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FlexMyRent Evaluation Report

FlexMyRent Consortium

May 2024



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Executive summary

The FlexMyRent (FMR) scheme has been developed by the Centre for Responsible Credit and is delivered in partnership with HACT. The trial has been funded by JP Morgan Chase Foundation and the evaluation by Barrow Cadbury Trust (an independent charity using all its resources for social justice).

FMR provides social housing tenants the opportunity to personalise their rent payments over the course of a year: paying less rent at times when their finances are tight, and more when things are, relatively, less stressed. This evaluation reports the findings from a digital trial of the scheme with Southern Housing (formerly Optivo). Delivery of the trial began in February 2021, and the evaluation is based on data collected through to the end of March 2024. The evaluation assesses, the types of customers applying for FlexMyRent, how well the platform performed, and how participation in the scheme impacted tenants and landlords. In all analysis presented, it is necessary to take account of the cost-of-living crisis which affected both tenants and landlords during the trial period.

Key events in the development of the trial

The FMR platform went live in February 2021 and the scheme was initially marketed to 4,390 eligible residents (referred to as 'cohort 1' in this report). Despite challenges in tenant engagement, with only around one-third of tenants initially opening invitations, the platform saw 130 proposals accepted by October 2021. Issues such as incomplete ID verification and a request from the income team for proposals to take account of the need to pay rent in advance prompted some adjustments. These included removing National Insurance number requirements from the verification process and adding a 'savings target' feature to help residents end the year in credit on their accounts. Performance monitoring of accepted proposals revealed inconsistencies in proposal decision-making, leading to the development of an algorithm for risk assessment to help guide the Income Officer decision and streamline the process.

In April 2022 a rent and service charge increase prompted further platform adjustments and marketing efforts. Updates included automatically revising payment plans following rent increases, simplified proposal generation, and a mobile app launch in March 2023. As a response to the cost-of-living crisis, default 'savings targets' were also revised to zero.

By February 2024, 846 tenants had been engaged, 590 had passed through ID verification, and 359 had submitted proposals.

Who used FlexMyRent and how?

The demographic analysis of FMR users reveals a diverse pool, with 65% identifying as White, and significant representation from Black, Asian, and mixed ethnicities. Three-quarters of proposals came from females, with tenants typically aged 25 to 54. Most had children living with them and around half were single parent households. Employment status varied, with 33% not employed, 37% full-time, and 24% part-time. Those accepted were more likely to be in full-time employment.

Financially, most tenants faced significant pressure, with two-thirds having credit debts, and over half borrowing for essential spending. Many reported struggles with debt repayment and essential spending - with 54% never saving - leading to stress or anxiety for 74%.

That said, acceptance onto the scheme correlated with lower debt burdens, better financial management, and less stress. Cohort analysis showed tighter acceptance criteria post-March 2022, with the second cohort having lower debt and higher acceptance rates.

How well did the platform perform?

The FMR scheme successfully adapted to challenges during the trial period, through iterative improvements and changes in approach that improved overall plan performance. The appropriate feedback loops are in place for the FMR scheme and there is the agility to adapt to unforeseen circumstances in future.

The platform's functionality allowed for successful proposal submission that most found easy to complete. Although some tenants initially encountered difficulties with ID verification and navigation these have since been resolved. Recommendations for further improvement for customers mainly focused on streamlining the questionnaire which tenants completed at the point of submitting their proposals and which was used in the risk assessment process and to identify possible support needs. Once proposals were submitted Income Officers generally found decision-making straightforward but faced challenges due to manual tasks and IT issues, leading to delays. Recommendations for improvement from Income Officers include revising eligibility criteria and improving communication channels.

Impacts

The FMR scheme has demonstrated positive impacts on tenants' financial management and satisfaction levels. Telephone surveys revealed that FMR reduced rent payment anxiety for 67% of tenants, while 64% reported better spending management. Moreover, 52% felt increased financial control since joining the program. Qualitative interviews echoed these sentiments, highlighting improved financial comfort and the ability to afford necessities like essential food or energy expenditure or purchasing new white goods.

Quantitative analysis of plan success rates was also conducted. Cases were considered to be a ‘complete success’ if they concluded with the tenant’s rent account balance either at zero or in credit and a ‘partial success’ if they concluded with a lower level of arrears than their starting balance. FMR participants typically experienced success rates of over 56%, with 45% achieving complete success and 11% partial success. The analysis suggests that success rates may improve with longer participation, with 60% of second cohort plans succeeding, and active plans on track 90% of the time. However, overall 44% of plans were unsuccessful, showing an increase in arrears. The aggregate outstanding balance across the unsuccessful plans outweighed the positive impact of successful plans for the landlord.

Given the cost-of-living crisis (where arrears were rising generally) this does not provide conclusive evidence whether it is involvement in FMR that might increase rent arrears, or wider external factors. Comparisons with a matched non-participant group were therefore undertaken. Although there are some caveats associated with sample sizes and ability to provide a pure comparison, this analysis shows that FMR participation has had no material impact on rent arrears.

Conclusion

It is our recommendation that there is a benefit to scaling up FMR. There have been valuable lessons learned which will improve administration in future trials. The digital platform is working well and easy to use. Most tenants have positive attitudes towards the scheme and experienced positive outcomes, adding to the evidence base from earlier trials. The comparator analysis of rent balances, viewed alongside the financial pressures faced by people during the trial period, indicate FMR has not had a negative impact on arrears.

1 Introduction

The FlexMyRent (FMR) scheme has been developed by the Centre for Responsible Credit and is delivered in partnership with HACT. It provides selected social housing tenants with the opportunity to personalise their rent payments over the course of a year: paying less rent at times when their finances are tight, and more when things are, relatively, less stressed. This evaluation reports the findings from a digital trial of the scheme with Southern Housing (formerly Optivo).[1] Delivery of the trial began in February 2021, and the evaluation is based on data collected through to the end of March 2024.The trial has been funded by JP Morgan Chase Foundation and the evaluation by Barrow Cadbury Trust. The Barrow Cadbury Trust is an independent charity using all its resources for social justice.

Development of FMR

Rationale

Many low-income households struggle with cash-flow management. Because budgets are tight and there is a lack of savings to fall back on, relatively small mismatches in income and expenditure flows can result in difficulties paying for food and other essentials, including rent and other household bills. Previous research[2] indicates that many of the times in the year when cash flow problems occur are reasonably predictable, especially for households containing children.[3] However, income volatility is also an increasing problem.[4]

When faced with a cash-flow crisis, low-income households have a choice between borrowing (often at high interest rates), falling behind with household bill payments (including rent), cutting back on essential spending, or a combination of the three. These actions can result in negative welfare impacts, including with respect to mental health. Taking out credit places budgets under further pressure moving forwards, whilst missed bill payments can create stress and anxiety and incur additional costs for service providers, including landlords.

In addition, low-income households are often difficult to engage with when they are experiencing financial problems. Attempts to contact tenants who have missed rent payments can be difficult, with outbound contacts often ignored.

FlexMyRent offers greater flexibility with rent payments. By offering flexibility in a structured manner, it seeks to encourage residents to disclose their financial outlook for the year ahead to their landlord. Tenants and their landlords are then able to agree a personalised rent payment plan, whilst landlords can also assess what other forms of support can be provided to those who are experiencing financial difficulties.

[1] Optivo merged with Southern Housing Group to become Southern Housing in a process which started in March 2022

[2] Gibbons, D., McCallum, A., & Murphy. H. (2016). 'Improving the financial health of low-income groups'. Centre for Responsible Credit.

[3] For example, parents may be under pressure to spend more at Christmas, and experience increased costs of looking after children during the summer holidays. Back to school costs are also apparent in September. More generally, low-income households paying for energy through prepayment meters will face higher costs during the winter. In other cases, the timing of expenditure pressure is more personalised: for example, falling when cars are due for their MOT's.

[4] For example, with respect to workers in the 'gig' economy.

Initial 'non-digital' pilot

An earlier, non-digital, pilot of the scheme (branded as Rent-flex) was conducted with Optivo between 2017 and 2019. This was delivered to fifty-nine financially strained working-age tenants in London and the Southeast. The results from this were generally positive:[5]

- Around half the tenants improved their rent payment performance, by an average of £110.
- Tenants engaging with the scheme were also helped to access around £70,000 of additional financial support by Optivo's 'Money Matters' team.
- There were also improvements in the landlord/tenant relationship, reflected in greater in-bound contact when tenants experienced financial difficulties during the year.

However, the pilot also identified a risk of elevating rent arrears for tenants who under-paid early in their plans and who subsequently experienced a negative income shock (e.g., following the loss of employment).

The pilot highlighted the need for a subsequent, expanded, trial to explore how to improve risk assessment processes; provide opportunities for tenants to adjust their payment plans within the year, and ensure tailored assistance was available to those experiencing problems.

Non-digital delivery was also felt to be too costly to scale up as it required each tenant to be interviewed by a member of staff prior to admission to the scheme. It was therefore recommended that a digital product be developed and tested instead.

Trial period: summary of key events

A digital platform to deliver the trial was developed by the Centre for Responsible Credit in 2020 (box 1, below).

Box 1: The FlexMyRent Digital Platform

The FMR platform is hosted on UK servers by Amazon Web Services. It enables landlords to provide a daily upload of eligible tenant rent account data; for invited tenants to register for the scheme, verify their ID, review their rent and service charge details, and develop a payment proposal for the 12 months ahead.

At the time of creating their proposals, tenants also complete a brief questionnaire concerning their wider financial circumstances. This is used to identify their support needs and aids risk assessment. It also provides demographic information for reporting purposes.

Tenants submit their proposals, including their answers to the questionnaire, by providing consent for these to be shared with their landlord. The platform then notifies the tenant's Income Officer of this by e-mail, and these can then log into the platform to review the proposal and make a decision. A service standard of making a decision on proposals within 5 working days was adopted.

The platform then notifies the tenant of the outcome by e-mail.

[5] Gibbons, D., (2019) 'Final Evaluation of the Supported Rent-Flex Pilot'. Centre for Responsible Credit

- If the proposal has been accepted and the tenant has indicated that they wish to pay by Direct Debit, then the Income Officer needs to set these up to reflect the approved plan.

- If the proposal has not been accepted[6], the e-mail to the tenant signposts them to support offered by the landlord. Income Officers are also expected[7] to make an in-house referral to Southern Housing's Financial Inclusion team so that they can make contact and offer support.

Once registered on the platform, tenants can submit new proposals at any time. They also have access to a dashboard with details of all proposals they have created, and the decisions made. Tenants with active proposals also receive a monthly e-mail advising them of their performance against their plans and offering support if payments are falling behind.

A dashboard is also made available to the landlord's Income team, allowing these to search for tenants, identify any outstanding proposals, make decisions, and, if necessary, to suspend tenants from the scheme.

Finally, the platform also provides a monthly summary of performance against plans for active tenants. This is created as an export to Microsoft Power BI and distributed to Income and Financial Inclusion team leaders.

The platform went live in February 2021 and the scheme was initially marketed to 4,390 eligible residents (referred to as 'cohort 1' in this report). These were 'General needs' tenants[8] who were:

- Not on full Housing Benefit, being paid directly to the landlord.
- Not subject to the 'bedroom tax'[9].
- In less than 6 weeks of arrears.
- Not on Alternative Payment Arrangement via Universal Credit and,
- Without an outstanding Notice of Intention to Seek Possession.

