of the scheme.

Residents deferred for support

- Just under half of proposals are deferred and the resident is offered support. Outcomes from these referrals are being tracked by Optivo for the evaluation. They are also tracking possible savings through improved contacts with residents.
 - Two thirds had debts, and 15% of these described payments as a 'heavy burden', but 71%, 'sometimes struggle to keep up with repayments' and 15% constantly do so.
 - Only half said they had money left over after paying for essentials and credit each month, and about the same say they borrow money at least some months to meet essential costs. 45% 'never' put money aside as savings; 37% only save 'some months'.
 - Over one third of people reported budgeting problems (22% had a plan but found it hard to stick to, 14% had no plan).
 - A quarter reported that their incomes were likely to reduce in the next 3 months.
 - One in ten lacked essential items in their home.

Approved proposals

- What is FlexMyRent being used for?
 - To allow for expenses focused on specific points in the year, such as school uniforms in August-September and Christmas.
 - To afford to pay bills when they fluctuate.
 - To be able to put aside some savings.
- Payment performance is very good.
 - As at end of October, 100% of active flexers were on or ahead of plan.
 - On average they were ahead of plan by £542.
 - Of those who started with arrears on their account, these have reduced by about 10%.
 - Payment performance is now being tracked against a control group as part of the evaluation.

Stay in touch

- Visit the website <https://www.responsible-credit.org.uk/>
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