E-mail campaigns were sent by Southern Housing on a rolling basis to tenants throughout the Summer of 2021. However, the results were disappointing with subsequent analysis indicating that only around one third of tenants (1,450) opened the invitation or reminder e-mails sent.

[6] It should be noted that declined proposals are termed 'deferrals' in communications to tenants, to avoid the harder term of a 'decline'. The terminology indicates to the tenant that a conversation with their landlord remains open to them and that, following support, they may still be able to access the scheme.
[7] An online training programme was developed by Centre for Responsible Credit for Income Officers which guides these through how the platform operates, and which clarifies the subsequent actions to be taken when a proposal is accepted or deferred.
[8] General needs tenants are those who are able to live independently without any special housing or support requirements.
[9] The bedroom tax is formally known as the under-occupancy charge. It is a UK policy that reduces housing benefits for working-age tenants with spare bedrooms in social housing.

Nevertheless, by October 2021, 512 tenants (35% of those opening their e-mails) had started the registration process on the platform: 318 of these had successfully passed ID verification checks; 202 had submitted proposals, and 130 of these had been accepted.

Two-thirds of tenants failing to pass the ID verification checks had either failed to enter their tenancy reference number or had done so incorrectly. Discussions were held with Southern Housing to try to resolve this issue by including the tenancy reference number within future invitation e-mails, but this was not possible due to data protection concerns. Other barriers included the initial need for tenants to provide National Insurance numbers as part of the verification process, and this was subsequently removed from the process.

Feedback on the initial set of proposals was also sought at this time from Southern Housing. This revealed a concern from the Income Team that the plans being generated did not include an amount to cover the legal requirement for tenants to pay their rent in advance. To address this, it was agreed to provide an opportunity for tenants to add a 'savings target' to their plans, with the default amount set to the equivalent of one month's rent and service charges.

Performance monitoring for cohort one took place through to February 2022, by which time the number of residents successfully having passed ID verification had risen slightly but fourteen tenants had needed to be suspended from the scheme due to payment difficulties.

This prompted a review, which identified inconsistencies in Income Officer decision-making. For example, several tenants with high levels of pre-existing arrears had been admitted to the scheme. Responding to this, the financial circumstances questionnaire was revised, and the platform incorporated an algorithm to risk assess these together with starting balances and the details of the plan itself. This enabled the platform to make a recommended a decision to Income Officers from March 2022 onwards.

Effect of the April 2022 increase in rent and service charges

Participation in the scheme, and subsequent platform development, was also impacted by a rent and service charge increase in April 2022. The initial approach taken was to expire existing plans and re-invite residents to submit new ones, based on their new annual liability. At the time, this was preferred to an automatic updating of existing plans. It provided an opportunity for tenants to complete an updated questionnaire about their financial circumstances, which could help Southern Housing to identify tenants likely to struggle with the increase. It also provided an opportunity to test the platform's new risk assessment process, 'savings target', and recommended decision functionalities.

Direct e-mail campaigns were sent by the Centre for Responsible Credit to encourage registered tenants to return to the platform and create new proposals. These had good open rates of around three-quarters, but despite this the number of proposals generated was low. By the end of May, only 60 proposals had been received, with just under half (27) of these being approved. Feedback from some residents at this time indicated that they felt rent levels were becoming unaffordable, which deterred them from submitting proposals.

Activities post April 2022

Further marketing activity was conducted in the Summer of 2022, including e-mails from Southern and campaigns run by Centre for Responsible Credit. The latter included e-mails to residents who had successfully cleared ID verification but who were yet to submit a proposal.

Further amendments were also made to the platform in response to the experience of the April 2022 rent increase, and following feedback from customers and staff within Southern Housing (see chapter 3, below). These included:

- Automatically updating existing plans following future rent increases.
- Sending automatic reminders to residents who had started to register on the platform but not completed this.
- Sending automatic reminders to residents who had started to create plans but had not yet submitted these.
- Simplifying the proposal generation process.
- Sending e-mails to tenants with active plans at the start of each month reminding them of their agreed payments, and
- Creating a mobile phone app.

As a response to the cost-of-living crisis, it was also agreed to revise the approach to the 'savings target'. The default for this was set to zero, although residents could increase this if desired.

These changes were implemented between November 2022 and January 2023, except for the mobile phone app which went live in March 2023.

By February 2024, these changes - combined with an expansion of the number of invited tenants to around 14,000, and further marketing efforts over the Summer of 2023 (including the use of text messages) - resulted in a growth in both levels of engagement and active users (table 1, below). As at the end of the month, 846 tenants had engaged with the platform: 590 had cleared ID verification, and 359 had submitted proposals.

Table 1: Onboarding numbers over the trial period

	Oct-21	Feb-22	Sep-22	Mar-23	Sep-23	Feb-24	**Overall % increase**
Engaged	512	536	627	627	785	846	**65.2**
Confirmed ID	318	331	414	421	541	590	**85.5**
% of engaged	*62.1*	*61.8*	*66.0*	*67.1*	*68.9*	*69.7*	
Of which:							
Submitted proposals	202	209	250	272	344	358	**77.2**

Whilst the number of tenants engaged has increased, it should be noted that the percentage of all invited tenants doing so remains very low at around 6%. This rises to around 18% of those who opened their invitation e-mails.

External factors affecting the trial

In addition to changes to the platform's functionality, it is necessary to take account of external factors - affecting both tenants and landlords - during the trial period.

Since 2021, social housing tenants have been severely impacted by the cost-of-living crisis. The costs of housing, energy, and food all rose sharply, and many tenants have struggled to make ends meet. A

survey of 5,231 social housing residents, reported by the Chartered Institute of Housing and undertaken between late March and early May 2022 found that[10]:

- 68% of social housing residents were worried about being able to meet normal monthly living expenses all or most of the time.
- Over half (56%) didn't know that help or support would be available to them if they faced a financial struggle.
- Over half (53%) had used credit or buy-now-pay-later services to cover their monthly household essential needs. 38% of those used these services often.
- Almost 9 in 10 people under 35 were currently using or considering using buy-now pay-later services or credit to pay for essential household costs.
- 82% of under-35s reported being worried all or most of the time about meeting normal monthly living expenses.

"A core theme that emerged was that there is nothing more to cut; many indicated that they were living on shoestring budgets to begin with. For many, this is not an instance of forgoing holidays, trips out with the family or self-proclaimed luxuries. Instead, it's applying pressure to already barebones living."

Chartered Institute of Housing, July 2022.

These pressures increased the prevalence of rent arrears. The number of social housing tenants falling into arrears increased during the trial period, with many tenants falling into debt for the first time.[11]

In addition to the challenge of collecting the rent, landlords are facing what Mobysoft recently described as a 'perfect storm' of political scrutiny, reputational threats, and a growing list of responsibilities that are stretching the social housing sector to its limits.[12] In response, many providers have been seeking to reduce overheads. In the case of the trial partner, Optivo, this included merging with Southern Housing Group to form Southern Housing. Improving the financial resilience of the organisation was cited as a key reason for the merger.[13]

About the evaluation

A theory of change was developed for the digital trial (appendix 1) which articulated the expected outcomes; how these could be created and how resources would need to be invested to secure these. Drawing from the theory, we developed a set of research questions covering both process and impact (table 2, below).

[10] Chartered institute of Housing (2022), How the cost of living crisis is impacting social housing tenants. Can be accessed at: https://www.cih.org/news/how-the-cost-of-living-crisis-is-impacting-social-housing-tenants
[11] In 2022 there were 7.4%* more tenants experiencing first time arrears compared to 2021. Almost two thirds (60%) of housing associations said the arrears situation in 2022 was worse than five years beforehand and 66% say they are seeing more late payments now than they did during the Covid pandemic.
[12] Mobysoft (2023), Balancing Act: Future-Proofing Social Housing. Can be accessed at: https://www.mobysoft.com/resources/guides/balancing-act-future-proofing-social-housing-report/
[13] Southern Housing (2022), OPTIVO AND SOUTHERN HOUSING GROUP MERGER COMPLETED. Can be accessed at: https://www.southernhousing.org.uk/latest-news/2022/optivo-and-southern-housing-group-merger-completed

Table 2: Research questions

Process	• Who used FlexMyRent and how?
	• How well has the scheme performed against its objectives?
	  • To enable tenants to create their proposals and submit these to their Income Officers.
	  • To enable Income Officers to make decisions on the proposals that they receive.
	  • To communicate effectively with tenants, including with respect to decisions on their proposals and by encouraging those with active plans to submit new proposals if their circumstances have changed.
	  • To deliver support to those whose proposals have been 'deferred'.
	  • To enable the monitoring of payment performance and aid reporting to project partners.

Impact	• Has FMR helped tenants to better manage their finances, and if so, how? • Has FMR increased tenant satisfaction with the landlord? • What has the impact been on rent payment?

Data Sources

We have conducted primary research with tenants and staff and analysed rent account balance information and details of tenant proposals from the FMR platform. The data sources are set out in table 3 on the following two pages and are referenced throughout the report when data is presented from each.

Table 3 Data sources

Source	Sub sources	Dates	Audience	Base
Southern Housing e-mail campaign reports	Open rates of marketing communications	Feb 2021 – Feb 2024	All invited tenants	14,678
FlexMyRent Platform data	Rent account balance information	Feb 2021 – Feb 2024	Sub-groups of: Tenants accepted onto the scheme Tenants who submitted proposals but were not accepted Tenants who started to draft proposals but did not submit them	 217 141 220
	Tenant proposals, including answers to the support needs questionnaires and comments made by residents when submitting their proposals	Feb 2021 – Feb 2024	All tenants submitting proposals	358
	Monthly feedback surveys	Feb 2021 – Feb 2024	Tenant with active plans responding to the survey	33

Telephone surveys with customers	Wave 1	Oct 2021	Drawn from a mixture of tenants with active plans, those whose proposals had been deferred, and those registered on the platform but who had not yet submitted.	35
	Wave 2	June 2022	As for Wave 1.	25
Qualitative interviews with customers	Wave 1	Oct 2022	Active flexers	5
	Wave 2	June - July 2023	Active flexers	4
	Wave 3	Sept -Nov 2023	Deferred, expired, and new customers	13
Workshop with Southern Housing staff		Dec 2023	Southern Housing staff	2-hour workshop (5 staff members)
Staff survey of Southern Housing staff		Jan – Mar 2024	Southern Housing staff	14
Summary of Financial Inclusion team support activities		June – November 2023	Deferral support	18

2 Who used FlexMyRent and how?

This chapter reports the demographic characteristics of tenants submitting proposals; the levels of financial pressure they faced, and their experiences of using the scheme.

In total there were 584 proposals submitted by 358 tenants (an average of 1.63). In some cases, there were changes to household composition and financial pressures over the duration of the trial. We comment on this later with respect to the impact that this appears to have had on payment performance. However, for the purposes of simplifying the demographic analysis we have focused on the first proposal that tenants submitted.

Demographic profile

FMR attracted a diverse pool of tenants. Although the majority (65%) identify as White, just under one-third identify as Black, African, Black British, or Caribbean (28%) and a further 6% were tenants equally spread across the Asian/ Asian British community and with mixed or multiple ethnicities.

Over three quarters of proposals were submitted by females (76%), and tenants were typically aged between 25 and 54 (table 4, below). Around half of all tenants are single parents (49%), and after taking account of couple households, most tenants (72%) have children living with them.

Table 4 Age profile

	Total
Under 25	2%
25 to 34	25%
35 to 44	28%
45 to 54	26%
55 to 64	17%
65 plus	2%
Base	358

Source: FlexMyRent proposal data

There was a fairly even split between those in not in employment (33%), those in full time employment (37%), and those in part time employment (24%). The remaining 6% were self-employed.

It should be noted that those accepted onto the programme were more likely to be in full time employment (41%) compared to those who were not (30%) although there is still a representation of all types of employment status in both groups (table 5, below).

Table 5 Employment status, by whether accepted onto scheme

	Never accepted	Accepted	Total
Not in employment	40%	29%	33%
Full-time employment	30%*	41%*	37%
Part-time employment	27%	22%	24%
Self-employment	4%	8%	6%
Base	141	217	358

Source: FlexMyRent proposal data. Asterisk indicates significant difference between subgroups.

Though most were in single person households, those in couples were also asked to report their partner's employment status. This revealed that just over one quarter of tenants (27%) were living in households where neither they nor their partner were in employment.

This was contributed to by the high prevalence of long-term health conditions and disabilities. Exactly half of all households contained someone in this position. For those with no-one in employment, this rose to nearly three-quarters (72%). However, neither the absence of employment in the household nor the prevalence of long-term health conditions and disabilities impacted the likelihood of a proposal being accepted.

Profile of customer finances and wellbeing

The financial pressures reported by tenants in their first proposal indicates that most were struggling to repay debts, or borrowing for essential spending, and that many were cutting back on essential spending (table 6, below).

- Two-thirds of tenants reported credit debts. Most of these (81%) felt that paying back their debt was a burden and reported they had struggled to make repayments in the past three months. A fifth struggled to make repayments every month.

- Over half were borrowing for essential spending at least some of the time (51%) while nearly one third (30%) were cutting back their essential spending every month.

- The majority (54%) never save. Their financial goals primarily revolved around paying off arrears (40%) and starting to save (32%). Almost three quarters (74%) agreed that their financial situation makes them stressed, anxious, or depressed.

Table 6 Financial pressures, by whether accepted (selected indicators)

Question topic	Answer options	Never accepted	Accepted	Total
Credit debt status	No credit debts	28%	38%	34%
	Has credit debts	72%*	62%*	66%
Whether struggle to repay credit debt	Doesn't struggle	12%	16%	15%
	Sometimes struggles	57%	72%	65%
	Struggles every month	31%*	12%*	20%
Whether money is left over at the end of the month after essential spending	Never	36%*	19%*	26%
	Sometimes	48%	68%	60%
	Always	16%	13%	14%
Whether cut back on essential spending	Never	16%	23%	21%
	Sometimes	43%	53%	49%
	Every month	41%*	23%*	30%
Borrowing habits for essential spending	Never borrows	40%	54%	49%
	Sometimes borrows	41%	40%	40%
	Always borrows	19%*	6%*	11%
Savings habits	Never saves	60%*	49%*	54%
	Saves some months	34%	42%	39%
	Saves every month	6%	9%	8%
Dis/agree finances cause stress, anxiety, or depression	Disagrees	24%	29%	27%
	Tends to agree	36%	45%	42%
	Strongly agrees	40%*	26%*	32%
Base		141	217	358

Source: FlexMyRent proposal data. Asterisk indicates significant difference between subgroups.

As can be seen from table 6, the extent of financial pressures had a bearing on whether tenants were accepted onto the scheme. Of the 358 tenants who submitted proposals, 217 (60%) were accepted.

- Accepted were less likely to have debts (62%) compared to those never accepted (72%)
- Accepted were less likely to say they never had money left over at the end of the month (19%) compared to those never accepted (36%)

- Accepted were less likely to say they never save (49%) compared to those never accepted (60%)
- Accepted were less likely to have said they constantly struggled to repay debts (12%) compared to those never accepted (31%)
- Accepted were less likely to be struggling to pay for essentials every month (19%) compared to those never accepted (36%)
- Accepted were less likely to strongly agree that finances make them stressed, anxious, or depressed (26%) compared to those never accepted (40%)

In addition to these factors, accepted tenants were more likely to have lower starting balances (median start balance of £46 in arrears compared to £239 in arrears for those never accepted).

Accepted tenants: differences between cohorts

As risk assessment processes were tightened in March 2022, this had a bearing on both the acceptance rate and the profile of tenants accepted onto the scheme after that point.

- Cohort one (onboarded before March 2022) comprised 217 tenants of which 153 (70%) were accepted.
- Cohort two (onboarded after March 2022) comprised 141 tenants, of which 64 (45%) were accepted.

Tenants in cohort two had lower starting balances, were less likely to have credit debts, and less likely to be cutting back on essential spending every month than those in cohort one (table 7, below).

Table 7 Differences in financial pressure, tenants accepted onto FMR by cohort

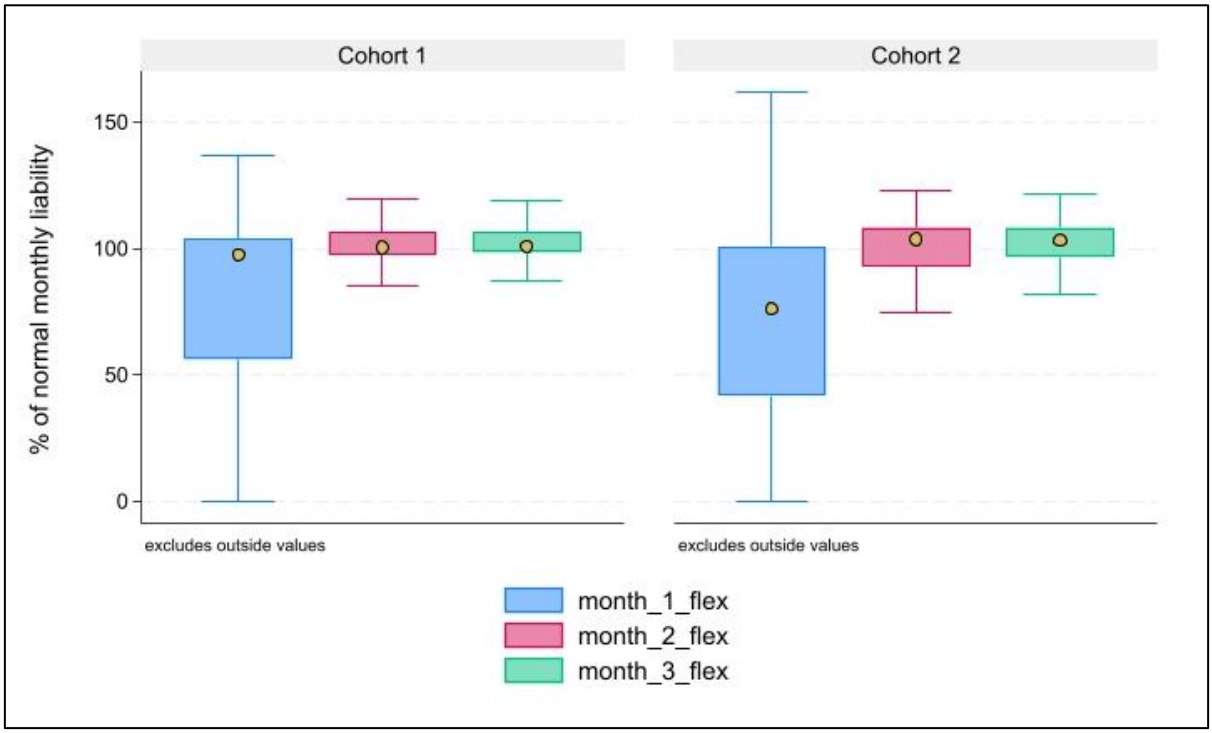
	Cohort		
	1 – pre-March 2022	2 – post March 2022	Total
N	153 (70.5%)	64 (29.5%)	217 (100%)
Start balance (median)	£89	£17	£46
Never cuts back essential spending	17.7%	36.5%	23.3%
Cuts back on essentials every month	26.5%	15.9%	23.3%
No credit debts	31.3%	54%	38.1%

Source: FlexMyRent platform, 217 accepted proposals

Analysis of flex requests

Proposals typically requested early underpayments of rent within the first month of their plan, with repayments then fairly evenly split over the subsequent months of the year. The median contractual liability for rent was around £600 per month. However, there was some variation in the amounts of flex requested, both within and between the two different cohorts (figure 1, below).

Figure 1 Boxplot, approved payments in months 1 to 3 (median shown by circle), by cohort



Source: FlexMyRent platform, 217 accepted proposals

Although reporting fewer financial pressures in their applications, tenants in cohort two were typically approved for more flex in the first month of their plans.

Half of these tenants were approved for payments of less than 76% of their normal rent liability at the start of their plans, and a quarter were approved for payments of less than half (roughly equivalent to £300). However, some plans contained no flex at all, being proposals to repay pre-existing arrears in even instalments, whilst a quarter of all approved plans (regardless of cohort) were from tenants wishing to overpay on their rent initially in order to reduce payments later on in the year.

Typologies of use

Qualitative interviews with tenants whose plans had been accepted revealed three broad typologies of how customers flexed their rent and what they used the money for (table 8, below).

Table 8 Typology of FMR uses

Typology	Explanation
Planners	This group of customers used FMR as expected: planning their year and using the flex to help them through predictable financial pinch points. These tenants often overpaid in the first few months of their plans. “[September is] the most difficult month for me because it comes on the back of the summer holidays, so I usually spend more in the summer and September is the time of the bills, all the bills are due.”

	Qualitative Interviews Wave 3, Oct 2023 What I planned was to pay a lot one month then pay less the other month. Like a "high month" then a "low month". It helps, because I will have a bit more extra money to buy a bit more food, more clothing, and stuff for my house." **Qualitative Interviews Wave 2, June 2021** "[I] always do it every year, always pay extra so I don't have to make a monthly payment in December." **Quantitative Telephone Wave 1, Oct 2021**
Unexpected bills	This group of customers used FMR to pay an unexpected bill, such as for repairs and often submitted a plan when this need arose, underpaying on their rent in the first month. "That bit of leeway, that month where you are maybe experiencing bigger bills, or appliances that had broken down. It just gave me that extra bit of leeway where I weren't panicking about money, and when I pay it back, the other months, you don't notice it as much." **Qualitative Interviews Wave 1, Oct 2022**
Variable incomes	Some customers had variable incomes, for instance due to having commissions-based jobs or because they did seasonal work. FMR allowed them to flex rent payments to take account of this. "Throughout the year, the money [I receive] is variable. It all equates to the same at the end, but some months I get more money." **Quantitative Telephone Wave 1, Oct 2021** "If your finances are like mine, where sometimes I would have more money than others, it absolutely makes sense. And the fact that you can change it as well, if things change for the better or worse." **Qualitative Interviews Wave 2, June 2023**

Finally, some customers who had not yet submitted a proposal told us that they had registered to provide them with another potential option to cope with possible problems in the future.

"It's a peace of mind knowing that I have the flexibility. It gives you some sort of a breather. The rent is not cheap."

Quantitative Telephone Wave 2, Oct 2021

3 Process Evaluation: Findings

In this chapter we report our fundings with respect to how well the scheme has delivered against its objectives to:

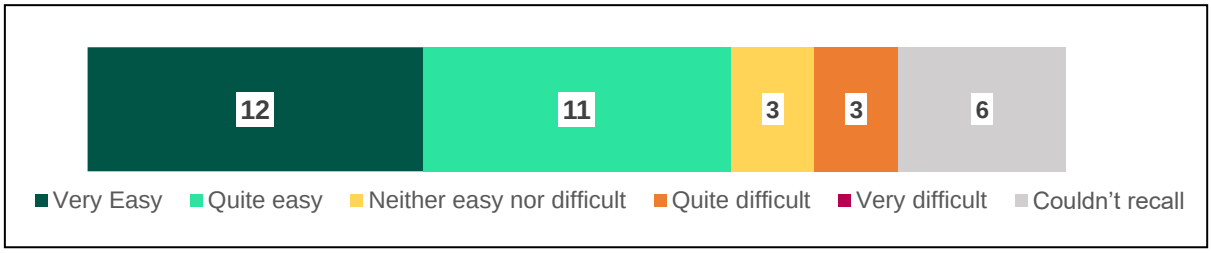
- Enable tenants to create their proposals and submit these to their Income Officers.
- Enable Income Officers to make decisions on the proposals that they receive.
- Communicate effectively with tenants, including with respect to decisions on their proposals and by encouraging those with active plans to submit new proposals if their circumstances have changed.
- Deliver support to those whose proposals have been 'deferred'.

Creating and submitting proposals

To enable invited tenants to create their proposals, the platform needs to receive details of their ID, and regularly updated information with respect to contractual liabilities, Housing Benefit receipts and rent account balances from Southern Housing. This information is provided by Southern Housing daily via an automated CSV file upload to the platform. Despite some initial teething problems, all partners report that this is working well.

Our telephone interviews indicate that most customers found the platform easy to use (figure 2, below). Over three quarters (79%) of those surveyed in the initial two waves of phone interviews told us this, while a further 10% were neutral.

Figure 2 Ease of use of the platform



Source: Wave 1 and Wave 2 telephone surveys. Base: 45.

Tenants in the qualitative interviews also told us they felt confident in using the platform, both with respect to creating and submitting proposals and when checking on the details of their approved plans.

"I thought it was really good, really easy to use, quick...I like the layout, the colours, everything."

Qualitative Interviews Wave 3, Sept 2023

"It was very straightforward, I looked at the payments and how they were spread out every 12 months. Didn't take very long which is very helpful".

Qualitative Interviews Wave 1, Nov 2022

"It shows you month by month what you need to pay back, so that was quite helpful because you know exactly how much you had to pay. The process was quite easy and straightforward to be honest."

Qualitative Interviews Wave 1, Oct 2022

Three tenants in the phone surveys did, however, report some difficulties. These referred to issues with ID verification (discussed in chapter 2 above) with some unaware of where to find their tenancy reference number. Our qualitative interviews also highlighted concerns about tenants with a general lack of computer skills:

“I'm speaking on behalf of my neighbour because she really struggles with filling the form in. [It should be] more technical friendly for people who weren't very good with the computer. If Southern Housing did like a workshop, where tenants who are not very technical can come in and set it up in a workshop, that would be helpful.”

Qualitative Interviews Wave 3, Oct 2023

We also identified a specific frustration with having to complete the platform’s questionnaire each time a new proposal was created. Some qualitative respondents felt that, because their circumstances had not changed, it would be better to have the previous answers auto-filled into the new proposal.

“You should just confirm that you live at this address and confirm who you are...I mean, my living situation with the kids and that hasn't changed. So realistically, why do we need to go through those questions? All I want to be able to do is say, right. I want to pay you £100 more this month, £20 less that month… Honestly, that's part of the reason why I haven't actually touched the proposal this year, because I find it really infuriating answering all those questions. I can't be bothered.”

Qualitative Interviews Wave 2, June 2023

We also asked customers to think about ways in which the platform could be improved. Some suggested that it would be helpful for it to include more information, such as upcoming rent changes, or the total amount of rent that had been paid in the year. They also felt there could be more integration with their Southern Housing’s existing customer portal.[14]

“I know that Flex My Rent is different to Southern Housing, but it would be nice to see it all on the one page...or one App…it would be beneficial to see everything together...You have to log into one portal for Flex My Rent and then to a different portal for Southern Housing..."

Qualitative Interviews Wave 3, 9 Nov 2023

Smartphone app

In the second and third waves of qualitative interviews, customers were also asked to provide feedback about the FMR mobile phone app that was launched in March 2023. Most customers we interviewed had not heard of this, and felt it should have been publicised more, such as through their provider’s monthly email newsletters. They felt it would be useful as they were more likely to access the platform through an app than by using a browser on their phone or laptop.

[14] Southern Housing customers have a customer portal where they can manage their account balance, make payments, review statements, report repairs, and update household information.

“I would probably use the app more than going on the website”.

Qualitative Interviews Wave 3, 22 Sept 2023

"If I was to use it again then the App would make more sense…it is just easier access…"

Qualitative Interviews Wave 3, 27 Sept 2023

The savings target

Views concerning the introduction of the ‘savings target’ were mixed. We interviewed five customers with approved plans in place following the April 2022 rent increase about this. Two of these liked the idea of a ‘savings target’.

“I mean if they are trying to help people to save and stuff and have a buffer there, I think it is a good idea."

Qualitative Interviews Wave 1, October 2022

However, three had reduced the target, including by setting this to nil within their plans. These tenants preferred to place any savings into their own bank accounts.

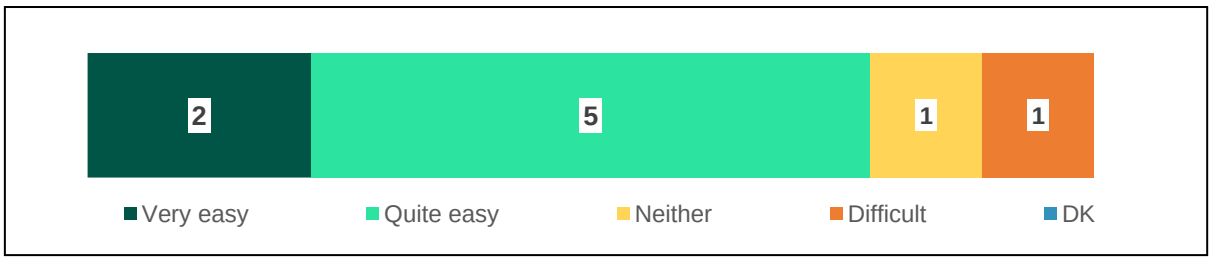
“I don’t want it [savings each month] to be held in any sort of rent account, I'd rather it be in my bank.”

Qualitative Interviews Wave 1, October 2022

Aiding Income Officer decision-making

Our survey of Southern Housing staff indicates most of those making decisions on proposals found this easy to do so, with only one member of staff having any trouble (figure 3, below) and this related to an incorrect upload of rent account information by Southern Housing rather than any problem with the platform itself.

Figure 3 Income officer ease of making decisions on proposals



Southern Housing Staff Survey. Base: 11.

However, some Income Officers also reported that the process of making decisions and undertaking the required follow-up actions could be burdensome, for example when they had to manually reschedule Direct Debits to match the agreed plans.

Income Officers also reported problems with their own IT. For a period following the merger between Optivo and Southern Housing Group the automatic notifications that the platform sends out to Income Officers when a proposal has been submitted were filtered out by Southern’s IT. This led to delays in Income Officers becoming aware of the need to review proposals and make decisions. This meant that the agreed service standard for making decisions within five working days was often exceeded.

The need to make decisions within five working days arises because Southern Housing charges weekly rents, and the rent account balances of tenants change every Monday, when the new weeks' liability is added to the account. This means that rent account balance information contained in proposals can go out of date very quickly – especially if the tenant submits a proposal towards the end of the week.

In some cases, Income Officers also wanted to talk to the tenant before making a decision on their proposals, but by the time they had been able to make contact, the information contained within it was out of date and tenants had to be asked to submit new ones.

The weekly charging of rents therefore constrains the opportunities to place a proposal "on hold" and engage with residents about their proposals.

"A couple of officers did actually say…they need to have a discussion with the resident to clarify or talk through the application. They're not able to get hold of them, you know? Try a couple of times in a week and then they're being chased to deal with that and that application. So that left with no choice really, but to defer it."

Workshop with Southern Housing Staff, December 2023

Officers also noted that there was only a binary option for them to either accept or defer a proposal after which they were expected to make a referral to the Financial Inclusion Team. In some cases, Income Officers would like an option to reflect that FMR was not needed as they had identified an alternative solution. This included when customers had existing credit balances on their accounts which could be rebated.

Staff in the workshop also indicated that it would be good to streamline the questionnaire that tenants submitted with their proposals.

"We've got quite a lot of questions which effectively give us the same information, and that information isn't necessarily the information which Income Officers find or seem to find particularly helpful in terms of making a decision or not doesn't particularly influence their decisions, and neither does it particularly predict success."

Staff workshop attendee, Dec 2023

Eligibility

A further issue arose concerning the eligibility criteria. Although invited tenants all met the criteria when they were initially invited to join the scheme, the position of some changed over time. This meant that in some cases – by the time proposals were submitted – the tenant no longer met the criteria. This led to some confusion for Income Officers who felt that the scheme was being offered to people that were unsuitable for it. This may also be confusing for some customers, who believe they are eligible when submitting a proposal only to find that they are not.

In other cases, Income Officers felt that the criteria itself should be revised, and that customers in receipt of full Universal Credit (UC) should be excluded, although they recognised that it was sometimes difficult to determine whether this was the case.

"Frustratingly, we know people are on Universal Credit, but not what flavour of Universal Credit"

Workshop with Southern Housing Staff, December 2023

Finally, Income Officers also suggested that proposals should provide an opportunity for tenants to elaborate on their need to flex their rent, which might allow them to process applications faster.

This was considered during the trial period but there are concerns that providing an open text box could result in tenants disclosing safeguarding issues. As this disclosure would be made to the Centre for Responsible Credit (as the owner of the platform) in the first instance there would need to be an agreement in place with Southern Housing to respond to these on the Centre's behalf. In the light of this, staff suggested that it may be possible to provide a drop-down list for reasons for applying.

Savings target & rent arears

Feedback from Income Officers revealed significant concerns about the fact that the default for the 'savings target' was set at zero. Some Income Officers felt that plans should always include the contractual requirement for tenants to pay rent in advance and were highly resistant to the approach being taken as a result.

It does not appear that the reasons for reducing the default level of the savings target had been communicated effectively to them, and, in some cases, it appears that Income Officers may be unaware that this was a decision made by Southern Housing itself. Some also appeared to be unaware that, since March 2023, the platform automatically adjusts plans following any rent increases.

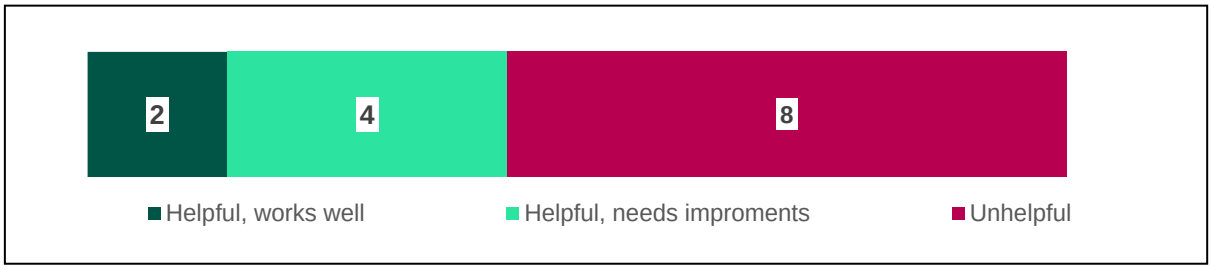
Some Income Officers also told us that they felt the FMR scheme was unhelpful, because it elevated the risk of rent arrears and 'normalised' nonpayment of the rent and added to their workloads.

"Residents are allowed to take reduced payments at start of scheme increasing debt, would be better if they paid in advance and took reduced payment at end of plan, can be hard to monitor for team taking additional time to set up and manage and given we have increasing workloads and less time."

Staff Survey

These two issues appear to have particularly influenced staff views about the overall effectiveness of the scheme, with just over half (figure 4, below) feeling that it was unhelpful to their job.

Figure 4 How helpful Southern Housing staff found FlexMyRent in their fulfilling their role



Source: Survey of Southern Housing Staff. Base: 14.

Communicating with customers

The platform generates automated e-mails to customers when communicating decisions that have been made concerning their proposals, and, on a monthly basis, to those with active plans in place.

Communicating decisions

Tenants whose plans have been accepted are sent an e-mail advising them of this, and that their Income Officer will be in touch separately to confirm the plan and make any required adjustments to Direct Debits (if that has been selected as the payment method). The e-mail also contains a link to the tenant's individual dashboard on the platform where they can review their plan at any time, and from where they can create new proposals should their circumstances change.

Tenants whose proposals have been deferred are sent an e-mail advising that they need to contact their Income Officer to discuss this and to see if Southern Housing can offer them more support, for example by helping with benefit claims or access to grants.

Open rates for both e-mails are high, at 70% and 85% respectively. However, it remains possible that some tenants remain unaware of decisions that have been made concerning their proposals for a period. Tenants whose proposals are accepted will be contacted by their Income Officer, whilst those whose proposals have been deferred could remain unaware of this unless an in-house referral is made to the Financial Inclusion Team, and they attempt to make contact. To raise open rates further, a possible future development would be to automate text messages alerting tenants to the fact they have been sent.

Monthly communications to tenants with active plans

The platform initially sent only one e-mail per month to tenants with active plans. This was sent towards the end of the month and advised the tenant as to whether payments had been made in line with their approved plan. Underpinning this communication, the platform uses an algorithm which tracks actual balances against expected balances on a weekly basis.

- For tenants who are on track with their payments the open rates are 77%.
- For tenants who are 'off plan' at the time of the e-mail, the open rates are slightly lower at 68%.

The e-mail also contains a link to the Turn2Us website, where tenants can access a benefit calculator and check their eligibility for other forms of financial support. This has a click rate of 22%.

From January 2023 onwards, an additional e-mail has been sent to tenants with active plans at the start of the month. This advises them of their planned payment and contains a link to their dashboard on the platform. This e-mail has an 80% open rate, and a 15% click rate.

Qualitative interviews indicated a mixed response to the monthly e-mails. Some customers found them to be a helpful reminder of their payment, although none of the tenants we spoke to had used the additional links provided.

"It was very useful so I didn't have to log in [to the platform] and check"

Qualitative Interviews Wave 3, October 2023

However, others were indifferent about the emails. Some had set up Direct Debits and so did not need the monthly emails to remind them of their plan. One respondent suggested there should be an option to opt out of them. Another could not recall receiving the emails and, on checking, found that they had been going to their junk folder.

Providing additional support

Whilst the trial included an agreed process for deferred tenants to be referred to the Financial Inclusion Team for additional support, this does not appear to have been implemented effectively. We assessed a sample of data concerning deferred proposals between July and November 2023. During this period, a total of 55 tenants submitted proposals which were deferred, but Southern Housing only recorded 18 (32%) as having been referred to the Financial Inclusion Team for support.

Of those referred, seven tenants (38%) engaged with the Financial Inclusion Team, and four of these received assistance in the form of fuel and food banks vouchers, help to obtain white goods and/or assistance with claims for additional benefits.

The low level of referrals to Financial Inclusion Team was also apparent from our qualitative interviews as none of the six deferred tenants we spoke to could recall having received an offer of support. We explored the possible reasons for this in our staff workshop and survey. The survey indicated that only two from nine Income Officers routinely made referrals for support following a deferral.

One Income Officer told us they never made any referrals to Financial Inclusion, due to their overall opposition to the scheme:

“I find it counterproductive. It takes people in credit and brings them down to zero. It takes more time to setup and manually amend direct debits. I try to make payment agreements with the customer and avoid rent flex.“

Staff survey

Others indicated that other solutions could sometimes be found:

“..on reviewing the account it isn't always needed as we have agreed an alternative solution to their problem i.e., refund of credit.”

Staff survey

Nevertheless, many deferred customers we spoke to in our qualitative interviews reported positive experiences with their Income Officers following the submission of a proposal. They felt that the officers understood their situations, explained why the proposal had been rejected for them, and provided useful suggestions or assistance, such as help obtaining food bank vouchers. However, there were two cases where customers wished they had been provided with more detailed information and/or further support but did not actively pursue it.

"She asked a few questions… And if I had any debts or anything… All they said was that my application was in review and I needed to check a few details".

Qualitative Interviews Wave 3, October 2023

“He seemed to know quite a bit about the FlexMyRent system and made some useful suggestions."

Qualitative Interviews Wave 3, September 2023

'They sent me food vouchers in the post, for me to get food from the food bank'

Qualitative Interviews Wave 3, October 2023

Monitoring plan performance

Income Officers reported they were generally comfortable with the monitoring of plan performance, but this added to their workload because they needed to review planned payments on the FMR platform and then monitor payments using Southern Housing's systems.

To address this, Centre for Responsible Credit now produce a weekly report which is distributed to Team Leaders in the Income and Financial Inclusion Teams showing how well payments are being made against plans. This allows Income Team Leaders to focus on those tenants who may show signs of going 'off plan' at an early stage.

As Southern charges the rent on a weekly basis, the extent to which tenants are on or off plan fluctuates during the month depending on when tenants make their payments, but the recent data indicates that around 90% of tenants with active plans bring their payments into line by the end of the month.

4 Impacts of FlexMyRent

This chapter reports our findings with respect to the impacts of the FMR scheme in respect of:

- The extent to which FMR has helped tenants to better manage their finances and improved tenant satisfaction with the landlord, and
- The effect of FMR on rent payments.

Managing finances and satisfaction levels

Our telephone surveys indicate that FMR has had a positive impact for tenants who were accepted onto the scheme in both these respects:

- 67% reported their participation in FMR had reduced their anxiety around their rent payments.
- 64% felt they were better able to manage their spending.
- 52% felt they were in more control of their finances since joining FMR.
- Half of all tenants taking part in the surveys - whether accepted onto the scheme or not - told us their satisfaction with their landlord had increased due to being offered FMR, and this rose to 64% amongst those who had been accepted.

These findings were also reflected in our qualitative interviews.

"It has changed my life for the better, you are not stuck or forced to pay the exact amount each month… Having this option, more should do this thing… Even for those who might not have financial issues"

Qualitative interviews Wave 2, July 2023

"It's been really good. I like it and it helps me save money… I normally pay £655 a month. Now I will pay £545 this month, so now I am going to save £100 and it will help me in this month and just to top up the gas cos its running out fast."

Qualitative interviews Wave 1, October 2022

“Having the leeway [provided by FlexMyRent] allowed me to get a new cooker, without it I would have to save a lot longer."

Qualitative interviews, Wave 1, October 2022

"It's made me feel more comfortable with the money".

Qualitative interviews Wave 3, Oct 2023

'I never even guessed that they would to this...For them to do it is brilliant... it must help a lot of people to budget...'

Qualitative interviews Wave3, Oct 2023

"Flexing my rent has reduced my anxiety levels significantly. I no longer worry about falling behind on payments during tight months."

Qualitative Interviews Wave 2 July 2023

“I think it is great that they are considering other options for their residents. I am glad they are open to new ideas”.

Qualitative Interviews wave 2, July 2022

However, it should be noted that the sample sizes for our phone surveys were very small[15] and responses to both those and the qualitative interviews are likely to be subject to some sampling bias, with those most satisfied with the scheme more likely to take part.

In view of this, we place more emphasis on the quantitative findings concerning the success rates of plans and the effects on rent payment reported in the following section.

Impact on rent payments

To assess impact with respect to rent payments, we first explore the customer journeys involved and report the success rates for approved plans. We then proceed to report the outcomes from an analysis of the performance of rent account balances providing a comparison between those accepted onto the scheme with tenants who were not accepted but who had similar characteristics.

Customer journeys

Tenants admitted to the scheme generated a total of 462 proposals, of which 365 were approved. Most tenants (93%) gaining access did so with their first proposal.[16] However, subsequent customer journeys were sometimes complex. Whilst around half of the accepted tenants (47%) have only submitted a single proposal, a quarter have submitted two, and the remaining quarter three or more.[17]

Not all plans run for a full 12 months because tenants who have entered the scheme can submit new proposals at any time. Initial plans can be superseded by new ones, or, if a new proposal is deferred, this can result in tenants exiting the scheme for a period.

As at the end of February 2024:

- Ninety-seven tenants (45% of all accepted) had completed a plan but had not yet returned to submit a further proposal. Eighty six percent of these were from cohort one.

[15] N=33 for phone surveys conducted with residents accepted onto the scheme and 60 for all participants.
[16] Thirteen tenants gained access following the submission of their second proposal and the remaining two tenants did so on following their third.
[17] Fifteen tenants submitted more than five.

- Fifty-four tenants (25%) had an active plan in place. Around half of these (26) were in their first plan and typically about five months into this.[18] The remainder have spent longer in the scheme with nineteen having joined over a year ago, and fourteen of these having used the scheme for more than two years.

- Forty tenants (18%) had left the scheme following a subsequent proposal being deferred. Three quarters of these were from cohort one.

- Twenty-six (12%) tenants had been suspended from the scheme. This was primarily due to payment problems, but this group also includes those who moved property or became ineligible for the scheme for other reasons. All but one of these were from cohort one.

Success rates

The Centre for Responsible Credit has reported on success rates to Southern Housing and other partners over the course of the trial period. Their analysis looks at the rent account balances at the start and end points of each approved plan. In total, excluding plans which were still active as at the end of February 2024, the analysis now includes 193 plans.

Plans are considered to be a success if they concluded with:

- The tenant's rent account balance either as zero or in credit ('complete success), or

- With a lower level of arrears than their starting balance ('partial success').

Over half of all plans demonstrated some success against these criteria. Eighty-six (44.6%) were a complete success and twenty-two plans (11.4%) partially so.

- Complete successes were more likely to occur when residents had started their plans in credit. The median start balance amongst this group was £174 in credit and the median end balance, a credit of £203.

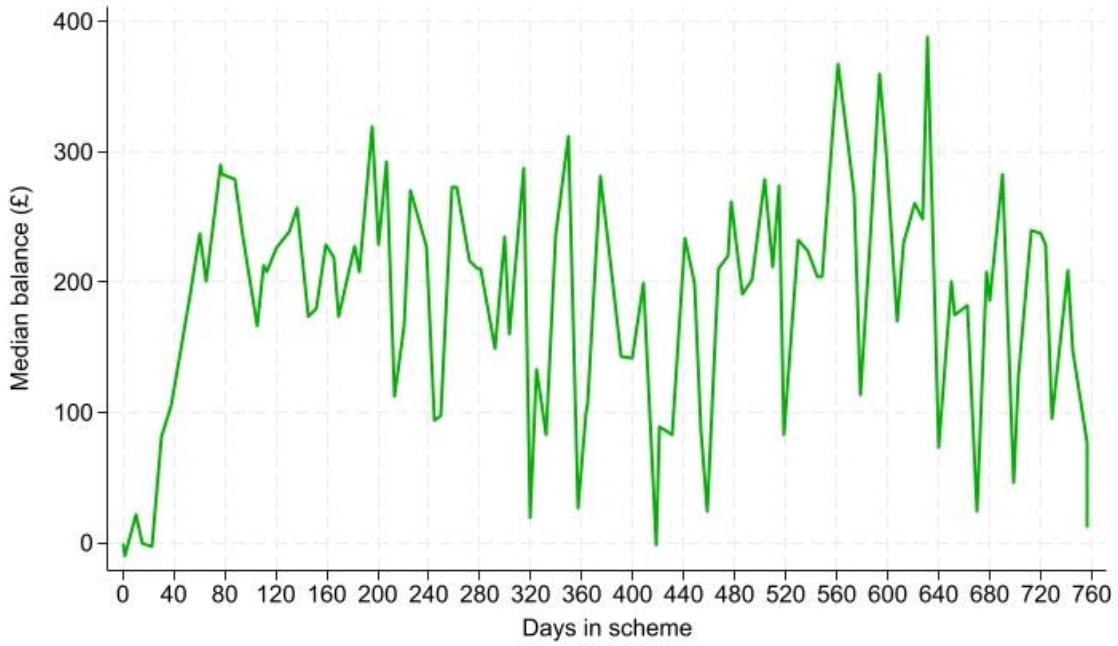
- Partial successes had a median start balance of £518 in arrears and this reduced to an end balance of £195.

The overall success rates appear very similar to those found for the earlier, non-digital, pilot but it should be noted that success rates may be improving amongst the second cohort. Sixty percent of plans in the second cohort succeeded, and currently active plans are also, as previously reported, on track in 90% of cases.

Nineteen of the tenants with active plans joined the scheme over a year ago, and fourteen of these have been using FMR for more than two years. Analysis indicates that balances amongst these active tenants typically increase to between £300 and £400 in the first few months of their plans and then reduce to zero over an annual cycle (figure 5, below).

[18] Median days spent in plan was 142.

Figure 5 Active cases, median balances by days in scheme



Source: FMR platform, N=54 active cases[19]

Unsuccessful plans

The analysis of success rates also identifies eighty-five plans (44%) where an increase in arrears levels had taken place, from a median starting balance of £83 to a median end balance of £484. This outweighs the positive impact of successful plans, but questions arise as to whether FMR itself or external factors, including the cost-of-living crisis, have driven this.

We have therefore explored in more detail the extent to which the scheme risks elevating arrears levels[20], including by undertaking a matched comparison with the 'never accepted' group (see below).

Deferred customers in 'mid-plan'

A specific feature of the scheme is that it allows customers to create new proposals before an existing, approved, plan has completed. This is designed to encourage tenants to proactively report changes in their circumstances and offers Southern the opportunity to provide additional support at these points.

Around one in five of the unsuccessful plans were identified as having come to an end at this point in the process. As customers reported financial difficulties, their rent account balances often worsened,

[19] It should be noted that the sample size reduces as the number of days in scheme rises, with 19 having spent more than 360 days in the scheme, and 14 having 720 or more.

[20] Analysis is being undertaken separately to determine which factors are predictive of plan success. This is being conducted in a collaboration between the Centre for Responsible Credit and University of Nottingham and the project is set to report shortly. A presentation of the emerging results indicates that the likelihood of a plan being successful is primarily driven by the starting balance and whether tenants report that they are experiencing pre-existing debts as a heavy burden and/or struggling to repay these. The final results will inform the next iteration of the risk assessment framework and could contribute to a streamlining of the proposal questionnaire.

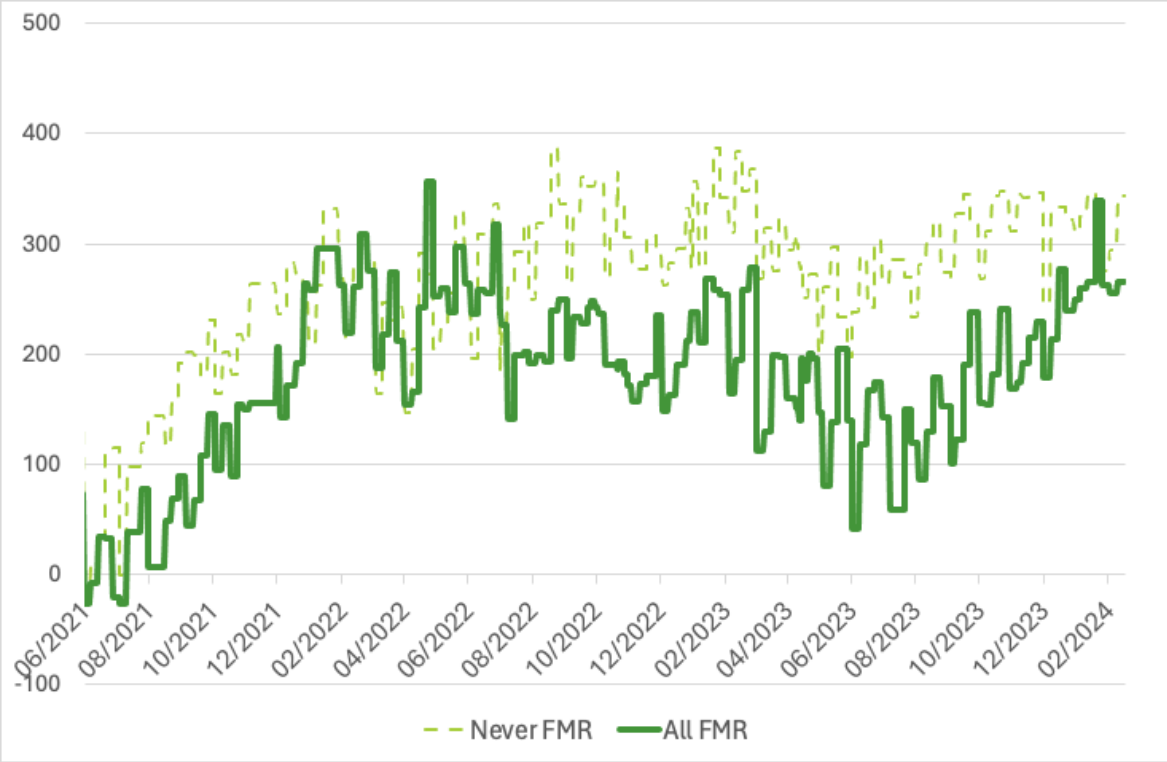
and this led to a rejection of their new proposals. Median balances increased by about £440 between the first accepted and last deferred proposal for this group. As reported previously, some Income Officers viewed this as a problem caused by FMR itself and were resistant to the idea of providing flexibility in the first few months of plans. However, the increase in arrears for this group cannot entirely be attributed to FMR itself. Tenants in the deferred group had typically only received flex of around £250 in the first month of their plans.

Data from the group's proposal questionnaires indicates that their financial circumstances had worsened generally. At the point of deferral, they were three times more likely to be borrowing to pay for essentials, and twice as likely to be struggling to make credit repayments than when they were first accepted onto the scheme. This appears to have been driven in some cases by the loss of employment within the household or changes to its composition. There was also an increase in reported income insecurity. It therefore appears positive that these tenants submitted new proposals and proactively alerted Southern to the difficulties they were experiencing although, as previously reported, many of the opportunities to provide support may have been missed.

Comparison of balances with the 'never accepted' group

Figure 6, below, plots daily rent account balances, using the median balance across the two groups – those accepted onto the scheme and those not accepted – over time.[21]

Figure 6 Rent account balances for participants and non-participants



The balances of both FMR participants and non-participants have generally been positive over the trial period, meaning that money is owed. However, the balances for FMR participants are lower than that

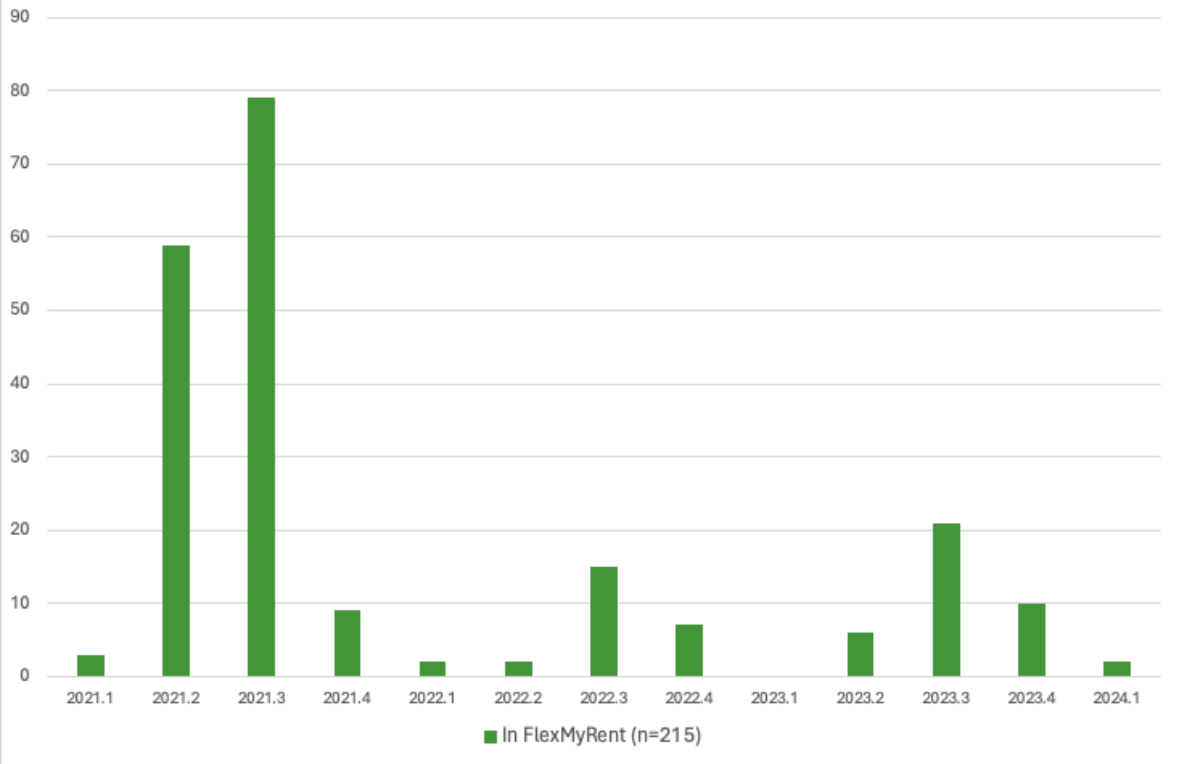
[21] There are gaps in the balance data: the period covered represents 1,085 days, with around 68% having a balance recorded. At least some balance data is available for 318 tenants of which 128 never flexed, with the other 190 having entered into an agreement at some point.

seen in the never accepted group. There are patterns in the series, with weekly rents being added to balances each Monday, and with monthly reductions in balances as tenants make payments. In this volatility, a rise in the balances in the second half of 2021 is apparent, and this is a feature seen throughout the analysis. It is possibly a consequence of the wider economic climate affecting both FMR participants and non-participants alike.

As mentioned, FMR participants enter into agreements at different points in time; can revise their plans, and there are various ways in which these can end. Figure 7, below, looks at the timing of the tenants' first FMR agreement, splitting this into four quarters of each year in the trial period.

Most first plans were approved in the first nine months of 2021, at the beginning of the trial period. This, allied with some results provided in the technical annex to this report concerning how FMR participants tend to underpay during the first half of their plans, helps to explain what is seen in the balances. Most FMR agreements started in 2021 and had payment schedules that meant money owed grew over the first six months by around 4-5%, before higher agreed payments impacted balances over the second six months of the agreement.

Figure 7 Timings of the starts of participation



FlexMyRent platform data. Base: 215 tenants with balance at opening FMR agreement

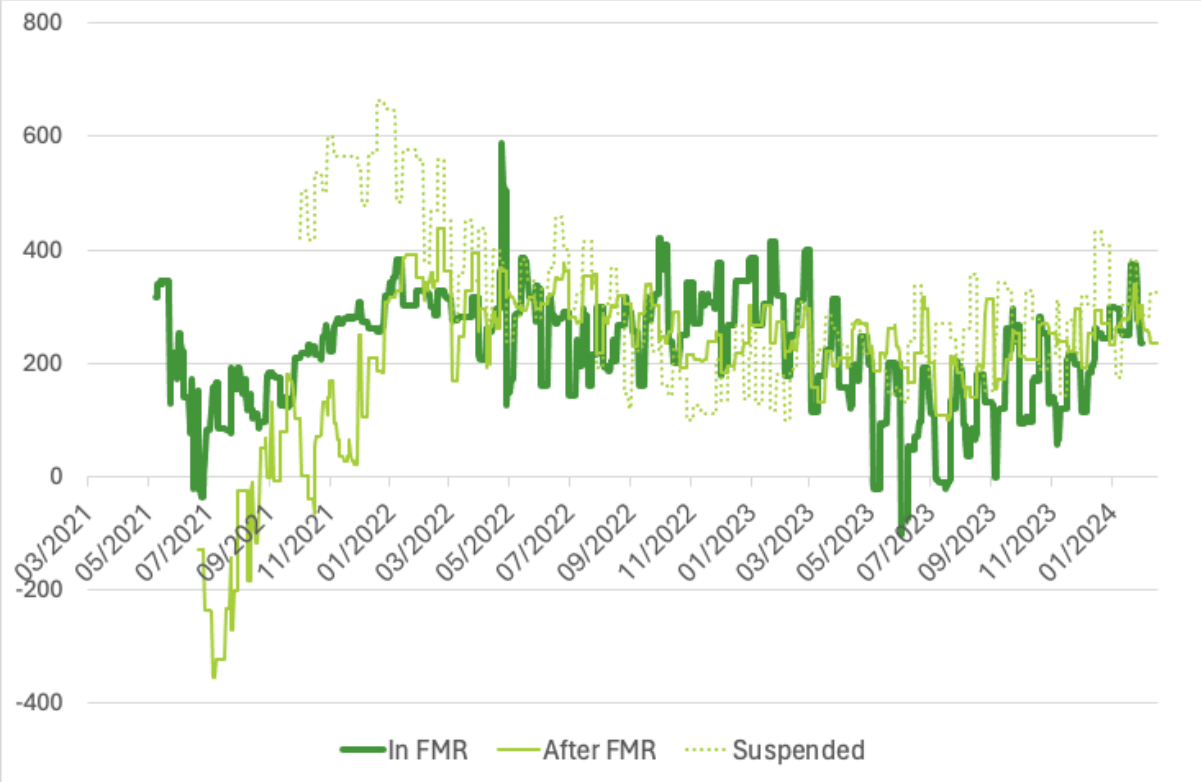
The length of time that an agreement has been in place also has a bearing on Figure 6. Plan durations are shorter for the most recent proposals. Many are still in operation and the data does not cover these to conclusion.

Spells in and out of plans

Figure 8, below, looks at rent account balances recognising that tenants are not continuously covered by a plan over the entire trial period. They can switch between having spells covered by a plan and

spells without. The figure splits the “all FMR” in Figure 6 into three groups, again taking the median of the rent account balance for each group.

Figure 8 Tenant participation in FMR and balances



The dark green line indicates the median balances when tenants have a plan in place. The lighter, solid, green line then looks at balances once a tenant moves out of FMR having concluded a spell. Remembering there was a peak of entry into agreements in the middle of 2021, the balances in the middle of 2022 – when the first set of flexers are concluding their agreements – have lower and so better balances if they are still in FMR.

The solid light green line indicates those that exit the scheme due to a natural end to their proposal. The early phase for this line has relatively low numbers of observations (as there are few flexers that concluded a proposal in 2021). However, the later periods indicate the tenants, once outside a plan, maintain balance levels similar to when they had a plan in place.

In the figure, there are also suspended proposals, represented by the dashed green line. These are ones where FMR have managed a tenant out of the scheme. Their balance performance once outside the scheme is charted and indicates a high level of outstanding rents. These 25 tenants would switch from the “In FMR” line into the “Suspended” line at the point the agreement is suspended. Their weak performance in the period immediately after the switch probably underpins the decision to suspend. It could also contribute to the story about the participants, as the suspensions remove high rent account balances from the “In FMR” group.

Comparing the performance of participants with similar non-participants

Participants enter plans at different points in time. This variation complicates analysis of the balances over time and Figure 9, below, looks at the balance data adjusting for the fact that entry occurs over time.

The figure tracks the evolution of the weekly rent account balance from the first week of the plan. It indicates the balance at the start of an agreement and then at the end of the four quarters after this.

It is noticeable that balances rise after a proposal has been started but then flatten at around £300. This is as expected, remembering that the proposals often have arranged to use flexibility for rent balances to build in the first portion of the year. But it does look like the balances do not then fall. This may be explained by the FMR arrangements being revised after the initial agreement. The revisions may reshape the expected repayments in a manner that the quarter 3 and 4 balances are affected.

Overall, however, balances do appear to rise but then flatten. How much of this is due to FMR is difficult to assess, as both external factors and the types of tenants entering FMR agreements may impact this. Ideally, the changes in the balances would be compared to those seen in tenants that do not use FMR but are similar in other regards.

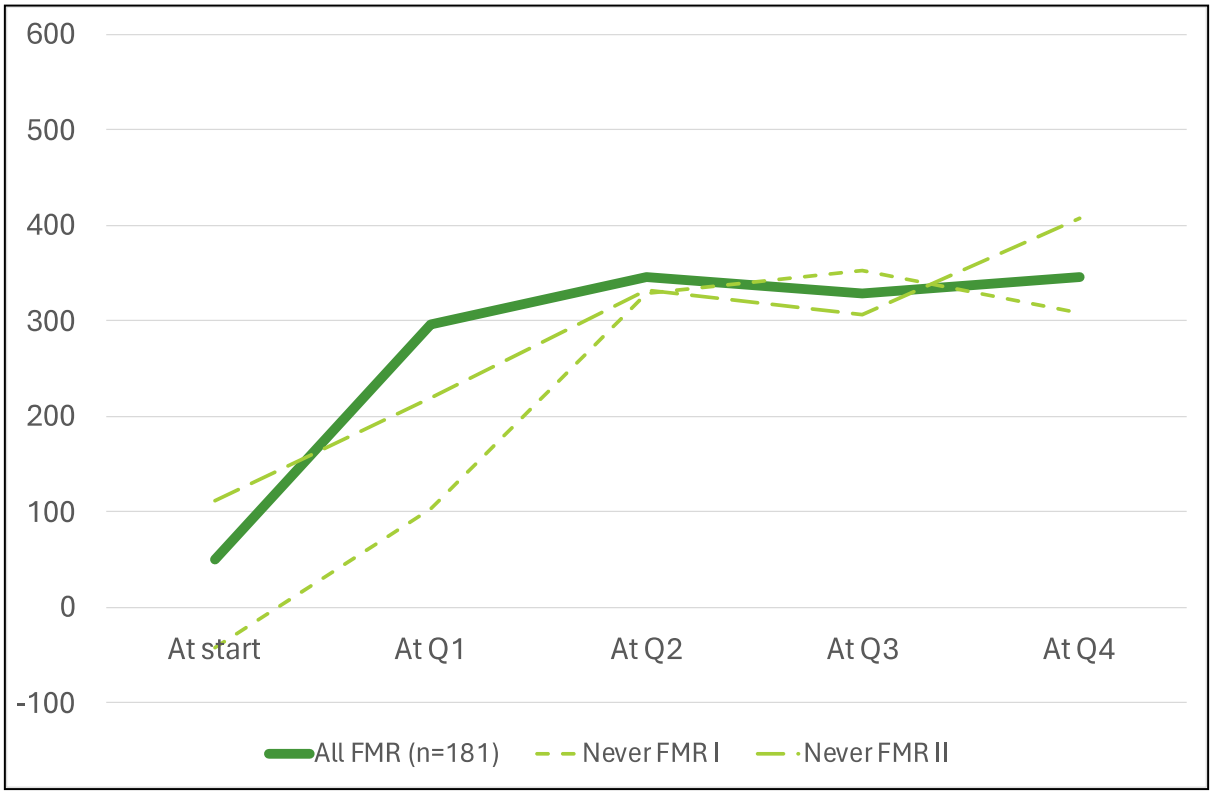
The lines “Never FMR I” and “Never FMR II” indicate two sets of rent accounts that are from tenants that never participated and are matched statistically. The technical annex describes the methods used to find these comparators, but broadly they are selected to be similar in terms of:

- **Household and tenant characteristics**, such as the gender of the tenant, whether there are children in the household, as well as long-term condition/disability or credit debts.
- **Timing of the extract of the comparator rent account** so that it aligns with when flexers’ first agreements start.
- In model II only, the **opening balance**, so that the starting points for tenants are similar

If the matching is successful, any differences in the balances seen between these two groups could then be attributed to FMR. Figure 9 indicates the balances for those in an FMR arrangement are generally similar to those of the matched spells of non-participants. The difference is not significant.

The results suggest that the FMR arrangements are not materially affecting the rent balances, in that the quarterly balances, after aligning with those of tenants that do not use FMR, do not differ. The figure presents two model results, one matching by the initial balance so that the starting point for the rent accounts is similar, the other without this in its matching. Both converge to a similar level of balances after a year, with the starting points being somewhat lower in the model with a balance match and higher where this is not the case.

Figure 9 Balance of FlexMyRent spells and spells outside FMR

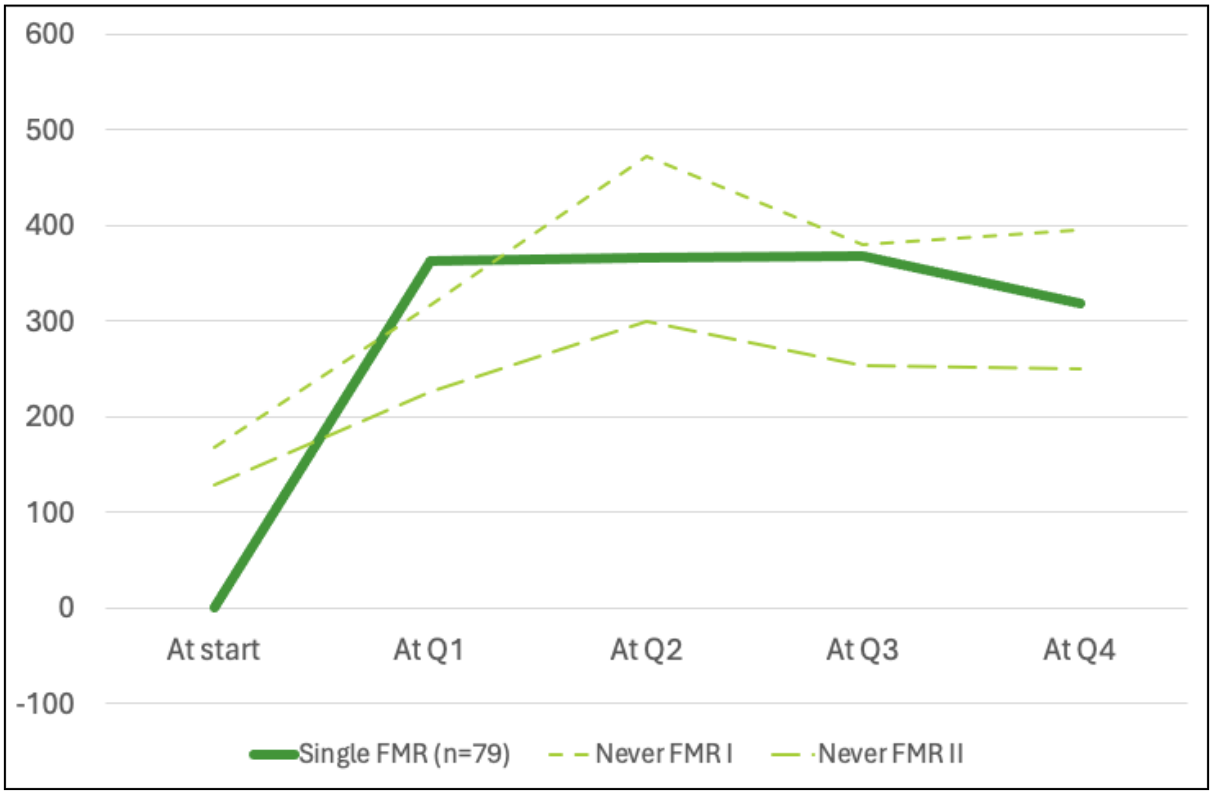


FlexMyRent platform data. Base: 181 Tenant records matched to the same number of comparable tenants outside FMR.

Balances may be rising due to agreed changes to agreements, and it is then difficult to look at only the year after the first FMR proposal. The higher balance at the fourth quarter may reflect an agreed change.

Figure 10 seeks to address this challenge that the rent accounts include tenants that may have revised FMR a few times, with later arrangements potentially differing. It plots out the 79 arrangements where the tenants only had a single FMR proposal accepted. Statistical tests also indicate the balances do not differ from the comparators here also.

Figure 10 Balance of spells under and outside FMR focusing on tenants with only one proposal



FlexMyRent platform data. Base: 79. Tenant records matched to the same number of comparable spells outside FMR.

The number of observations that underpin Figure 10 is relatively small. There are 79 spells with a FMR agreement. However, the rise in the balance level at the start of the period remains. Further, these tenants do not then reduce their balance levels in the final half of the year after the arrangement was put into place.

In matching these accounts to the FMR participants, as well as seeking out those that are as comparable as possible in terms of household and individual characteristics, matching could align the timing of the FMR start with what was happening in a comparable tenant's rent account at around the same time. This minimises the risk that balances differ because of the wider economic cycle, seasonality of the shocks (such as Covid) during the period.

Analysis of rent accounts

This section has looked at the balances of the FMR participants and non-participants in their rent accounts. Overall, after initiating a proposal and looking at the year afterwards, balances rise but this is also the case with respect to the comparator group, which has been drawn from a sample of rent balances belonging to non-participants with similar characteristics.

The approach taken is statistical matching followed by looking at the levels of balances. Overall, FMR does not appear to elevate levels of rent arrears, in that the balances of the two groups are alike. However, there are two caveats to this:

- Firstly, sample sizes are modest. This means that the balances and their performance after the plans have been put into place rely on relatively imprecise measures. Larger sample sizes would allow this approach to estimate changes more robustly, and then test whether these are significantly different to the comparators.

- Secondly, this series of balances are taken in a period that have seen very significant economic shocks. Identifying a comparator set of tenant balance records has been possible, and they have seen a similar increase in balances as the flexers. This may then reflect the effects that the COVID pandemic and the recent inflationary pressures have had on both sets of tenant accounts. Put another way, any effects of FMR could be lost in these wider economic conditions.

This reporting focuses on all flexers and one sub-group. There was little difference between the 181 flexers and those that only used one arrangement. Analysis of other sub-groups – such as splitting between the rent flexers that had lengthy periods in the scheme or correcting for small numbers of flexers that had deferred quite soon after initiation – showed similar results.

5 Conclusions

The evidence relating to the impact of the FMR is complex, and has some assumptions factored in which mean there are caveats associated with the analysis. **On balance there is enough evidence to show that there is merit in scaling up the FlexMyRent further, providing the key recommendations and learnings from the process evaluation are adopted.** This will involve working closely with Income Offiers in the future to ensure they are fully onboard with the aims.

The FlexMyRent trial took place during the peak of the cost-of-living crisis, placing pressures on both tenants and landlords. It also provided challenges for the FMR scheme, and the evaluation itself. However the evaluation has shown:

- The FMR scheme successfully adapted to challenges during the trial period, through iterative improvements and changes in approach that improved overall plan performance. **The appropriate feedback loops are in place for the FMR scheme and there is the agility to adapt to unforeseen circumstances in future.**

- FMR is reaching a diverse range of tenants, including by employment status and whether anybody within the household is suffering from long-term health conditions or disabilities. Although the risk assessments were successfully tightened in March 2022, **the tenants accepted to the scheme are still facing many of the challenges we expect to see in financially vulnerable people in the current economic climate.**

The evidence from the process evaluation broadly shows that the administration of FMR has been successful as it has evolved over the trial period. There are several learnings which should be considered in the development of future FMR schemes to ensure maximum engagement and effective delivery, particularly in terms of support for deferred tenants:

- The process of creating and submitting proposals through the platform was generally easy for tenants. The digital platform, building on the initial trial of 2017-19 has been successful. While a smartphone app was launched in March 2023, awareness and experience of this was low. **Future FMR schemes should publicise the smartphone app from the outset, to encourage engagement with the platform in addition to existing channels.**

- Income Officers found the process on making decisions relatively easy, but pain points were identified in terms of internal IT systems. These were due to the merger between Optivo and Southern Housing Group and cannot be directly attributed to the FMR scheme itself. However, suggestions provided for improving the process including streamlining the questionnaire further and providing more granularity on the outcome if an alternative solution is found. **The FMR scheme should allow Income Officers the option to code if FMR is not appropriate / required for the applicant.**

- Tenants' financial circumstances and needs will inevitably change over time, meaning between submission and review they might not be eligible for FMR anymore. Income Officers have proposed that more context through an open ended response question should be provided during the application. **Adding a 'drop-down' list of reasons for applying during the application would provide this, while not raise any safeguarding issues of personal data.**

- Unfortunately the majority of Income Officers found FMR unhelpful in fulfilling their job role. This feedback was driven by the concern that it might increase the risk of rent arrears and increase the normalisation of non-payment. At the heart of this concern, was the default zero 'savings target', which was decided by Southern Housing and not fully communicated. **In future, communications to Income Officers need to be transparent and 'joined-up' ensuring everyone understands the rationale for decisions and the way the platform functions with regard to rent increases.**

- In terms of communication with tenants, the open rate of the decision email was high, as were the monthly communications to active tenants (all opened by at least one in seven). Many also followed signposting to additional forms of support. An adjustment to sending an additional email at the beginning of the month was successful in terms of a higher open rate. While an open rate doesn't guarantee engagement, and some admitted during the qualitative interviews to being 'indifferent' to this correspondence, there is no down side to this regular communication. **FMR Should continue to regularly communicate with all active tenants by email at least monthly.**

- Three broad typologies emerged among tenants who were accepted. These were, the people who plan ahead for the year, people who anticipate they will face unexpected bills, and people with variable incomes who appreciate the flexibility. **Future FMR marketing campaigns and correspondence should be designed to take these typologies into account to increase engagement.**

- The FMR trial included a process for deferred tenants to be referred to the Financial Inclusion Team for support. This was not implemented effectively, a sample of the data show only a third of deferred tenants were referred. One of the main barriers was overall belief in the scheme (related to their wider views on how helpful FMR was in fulfilling their role). Where customers were referred to the Inclusion Team, experiences were very positive for tenants. **The referral process for deferred tenants needs to be reviewed to ensure it is implemented effectively and all Income Officers need to understand the positive outcomes that can be achieved.**

- Income Officers are comfortable with the monitoring of plan performance, but acknowledged the increased workload. In response to this, during the trial the Centre for Responsible Credit introduced a weekly report showing how well payments are being made against plans. **This should be continued in future FMR schemes.**

Specifically in terms of the impact analysis, we can conclude:

- The majority of tenants accepted onto FMR report a positive impact on their overall anxiety around rent payments, their ability to manage spending, and their control of finances. The limitation with these findings are the relatively small sample sizes. **However, these are all factors that feature in the MaPS[22] definition of financial wellbeing and positive outcomes in these areas will reduce the risk of financial harm to tenants in the future.**

[22] https://maps.org.uk/en/our-work/uk-strategy-for-financial-wellbeing/what-is-financial-wellbeing

- Half of tenants participating in the telephone surveys, whether accepted onto the scheme or not – felt their satisfaction with their landlord had increased due to being offered FMR, and this rose to six in ten among those accepted. **This adds further evidence to the initial findings of the 2017-19 non-digital trial that also evidenced improvements in the landlord relationship.**

- Judged on the on a case by case basis, more complete FMR plans were a complete success (balance of zero or credit) or partial success (arrears lower than the starting balance), than unsuccessful. These success rates are also similar to the 2017-19 non-digital trial, and additional analysis on later cohorts show these success rates may be improving further. **However, at an aggerate level, analysis of the balances has shown the unsuccessful plans outweigh the successful plans.**

- Given the wider pressures of cost-living-crisis the finding above does not provide conclusive evidence whether it is involvement in FMR that increases rent arrears, or wider external factors. Additional analysis seeking to prove whether participation FMR increases the risks of increasing arrear levels or not was undertaken through comparing FMR balances to matched comparison samples of tenants. There are caveats associated with this analysis in terms of sample sizes, and the difficulty in achieving the ‘perfect’ comparator. **Overall, the data show no significant difference between the two, indicating that FMR participation has no material impact on rent arrears.**

Based on this evidence it is our recommendation that there is a benefit to scaling up FMR. There have been valuable lessons learned which will improve administration in future trials. The digital platform is working well and easy to use. Most tenants have experience positive outcomes, adding to the evidence base from the initial trial. The additional comparator analysis of rent balances, viewed alongside the financial pressures faced by people during the trial period, indicate FMR has not had negative impact on arrears.

“

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